
HALLMARK COMPANY LIMITED
(FORMERLY HALLMARK INSURANCE COMPANY LIMITED)

ANNUAL REPORT

FOR THE PERIOD FROM
JANUARY 01, 2017 TO JUNE 30, 2017



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VISION - MISSION STATEMENTS

OUR VISION

Our vision is to be the state of the art supplier of Information Technology (I.T.) products and I.T. related services in the market and ambitious to be a quality service oriented Company for the customers, shareholders and employees.

To achieve this goal, 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. As we will to go the "Mile & Miles" to delight our customers with products and services that exceed their expectations.

OUR 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 need 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 are doing 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. Naveed Hamid

Directors

Mr. Naveed Hamid	Chief Executive
Mr. Muhammad Farrukh Bashir	Executive director
Mr. Saad Aftab Shamsi	Independent director
Mr. Haris A. Shamsi	Non executive
Mr. Ahtesham Ashraf	Non executive
Mr. S. Muhammad Imran	Non executive
Mr. Zubair Ahmed Khan	Independent director

Audit Committee

Mr. Zubair Ahmed Khan	Chairman and Member
Mr. Ahtesham Ashraf	Member
Mr. Haris A. Shamsi	Member

HR Committee

Mr. Saad Aftab Shamsi	Chairman and Member
Mr. Muhammad Farrukh Bashir	Member
Mr. Ahtesham Ashraf	Member

External Auditors

M/s. S. M. Suhail & Co.
Chartered Accountants

Legal Advisor

Sayed A. Sheikh & Co., Advocates

Registrar

M/s. F.D. Registrar Services (SMC-Private) Limited

Bankers

Habib Metropolitan Bank Limited
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 37th Annual General Meeting of the Shareholders of **Hallmark Company Limited** (Formerly Hallmark Insurance Company Limited) will be held on, Thursday October 26, 2017 at 07:00 P.M. at Office # 1005, Uni Centre, 10th Floor, I.I. Chundrigar Road, Karachi to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the 36th Annual General Meeting held on April 29, 2017.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the transitional period of six months/ (special year) ended on June 30, 2017 together with the Directors' and Auditors' Reports thereon.
3. To appoint Auditors for the year 2018 and fix their remuneration. The retiring Auditors, M/s. S.M. Suhail & Co., Chartered Accountants are eligible, provided their consent and the Directors have recommended for their reappointment.

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass, with or without modification, the following as special resolutions:
 - a) for the merger of **Lakhwani Securities (SMC-Private) Limited** with and into the **Hallmark Company Limited** as per the merger scheme, along with all ancillary matters thereto, in accordance with the provision of the Law, as approved by the Board of Directors of the Company.
 - b) for appointment of Mr. Muhammad Furrakh Bashir (being the continuing Director), also as the Chief Financial Officer of the Company.

The special resolutions to be passed are as under:

- i) "RESOLVED THAT the scheme of merger put before the meeting for merger of Lakhwani Securities (SMC-Private) Limited with and into the Hallmark Company Limited be and is hereby approved and adopted, in terms of the provisions of the Companies Act, 2017.
- ii) "FURTHER RESOLVED that Mr. Naveed Hamid, being the Chief Executive Officer and Director of Hallmark Company Limited, and Mr. S. Muhammad Imran being the Director of Hallmark Company Limited; and the Director of Lakhwani Securities (SMC Private) Limited) be and are hereby authorized to take all such steps as may be necessary or incidental for the purpose of implementation of the aforesaid merger scheme in its present/modified form. They are also authorized to make any changes in the merger scheme for completion of merger of the above two companies.
- iii) "FURTHER RESOLVED THAT Mr. Muhammad Furrakh Bashir, being the Director of the Company is hereby also appointed to act as the Chief Financial Officer of the Company at remuneration to be decided by the Board of Directors of the Company.

iv) "FURTHER RESOLVED THAT that due to promulgation of the Companies Act, necessary change to be made in the Memorandum and Articles of the Company and in all other document where ever is applicable to be made, as required in this regard.

v) "FURTHER RESOLVED THAT Chief Executive or Secretary of the Company be and are hereby authorized to do or cause to be done any and all acts, deeds and things that may be necessary or expedient to complete any or all the corporate and legal formalities to give effect to the above resolutions".

5. Statement under section 134 of the Companies Act, 2017 in the above matters pertaining to item No. 4 is annexed.

6. To transact any other business with the permission of the Chairman.

By Order of the Board

Company Secretary

Karachi: October 05, 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 Book of the Company will be closed from October 19, 2017 to October 26, 2017 (both days inclusive). Transfers received in order, by our Shares Registrar, the F. D. Registrar Services (SMC-Private) Limited, located at, 17th Floor, Trade Centre, I.I. Chundrigar Road, Karachi at the close of the business, on October 19, 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 to the 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), the CNIC numbers of shareholders are mandatorily required to be mentioned on dividend warrants. Shareholders are therefore requested to submit a copy of their updated/ valid CNIC (if not already provided) to the Share Registrar.
6. The 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 submit to registered address of the Company, the following request 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 submit to the registered address of the Company, the following request, 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/our secured email address is _____, please send login details, password and electronic signature through email."*

8. Form of Proxy is enclosed with annual report.

STATEMENT OF INFORMATION

ACCOMPANYING WITH THE NOTICE OF AGM OF THE HALLMARK COMPANY LIMITED FOR THE MEMBERS, UNDER SECTION 137 OF THE COMPANIES ACT, 2017

This Statement sets out the material facts pertaining to the Special Business to be transacted at the Annual General Meeting of the Company:

A. Appointment of the acting Director as the Chief Financial Officer of the Company:

The qualification and experience of Mr. Muhammad Furrukh Bashir

He is a member of Associate Certified Chartered Accountants (ACCA) with experience of leading the finance department of more than 6 years. He started his career with a Chartered Accountants firm BDO Ebrahim & Co. and presently he has more than 6 years of experience of acting as leading finance executive. He is also acting in the Board of the Company, since 2010.

He is the member of recognized body of professional accountants and meeting the criteria for holding of the office of Chief Financial Officer.

Further, as the Company does not have sufficient funds to afford a separate qualified member of a recognized body of professional accountants, therefore, at present for the compliance of requirement of the Code of Corporate Governance, the Board has recommended to appoint Mr. Muhammad Furrukh Bashir as the CFO of the Company.

B. Merger of Lakhwani Securities (SMC Private) Limited with and into the Hallmark Company Limited

According to the listing regulations of Pakistan Stock Exchange (PSX) no listed company shall have the paid up capital which is falling short of Rs. 25,000,000 (Rupees Twenty Five Million only). To meet the criteria of minimum paid-up capital the Company has to issue further shares through right issue or otherwise. As, the right issue, can only be made at par due to accumulated losses, therefore, it is expected that no one shall exercise its right or exercised the further issued capital would not be enough to meet the threshold of Rs. 25 million, and the Company shall be unable to bear the administrative cost of it. Therefore, Board has decided to exercise the option of the merger.

C. About Lakhwani Securities (SMC Private) Limited

Lakhwani Securities (SMC Private) Limited was incorporated on March 12, 2007 as a Single Member Private Company, Limited by shares under the repealed Companies Ordinance, 1984 to act as a member of Stock Exchange and to carry on the business of broker in stocks, shares, securities, units, modaraba certificates, bonds, obligations, debentures, debentures-stocks, foreign exchange bearer certificates, treasury bills and financial instruments under license, permission or approval of any recognized association, authority, Stock Exchange(s) or other market whether in Pakistan or abroad.

Mr. S. Muhammad Imran (being the acting Chairman of Hallmark Company Limited) is the sole owner of the Lakhwani Securities (SMC Private) Limited. Mr. Muhammad Imran, considering the PSX requirements and the current circumstances for the Company, has consented to merge the company with and into the Hallmark Company Limited.

D. Scheme of Merger

The principal object of the scheme is to effect merger by way of amalgamation of Lakhwani Securities (SMC Private) Limited with and into the Hallmark Company Limited, with effect from July 1, 2017 (the effective date) or such other date as may be directed by the Securities and Exchange Commission of Pakistan (the Commission), by transfer to and vesting in Hallmark the whole of business and undertaking of Lakhwani Securities (SMC Private) Limited together with all the properties, assets, rights, liabilities, obligations of every description subsisting immediately preceding the effective date without further act or deed or documents being required to be executed, registered or filed in respect of such transfers, vesting and/or assumption and to dissolve Lakhwani Securities (SMC Private) Limited without going into winding up. The name of the merged company will stand same as the "Hallmark Company Limited" with the sanction of scheme by the Commission. The object, articles and all other corporate status and procedures of Hallmark Company Limited shall remain the same.

E. Purpose of Merger

The main purposes of merger are following:

- 1- The merger of two companies will rationalize business structure and bring efficiency and financial strength into the Hallmark Company Limited (the Hallmark).
- 2- The merger will result in enhancing the paid-up capital to the required extent to fulfill the requirement of minimum paid-up capital of the PSX.
- 3- Merger will allow the Hallmark to continue being operative and existing shareholders including minority shareholder will be benefited from the future business of the Company.
- 4- Merger will increase the paid-up capital of the Hallmark without incurring further heavy costs, and currently Company is to unable meet the cost of right issue, where chances are very minimal.
- 5- Institutional investors will get increase in value of their investment.
- 6- Merger would create the better balance sheet for the Hallmark.
- 7- Due to availability of funds the shareholders will experience better financial results.
- 8- Merger would be cost effective for complete and smooth operations.

F. Financial Position of the Lakhwani Securities (SMC Private) Limited

Financial position of the Company is as follows:

Total assets:	Rs. 30.705 million
Total liabilities:	Rs. 10.362 million
Total equity:	Rs. 20.343 million

Authorized capital of the Company is Rs. 35.000 million, out of which the paid-up capital is Rs. 5.000 million comprises of 50,000 shares of Rs. 100 each.

G. Possible SWAP ratios could be:

Option 1

If computed on the basis of available equity:

	Hallmark	Lakhwani
	(Amounts in 000)	
Present equity	4,387	20,343
Less: Directors loan	1500	-
Available equity to merge	2,887	20,343
Per share value (Rupees)	5.77	407

SWAP Ratio shall be 70:1 which means that 70 shares to be issued by Hallmark Company Limited against a single share of Lakhwani Securities (SMC Private) Limited.

In this case, total number of shares so issued, shall be 3,523,443 which means the paid up capital shall be enhanced by Rs. 35,234,430 and the new paid up capital shall be Rs. 40,234,430.

Option 2

If computed on the basis of par value:

SWAP ratio shall be 40:1 which means that 40 shares of Hallmark shall be issued against a single share of Lakhwani.

In this case, total number of shares issued shall be 2,000,000 which means that the paid up capital shall be enhanced by Rs. 20,000,000 and new paid-up capital shall be of Rs. 25,000,000.

The Board has presented both the options to members of both the Companies to avail.

DIRECTORS REPORT TO THE MEMBERS

The Directors of the Company are pleased to present the 37th Annual Report with the Financial Statements of the Company. As the financial year of the Company is changed from December to June year end, therefore, the transitional period comprises of six months only and the Financial Statements are presented for the period of six months ended on June 30, 2017, as first time and hereafter these shall be prepared annually.

Company's Performance

During the period under review, the Company has successfully achieved the milestone of revival and now it has re-commenced its business in full swing after receiving the approval from Securities and Exchange Commission of Pakistan (SECP) for change of name to non insurance Company, and the nature of business, in April, 2017. During this short span of time, from approval of change of business till June 30, 2017, it has achieved a net profit after tax of Rs. 1.828 million.

The summarized operating results of the Company for the period are as follows:

Operating Results

The revenue earned during the period from sales of goods amounts to Rs. 3.922 million and from services amounts to Rs. 0.247 million, whereas these were nil in the previous year. Position of the rental income remains at the rate of 50,000 per month and further due to the increase in fair value of investment property, the Company has earned Rs. 865,000 as revaluation increase.

As the Company has commenced its operations, therefore, significant increase in the administrative expenses were inadvertent, however the management has been able to secure an earnings per share of Rs. 3.66.

Due to the initial phase and restricted market, the Company is earning the gross profit margin of 30% to 40% however soon it will meet the gross profit margin of around 45% which is prevailing in I.T. industry.

Presently the Company is involved in some I.T. advisory, and I.T. equipment trading activities and allied products.

To meet the overhead costs of running business directors have disbursed loan amounting to Rs. 1.50 million. Directors are willing to provide further financial assistance as and when required due to the operations of the Company.

Dividend

Instead of earning profit after tax, the Company is still facing net accumulated deficit in reserves to distribute dividend, therefore, no dividend is recommended by the Board for the period under review. However we are heading towards and expecting to declare our next dividend, after achieving business target activities, in the year 2018/ 2019.

Merger with Lakhwani Securities (Pvt.) Limited

The paid-up capital of the Company is only Rs. 5.000 million, which falls short by Rs. 20.000 million from the minimum paid-up capital requirement of the Pakistan Stock Exchange for listing a Company as Small and Medium Enterprises (SME). To fill the gap, the Board has decided to enter into merger with Lakhwani Securities (SMC Private) Limited and have come to terms with the management of Lakhwani Securities (SMC Private) Limited.

The merger shall be made in accordance with the scheme of merger approved by the Board and adopted by the shareholders of the Company. As result of merger Lakhwani Securities (SMC Private) Limited shall merge in Hallmark Company Limited and the paid-up capital of Hallmark Company Limited would meet the requirement of Pakistan Stock Exchange.

The merger is opted in the best interest of the minority shareholders of the Company. As a result of the merger, the Company would be having sufficient assets and paid-up capital to continue its business operations and give returns to the investments.

Appointment of CEO, CFO and Head of Internal Audit

As the Company has successfully revived its' business operations, and now heading towards acquisition of funds through sales and other operating activities therefore, some crucial positions in the management need to be filled by appropriate persons with adequate knowledge and skills. Presently, the Company does not have enough funds to afford employees like CFO and Head of Internal Audit. However, their presence is inevitable therefore, keeping in view the financial position of the Company we recommend to appoint Mr. Muhammad Furrugh Bashir, as the CFO of the Company. Presently, he is holding the office of Director. To avoid the concentration of authority, Mr. Muhammad Furrugh Bashir has vacated the office of CEO and on his place, your Board has appointed Mr. Naveed Hamid as CEO of the Company. He is remained with us since 2010 and has all the skills and abilities to match with the office of the Chief Executive.

We are in process of appointing a Head of Internal Audit, to lead the internal audit function of the Company. However, in his absence the audit committee which is headed by an independent Director is performing the tasks of internal audit.

Independent Director

To encourage the better corporate governance and further secure the right of minority shareholders, the Board has decided to increase the ratio of independent directors in the Board. Therefore, subsequent to June 30, 2017 our one of non-executive directors Mr. Saad Aftab Shamsi has reduced his shareholding to the extent of only qualifying shares and now at this date eligible and acting as independent director.

Evaluation of the Board's performance and Directors' training program

The Board has developed a mechanism of annual performance evaluation. Every member of the Board ensures his active participation in all the meetings of the Board. Detailed discussions are held on strategic matters and clear directions are provided to the management, which are regularly monitored by the Board and its committees. The Board ensures that the Company adopts the best possible practices of corporate governance. The Board also has planned to review performance of business at each quarter with an aim to improve the same.

Directors' training program have also been considered by the Board but due to the limited funds it is presently deferred however, it shall be commenced soon in compliance with the code of corporate governance.

Auditors' Observation

In auditors' report to the members of the Company, auditors opinion of true and fair presentation is subject to only one observation which relate to dormant bank accounts.

We have just commenced the 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. However subsequent to year end in the month of July we have open a bank account in the name of Company.

Statutory Auditors

The present Auditors M/s. S. M. Suhail and Co. Chartered Accountants shall retire, and are eligible to continue as Auditors of the Company. As suggested by the Audit Committee the Board has recommended M/s. S. M. Suhail and Co. Chartered Accountants for re-appointment as Auditors of the Company for the ensuing year.

Corporate Social Responsibility

In developing countries like Pakistan, there is an intense need to work together to address social issues as effectively and efficiently as possible. The Company values the importance of working together with its employees and with all other stakeholders to focus towards social responsibilities. Basic areas needed to be addressed in our society include education, health and safety, women empowerment, economic opportunity, equity of rights, law enforcement, and environmental protection and community grants.

Presently, due to scarce resources the Company is unable to participate through monetary means. However the Company has acknowledged and discharged its responsibility towards society through following measures:

Dealing in products of only those companies which are certified as Energy Star and only those products are sold which are recyclable and energy efficient. For compliance certifications over products are strictly observed. Also the policy of paper less environment has been adopted as strictly as possible. The policies are adopted as step towards environmental protection.

During the period the Company has established a policy of providing interest free loan convertible to Qarz-e-Hasna to its employees for purposes of higher education and treatment of serious medical injuries.

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 special year ended June 30, 2017 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 continue to improve its' implementation all over 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 suspended operations of Insurance business previously, due to certain reasons, the CDC has suspended the Company from CDS. The Directors of the Company have communicated with the CDC of revocation of the securities, and now hopeful that the securities will be resumed actively with the CDC.

Audit Committee

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

Mr. Zubair Ahmed Khan	Chairman and Member
Mr. Ahtesham Ashraf	Member
Mr. 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 period 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 Farrukh Bashir	4
Mr. Saad A. Shamsi	4
Mr. S Muhammad Imran	3
Mr. Haris A. Shamsi	3
Mr. Ahtesham Ashraf	3
Mr. Naveed Hamid	4
Mr. Zubair Ahmed Khan	4

- k) The statement of pattern of shareholding in the Company as at June 30, 2017 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, the SECP, the SBP, the PSX and commercial banks 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.

Naveed Hamid
Chief Executive
October 05, 2017

Muhammad Furrukh Bashir
Director
October 05, 2017

HALLMARK COMPANY LIMITED
(Formerly Hallmark Insurance Company Limited)
Pattern of Shareholding as at June 30, 2017

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
31	1001	-	5000	81,610
5	5001	-	10000	33,320
1	15001	-	20000	16,500
3	20001	-	25000	63,500
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
351				500,000

Categories of Shareholders

S.No.	Shareholder's Category	Number of Shareholders	Number of Shares	Percentage %
1	Directors /Chief Executive Office	7	170,000	34.00
2	Individuals	342	329,700	65.94
3	NIT & ICP	1	200	0.04
4	Others	1	100	0.02
		351	500,000	100.00

HALLMARK COMPANY LIMITED**(Formerly Hallmark Insurance Company Limited)****Pattern of Shareholding under Code of Corporate Governance****As at June 30, 2017**

S. No.	Shareholder's Category	Number of Shareholders	Number of Shares Held	Category Wise No. of Shares	Percentage %
1	Directors/Chief Executive Office	7		170,000	34.00
	Mr. Muhammad Farrukh Bashir		43,000		
	Mr. Haris A. Shamsi		21,500		
	Mr. Saad A. Shamsi		24,000		
	Mr. Ahtesham Ashraf		20,500		
	Mr. Naveed Hamid		23,500		
	Mr. S. M. Imran		35,000		
	Mr. Zubair Ahmed Khan		2,500		
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

HALLMARK COMPANY LIMITED
(Formerly Hallmark Insurance Company Limited)

KEY FINANCIAL DATA FOR LAST SIX YEARS						
	June, 2017	December, 2016	December, 2015	December, 2014	December, 2013	December, 2012
Total sales revenue	4,169,260	-	-	-	-	-
Cost of sales	(2,560,662)	-	-	-	-	-
Gross profit	1,608,598	-	-	-	-	-
Other income	1,165,000	1,898,238	300,000	300,000	353,639	-
Administration expenses	(450,515)	(985,405)	(125,000)	(144,192)	(115,000)	(119,550)
Other expenses	(395,148)	(275,000)	-	-	-	-
Profit before taxation	1,927,936	912,833	175,000	155,808	238,639	(119,550)
Taxation - net	(100,424)	-	-	-	-	-
Profit after taxation	1,827,511	912,833	175,000	155,808	238,639	(119,550)
Earning per share	3.66	1.28	0.35	0.31	0.48	(0.24)
Shareholders equity excluding loan	2,886,815	1,059,304	421,471	246,471	90,663	(147,976)
Property	1,665,000	800,000	800,000	800,000	800,000	-
Cash and bank balances	498,507	192,691	487,373	212,373	127,373	141,679
Total debt (financing)	1,500,000	250,000	-	-	-	-
Creditor and other payable	799,371	500,000	500,000	500,000	500,000	2,677,379
Tax payable	44,693	-	-	-	-	-
Total Assets at book value	5,286,610	2,318,164	3,165,323	2,990,323	2,824,515	4,648,255

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Name of the Company: HALLMARK COMPANY LIMITED (Formerly Hallmark Insurance Company Limited)
Year ended: June 30, 2017

This statement is being presented to comply with the Code of Corporate Governance (Code) contained in regulation number 5.19.24 of listing regulations of Pakistan Stock Exchange Limited 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 and directors representing minority interests on its Board of Directors. At present the Board includes:

Independent director

Mr. Zubair Ahmed Khan
Mr. Saad AftabShamsi

Executive directors

Mr. Muhammad Farrukh Bashir
Mr. Naveed Hamid

Non-executive directors

Mr. Haris A. Shamsi
Mr. Ahtesham Ashraf
Mr. S. Muhammad Imran

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

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 Development Financial Institution (DFI) or a Non-Banking Financial Institution (NBFI) or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. One casual vacancy occurring on the Board was filled up by the directors within 90 days.
5. The Company has prepared a "Statement of Ethics and Business Practices" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant

policies along with the date on which they were approved or amended has been maintained.

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 Board / 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. The Board has recommended the appointment of CFO and approved the appointment of Company Secretary including their remuneration and terms and conditions of their employment however head of Internal Audit is not yet appointed due to the heavy cost involved in his appointment as business is just recently commenced.
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 finance representative 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 Code. 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 (ICAP).

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. We confirm that all other material principles contained in the Code have been complied with. Reasonable progress has been made by the Company towards non compliance reported in point 9 and 10 above to seek their compliance by the end of next accounting year.

On behalf of the Board of directors

Naveed Hamid
Chief Executive

Karachi

Dated: October 5th, 2017

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) for the period of six months ended on June 30, 2017 prepared by the Board of Directors of **Hallmark Company Limited** (the Company) **formerly Hallmark Insurance Company Limited** to comply with the requirements contained under the chapter 5 clause 5.19.24(b) of Rule Book of Pakistan Stock Exchange Limited 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 and report if it does not and to highlight any non compliance with the requirements of the Code. 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 are not required to consider whether the Board of Directors' statement of internal control covers all risks and controls or to form an opinion on effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of 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 half year ended June 30, 2017.



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	Description
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 period.
12	the financial statements were signed by CEO and finance representative instead of CEO and CFO before presenting it to the Board.

S.M. Suhail & Co.

S.M. Suhail & Co.
Chartered Accountants
Karachi.
Engagement Partner: Muhammad Sajid, FCA

Our Ref: SMS-A-6882017
Date: October 05, 2017

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Hallmark Company Limited** (formerly "Hallmark Insurance Company Limited") as at June 30, 2017 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 transitional period of six months then ended on June 30, 2017 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:

- 1- Due to non availability of the records and direct confirmations we were unable to verify bank balances related to current accounts 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:
 - i) 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 accounts and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the period was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the period were in accordance with the objects of the Company;

- c) in our opinion, except for the effect of the matter referred to in paragraph (1) 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 June 30, 2017 and of its profit, cash flows and changes in equity for the transitional period of six months ended on June 30, 2017; and
- d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

We draw attention towards:

- i) note 1.5 to these financial statements, where it is more fully explained that the accumulated loss of the Company stood at Rs. 2.113 million (2016: 3.941 million) as at year end. Moreover, the commercial operations of the Company have recently been recommenced after a suspended period of 14 years from January 1st, 2003. These conditions 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 and continued profits from subsequent operations.
- ii) note 2.1 to the financial statements where it is explained that the Company is no more an insurance Company due to the revocation of Insurance License in the year 2016 by the SECP, also the Company had not carried any insurance related activity in previous year therefore, disclosures required by Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 have not been presented, as compliance of Insurance Ordinance, 2002 is no longer required.
- iii) note 28.1 to the financial statements where it has explained that subsequent to year end, the Board of Directors has approved an scheme of merger to enhance its paid up capital to comply with the requirement of the minimum paid up capital for small and medium size enterprises of the Pakistan Stock Exchange (PSX). The application of the scheme is contingent on the approval from the members in the upcoming annual general meeting of the Company and compliances of the related provisions of Companies Act, 2017.

Our opinion is not qualified in respect of matters mentioned in above preceding paragraphs (i) to (iii).

The financial statements of the company for the year ended December 31, 2016 were audited by another firm of Chartered Accountants who expressed a modified opinion in their report dated April 07, 2017.



S.M. Suhail & Co.
Chartered Accountants
Karachi.
Engagement Partner: Muhammad Sajid, FCA

Our Ref: SMS-A-6892017

Date:

HALLMARK COMPANY LIMITED
(Formerly Hallmark Insurance Company Limited)
BALANCE SHEET
AS AT JUNE 30, 2017

ASSETS	<i>Note</i>	2017 <i>Rupees</i>	31 Dec 2016 <i>Rupees</i>
Non Current Assets			
Furniture, fixtures and office equipment	7	872,964	975,473
Investment Property	8	1,665,000	800,000
		2,537,964	1,775,473
Current Assets			
Stock in trade	9	1,004,693	-
Trade debts - considered good		1,095,446	-
Loan to employees		150,000	-
Cash and bank balance	10	498,507	542,691
		2,748,646	542,691
TOTAL ASSETS		5,286,610	2,318,164
EQUITY AND LIABILITIES			
Share Capital And Reserves			
Authorized Share Capital			
1,000,000 (2016: 1,000,000) Ordinary Shares of Rs. 10/- each		10,000,000	10,000,000
Issued, subscribed and paid-up capital	11	5,000,000	5,000,000
Accumulated loss		(2,113,185)	(3,940,696)
Loan from directors	12	1,500,000	250,000
		4,386,815	1,309,304
Non Current Liabilities			
Deferred tax	13	55,732	-
Current Liabilities			
Trade creditors		495,878	-
Payable to others		-	500,000
Advance from customers		55,000	150,000
Accrued and other payables		225,343	335,710
Unclaimed dividends	14	23,150	23,150
Provision for taxation		44,693	-
		844,063	1,008,860
Contingencies and commitments	15	-	-
TOTAL EQUITY AND LIABILITIES		5,286,610	2,318,164

The annexed notes from 1 to 29 form an integral part of these financial information.

Chief Executive

Director

Chief Financial Officer

HALLMARK COMPANY LIMITED
(Formerly Hallmark Insurance Company Limited)
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD FROM JANUARY 1, 2017 to JUNE 30, 2017

	<i>Note</i>	01-Jan-17 to 30-Jun-17 Rupees	01-Jan-16 to 31-Dec-16 Rupees
Turnover			
Sale of goods		3,921,760	-
Advisory		247,500	-
		4,169,260	-
Cost of sales	<i>16</i>	(2,560,662)	-
Gross profit		1,608,598	-
Administrative and selling expenses	<i>17</i>	(450,515)	(985,405)
Operating profit/ (loss)		1,158,083	(985,405)
Other income	<i>18</i>	1,165,000	1,898,238
Other expenses	<i>19</i>	(395,148)	(275,000)
Profit before taxation		1,927,936	637,833
Taxation - net	<i>20</i>	(100,424)	-
Profit after taxation		1,827,511	637,833
Earning per share	<i>21</i>	3.66	1.28

The annexed notes from 1 to 29 form an integral part of these financial information.

Chief Executive

Director

Chief Financial Officer

HALLMARK COMPANY LIMITED
(Formerly Hallmark Insurance Company Limited)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM JANUARY 1, 2017 to JUNE 30, 2017

	01-Jan-17 to 30-Jun-17 <i>Rupees</i>	01-Jan-16 to 31-Dec-16 <i>Rupees</i>
Profit after taxation	1,827,511	637,833
Other comprehensive income	-	-
Total comprehensive income for the year	<u>1,827,511</u>	<u>637,833</u>

The annexed notes from 1 to 29 form an integral part of these financial information.

Chief Executive

Director

Chief Financial Officer

HALLMARK COMPANY LIMITED
(Formerly Hallmark Insurance Company Limited)
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM JANUARY 1, 2017 to JUNE 30, 2017

	01-Jan-17 to 30-Jun-17	01-Jan-16 to 31-Dec-16
	<i>Rupees</i>	<i>Rupees</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,927,936	637,833
Adjustments for:		
Depreciation	102,509	116,261
Revaluation increase on investment property	(865,000)	-
Written off amount no more payable to reinsurer	-	(1,448,238)
Written off sundry receivable	-	591,106
Operating Profit/ (Loss) Before Working Capital Changes	1,165,444	(103,038)
Changes in working capital		
(Increase)/ decrease in current assets:		
Stock in trade	(1,004,693)	-
Trade receivables	(1,095,446)	-
Other receivables	(150,000)	-
Increase / (decrease) in current liabilities:		
Trade creditors	495,878	-
Advance from customers	(95,000)	150,000
Other payable	(500,000)	-
Accrued expenses	(110,367)	(364,506)
Total Changes In Working Capital	(1,294,184)	(317,544)
Taxes paid	-	(72,248)
Net Cash (Outflow) / Inflow From Operating Activities	(1,294,184)	(389,792)
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	1,250,000	250,000
Net Cash Inflow From Financing Activities	1,250,000	250,000
Net (decrease) / increase in cash and cash equivalents	(44,184)	(294,682)
Cash and cash equivalents at the beginning of the year	542,691	837,373
Cash and cash equivalents at the end of the year	498,507	542,691

The annexed notes from 1 to 29 form an integral part of these financial information.

Chief Executive

Director
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Chief Financial Officer

HALLMARK COMPANY LIMITED
(Formerly Hallmark Insurance Company Limited)
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM JANUARY 1, 2017 to JUNE 30, 2017

	Issued, subscribed and paid-up capital	Accumulated loss	Loan from directors	Total
	----- (Rupees) -----			
Balance as at December 31, 2015	5,000,000	(4,578,529)	-	421,471
Total comprehensive income for the year	-	637,833	-	637,833
Loan received from directors	-	-	250,000	250,000
Balance as at December 31, 2016	5,000,000	(3,940,696)	250,000	1,309,304
Total comprehensive income for the six months period	-	1,827,511	-	1,827,511
Loan received from directors	-	-	1,250,000	1,250,000
Balance as at June 30, 2017	-	(2,113,185)	1,500,000	4,386,815

The annexed notes from 1 to 29 form an integral part of these financial information.

Chief Executive

Director

Chief Financial Officer

HALLMARK COMPANY LIMITED
(Formerly Hallmark Insurance Company Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2017 to JUNE 30, 2017

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 Act, 2017 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 ended, on December 31, 2016, 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 Now the principal activity of the company is to engage in trading of computer and allied I.T. equipment, development and sale of software and provision of allied services. During the year 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.
- 1.5 The Company has commenced its new trading business activities and some advisory services during the period under review and also continuing the same in subsequent year. The accumulated losses of the company as at balance sheet date reduced during the year to Rs. 2.113 million (December 31, 2016: 3.941 million) and its current ratio has improved as the current assets increased from current liabilities by Rs. 0.478 million (December 31, 2016: fall short by Rs. 0.716 million). These conditions of around three months are better in contrast with the previous years. Therefore, these improvements indicate a certainty on the Company's ability to continue as a going concern. The Company also had submitted a revival plan before the SECP Karachi and Islamabad and have commenced its operations completely. 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 and already implemented it successfully which is so far providing the desired results. Furthermore, the Directors have also provide necessary loan to the company by bearing Company Expenses and some in other modes and required financing shall also be made available by the directors therefore, these financials have been prepared on the basis going concern.

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. During the period Companies Act, 2017 has been promulgated. It repealed the Companies Ordinance, 1984. However as per the circular 17/2017 of Securities and Exchange Commission of Pakistan the companies having year end on June 30th are not required to adopt the Companies Act, 2017 for their annual financial reporting of year 2017 and shall adopt repealed Companies Ordinance, 1984 for financial reporting for the year ended on June 30, 2017. These companies shall adopt the Companies Act, 2017 for all the subsequent reporting. Therefore, approved accounting standards comprises of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under repealed Companies Ordinance, 1984, provisions and directives issued under repealed Companies Ordinance, 1984. In case requirements differ, the provisions and directives of repealed Companies Ordinance, 1984 shall prevail.

HALLMARK COMPANY LIMITED
(Formerly Hallmark Insurance Company Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2017 to JUNE 30, 2017

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.

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 the Company for accounting periods beginning on or after 01 July 2017:

		Annual period beginning on or after
IFRS-1	First time adoption of International Financial Reporting Standards Amendments resulting from Annual Improvements 2014–2016 Cycle (removing short-term exemptions)	January 1, 2018
IFRS-2	Share based payments Amendments to clarify the classification and measurement of share-based payment transactions	January 1, 2018
IFRS-4	Insurance contracts Amendments regarding the interaction of IFRS 4 and IFRS 9	January 1, 2018
IFRS-12	Disclosure of interest in other entities Amendments resulting from Annual Improvements 2014–2016 Cycle (clarifying scope)	January 1, 2017
IAS-7	Statement of cash flows Amendments as result of the Disclosure initiative	January 1, 2017
IAS-12	Income taxes Amendments regarding the recognition of deferred tax assets for unrealised losses	January 1, 2017
IAS-28	Investments in associates and joint ventures Amendments resulting from Annual Improvements 2014–2016 Cycle (clarifying certain fair value measurements)	January 1, 2018
IFRS-39	Financial Instruments: Recognition and Measurement Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception	January 1, 2018
IAS-40	Investment property Amendments to clarify transfers or property to, or from, investment property	January 1, 2018
IFRIC-22	Foreign Currency Transactions and Advance Consideration	January 1, 2018
IFRIC-23	Uncertainty over Income tax treatment	January 1, 2019

HALLMARK COMPANY LIMITED
(Formerly Hallmark Insurance Company Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2017 to JUNE 30, 2017

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 July 1, 2016. These amendments do not have any significant effect on these financial statements.

IFRS-5	Non-current Assets Held for Sale and Discontinued Operations (Amendments resulting from September 2014 Annual Improvements to IFRSs)
IFRS-7	Financial instruments (Amendments resulting from September 2014 Annual Improvements to IFRSs)
IFRS-10	Consolidated financial statements (Amendments regarding the application of the consolidation exception)
IFRS-11	Joint arrangements (Amendments regarding the accounting for acquisitions of an interest in a joint operation)
IFRS-12	Disclosure of Interests in Other Entities (Amendments regarding the application of the consolidation exception)
IAS-1	Presentation of financial statements (Amendments resulting from the disclosure initiative)
IAS-16	Property, plant and equipment (Amendments regarding the clarification of acceptable methods of depreciation and amortisation and Amendments bringing bearer plants into the scope of IAS 16)
IAS-19	Employee benefit (Amendments resulting from September 2014 Annual Improvements to IFRSs)
IAS-27	Separate Financial Statements (Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements)
IAS-28	Investments in Associates and Joint Ventures (Amendments regarding the application of the consolidation exception)
IAS-34	Interim Financial Reporting (Amendments resulting from September 2014 Annual Improvements to IFRSs)
IAS-38	Intangible Assets (Amendments regarding the clarification of acceptable methods of depreciation and amortisation)
IAS-41	Agriculture (Amendments bringing bearer plants into the scope of IAS 16)

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan

		Annual period beginning on or after
IFRS-9	Financial instruments	January 1, 2018
IFRS-14	Regulatory Deferral Accounts - Original issue	January 1, 2018
IFRS-15	Revenue from contracts with customers	January 1, 2018
IFRS-16	Leases - Original issue	January 1, 2019
IFRS-17	Insurance contracts - Original issue	January 1, 2021

HALLMARK COMPANY LIMITED
(Formerly Hallmark Insurance Company Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2017 to JUNE 30, 2017

3 CHANGE IN REPORTING PERIOD

Due to the change of nature of business from Insurance activities to trading of computer and allied I.T. equipment, the Company has changed its reporting period from December to June.

Insurance Companies in Pakistan are allowed special financial year from January to December whereas companies having nature of business as trading of I.T. equipments are allowed normal financial year from July to June. Therefore, on change of nature of business, the change of the financial year from December year end to June year end was inevitable for better comparison with industry in which the company operates. The first reporting period in new financial year ended on June 30, 2017 and shall be the transitional year for change of financial year and comprises of six months from the last reporting date i.e. December 31, 2016.

Activities are presented for transitional year of six months from January 01, 2017 to June 30, 2017 whereas, for possible comparability with the reporting period, these financial statements will present complete year from last presented financial statements which belong to period from January 01, 2016 to December 31, 2016.

It is pertinent to mention that figures presented in these financial statements are not entirely comparable. Current activities are for the period of six month ended on June 30, 2017 whereas, in comparison the activities of whole year ended on December 31, 2016 were presented both the periods are of different time span and year ends.

4 BASIS OF MEASUREMENT

This financial statements has been prepared under historical cost convention and on an accrual basis of accounting except cash flow information and for the investment property which is measured on revalued amount as per the requirements of IAS 40.

5 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;

- useful life of depreciable assets
- provision for doubtful debts
- provision for taxation and
- provision for obsolescence on stock

6 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.

6.1 PROPERTY, PLANT AND EQUIPMENT

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 7 to these financial statements.

HALLMARK COMPANY LIMITED
(Formerly Hallmark Insurance Company Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2017 to JUNE 30, 2017

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.

6.2 INVESTMENT PROPERTY

Investment in property is recognized at revalued amount being the fair value of the asset less impairment, if any. As the property is agricultural land therefore no depreciation is being charged. Any increase/ decrease in fair value is charged to income for the year.

6.3 STOCK

Stock-in-trade is valued at the lower of weighted average cost and estimated net realisable value.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value signifies the estimated selling price in the ordinary course of business less net estimated costs of completion and selling expenses.

Items in transit, if any are valued at cost comprising invoice value plus other charges incurred thereon up to the balance sheet date.

6.4 TRADE DEBTS AND OTHER RECEIVABLES

Trade debts and other receivables are recognised at original invoice amount less provision for doubtful debts and other receivables, if any. A provision for doubtful debts and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Bad Debts are written off when identified.

6.5 CASH AND CASH EQUIVALENTS

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

6.6 TRADE CREDITORS AND OTHER PAYABLES

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any.

6.7 IMPAIRMENT

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If such indications exist, the assets' recoverable amount is estimated in order to determine the extent of impairment loss, if any. Impairment losses are recognised as expense in the profit and loss account.

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

6.8 PROVISIONS

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

6.9 DIVIDEND

Dividend distribution to the Company's shareholders is recognised as liability at the time of their approval.

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6.10 TAXATION

Current

Provision for taxation is based on the taxable income for the year at current tax rates after taking into account tax credits and tax rebates, if any, computed in accordance with the enacted tax laws or based on turnover @1.0% or applicable tax whichever is higher.

Deferred

Deferred tax is tax attributable to the temporary differences, that is, difference between the carrying amount of assets or liability and its corresponding tax base.

The company accounts for deferred taxation using the balance sheet method. Deferred tax liability is recognized for future taxable temporary differences and deferred tax asset is recognized for future deductible temporary differences, including unutilized tax losses, to the extent when it is probable that future taxable profits will be available to offset the deferred tax asset.

However, as the deferred tax asset arising on unabsorbed tax losses exceeds the arising deferred tax liability therefore assets are only recognized to the extent of writing off arising liability and not further.

6.11 REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities as described below:

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

Rental income is recognized on accrual basis for the months in which free possession of land is available to the tenant.

6.12 FINANCIAL INSTRUMENTS

Financial assets

The company's principal financial assets are cash and bank balances, trade debtors and other receivables. These are stated at nominal value.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities include creditors, loans and other liabilities. These are stated at nominal value.

Offsetting of Financial assets and liabilities

A financial asset and a financial liability are offset and the net amount is reported in the financial statements if the company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

6.13 RELATED PARTY TRANSACTION

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the Board of Directors, it is in the interest of the Company to do so.

6.14 FUNCTIONAL AND PRESENTATION CURRENCY

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

HALLMARK COMPANY LIMITED
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7 FURNITURE FIXTURES AND OFFICE EQUIPMENTS

Description	Furniture and fixtures	Office equipment	Generator	Computer and allied equipment	Total
FOR 2016 (-----Rupees-----)					
COST					
Balance at beginning of year	2,716,043	725,040	-	-	3,441,083
Additions / transfers during the year	45,500	28,250	45,700	35,440	154,890
Balance at end of year	2,761,543	753,290	45,700	35,440	3,595,973
DEPRECIATION					
Accumulated depreciation at beginning of year	2,056,870	447,369	-	-	2,504,239
Charge for the year/ period	70,467	30,592	4,570	10,632	116,261
Balance at end of year	2,127,337	477,961	4,570	10,632	2,620,500
NET BOOK VALUE -2016	634,206	275,329	41,130	24,808	975,473
Depreciation rate	10%	10%	10%	30%	

FOR SIX MONTHS ENDED JUNE 30, 2017

COST					
Balance at beginning of period	2,761,543	753,290	45,700	35,440	3,595,973
Additions / transfers during the period	-	-	-	-	-
Balance at end of period	2,761,543	753,290	45,700	35,440	3,595,973
DEPRECIATION					
Accumulated depreciation at beginning of period	2,127,337	477,961	4,570	10,632	2,620,500
Charge for the year/ period	63,421	27,533	4,113	7,442	102,509
Balance at end of period	2,190,758	505,494	8,683	18,074	2,723,009
NET BOOK VALUE -2016	570,785	247,796	37,017	17,366	872,964
Depreciation rate	10%	10%	10%	30%	

7.1 Reconciliation of carrying values

Items	WDV at Jan 1, 2015	Additions during the year	Depreciation Charged for the year	WDV at Dec 31, 2016
FOR 2016 (-----Rupees-----)				
Furniture and fixtures	659,173	45,500	(70,467)	634,206
Office equipment	277,671	28,250	(30,592)	275,329
Generator	-	45,700	(4,570)	41,130
Computer and allied equipment	-	35,440	(10,632)	24,808
Total	936,844	154,890	(116,261)	975,473

Items	WDV at Jan 1, 2016	Additions during the period	Depreciation Charged for the period	WDV at June 30, 2017
FOR SIX MONTHS ENDED JUNE 30, 2017				
Furniture and fixtures	634,206	-	(63,421)	570,785
Office equipment	275,329	-	(27,533)	247,796
Generator	41,130	-	(4,113)	37,017
Computer and allied equipment	24,808	-	(7,442)	17,366
Total	975,473	-	(102,509)	872,964

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	2017	2016
	<i>Rupees</i>	<i>Rupees</i>
8 INVESTMENT PROPERTY		
Agricultural Land		
Cost	800,000	800,000
Increase on revaluation	865,000	-
	<u>1,665,000</u>	<u>800,000</u>
<p>The revaluation was made through and independent valuer M/s Downtown evaluators (Pvt.) Limited (effective from April 12, 2017). The valuation is based on current market value conditions and situation.</p> <p>The above property is being held for the purpose of generating rental income only.</p>		
9 STOCK IN TRADE		
Finished goods	<u>1,004,693</u>	-
10 CURRENT AND OTHER ACCOUNTS		
Cash in hand	122,062	166,246
Cash at bank		
Current	26,445	26,445
Deposit	350,000	350,000
	<u>376,445</u>	<u>376,445</u>
	<u>498,507</u>	<u>542,691</u>
11 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
500,000 (2016: 500,000)		
Ordinary Shares of Rs. 10/- each	<u>5,000,000</u>	<u>5,000,000</u>
12 LOAN FROM DIRECTORS		
Unsecured	<u>1,500,000</u>	<u>250,000</u>
<p>The above loan is unsecured and interest free and repayable at the discretion of the Company on availability of funds. The loan was provided by the Directors by way of payment fro purchase of stock and expenses of the Company, as the bank account was not operative at that time.</p>		
13 DEFERRED TAX		
On accelerated depreciation	<u>55,732</u>	-
14 UNCLAIMED DIVIDEND		
For the year ended 31-12-98	5,150	5,150
For the year ended 31-12-95	18,000	18,000
	<u>23,150</u>	<u>23,150</u>
15 CONTINGENCIES AND COMMITMENT		
15.1 Commitment		
There were no commitment as at year end (2016: Nil)		

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15.2 Contingencies

The management is under negotiation with the Company's corporate consultants for agreeing on the amount of their remuneration for the services rendered in current and prior years in respect of corporate matters of the Company. The financial impact cannot reliably be ascertained at present. There was no contingency in the year 2016.

	01-Jan-17 to 30-Jun-17	01-Jan-16 to 31-Dec-16
	<i>Rupees</i>	<i>Rupees</i>
16 COST OF SALES		
Purchase of goods	3,403,072	-
Transportation	58,635	-
Packaging/ inspection and handling	103,648	-
	3,565,355	-
Less: Closing Stock	(1,004,693)	-
	2,560,662	-
16 ADMINISTRATIVE AND SELLING EXPENSES		
Salaries	90,000	172,000
Surcharge Stock Exchange	-	25,000
Printing and stationary	29,370	-
Advertisement	68,000	-
Travelling and conveyance	42,640	-
Entertainment	66,030	11,710
Stationery expenses	22,746	4,328
Legal and professional charges	9,500	65,000
Depreciation expense	102,509	116,261
Miscellaneous expenses	19,720	-
Written off sundry receivable	-	591,106
	450,515	985,405
17 OTHER INCOME		
Rental income from investment property	300,000	450,000
Revaluation increase on investment property	865,000	-
Written off amount no more payable to reinsurer	-	1,448,238
	1,165,000	1,898,238
18 OTHER EXPENSES		
Listing fee Stock Exchange	125,000	200,000
Auditors remuneration	115,000	75,000
Professional charges	105,000	-
Workers Welfare Fund	18,274	-
Workers Profit Participation Fund	31,874	-
	395,148	275,000
19 TAXATION		
Current	44,693	-
Deferred		
Current	(30,445)	-
Prior	86,177	-
	55,732	-
	100,424	-

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As the applicable tax is turnover tax therefore no reconciliation of accounting profit with taxable income is disclosed.

Tax charged is being calculated @ 1% of revenue which is minimum tax therefore, no reconciliation of accounting profit with tax expense is being presented.

Accumulated tax losses at year end amounts to Rs. Nil (2016: Rs. 985,292)

	01-Jan-17 to 30-Jun-17	01-Jan-16 to 31-Dec-16
	<i>Rupees</i>	<i>Rupees</i>
20 BASIC AND DILUTED EARNING PER SHARE		
Profit after taxation	1,827,511	637,833
Weighted average number of Ordinary shares	500,000	500,000
Earning per share	3.66	1.28
There is no dilutive impact on earning per share.		

21 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS & EXECUTIVES

As the commercial activity has been commenced but remuneration of Directors and Chief Executive have not yet been decided therefore, arrears of remuneration shall be paid and charged in the period in which the decision is made.

22 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-21. Details of transactions made with related parties during the year are as follows:

Loan received from directors (note 12)	1,250,000	250,000
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23 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 23.1 to 23.4

23.1 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:

Trade receivables		1,095,446	-
Other receivables		150,000	-
Deposits with bank	A1+	376,445	376,445
		1,621,891	376,445

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23.2 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 interest rate risk only.

21.2.1 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.

23.3 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.

Non Interest Bearing	2017		
	-----Rupees-----		
	Carrying amount	Upto one year	After one year
Payable to others	-	-	-
Loan from directors	1,500,000	-	1,500,000
Unclaimed dividends	23,150	23,150	-
Accrued expenses	225,343	225,343	-
Taxation	44,693	44,693	-
Total financial liabilities	1,793,185	293,185	1,500,000

Non Interest Bearing	2016		
	-----Rupees-----		
	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

23.4 Fair value of financial assets and liabilities

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

24 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 period under review, the Company's strategy was to maintain leveraged gearing. The gearing ratio as at June 30, 2017 was as follows:

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	2017	2016
	<i>Rupees</i>	<i>Rupees</i>
25 CAPITAL RISK MANAGEMENT		
Total borrowing	1,500,000	250,000
Cash at bank	498,507	542,691
Net borrowing	1,001,493	(292,691)
Total shareholders' equity	2,886,815	1,059,304
Total capital	3,888,308	766,613
Gearing ratio	26%	-38%

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.

26 RECLASSIFICATION

Loan from directors amounting to Rs. 250,000 has been transferred from non-current liabilities to equity to comply with the requirements of IAS 39, TR-32 of Institute of Chartered Accountants of Pakistan.

27 NUMBER OF EMPLOYEES

Number of employee as at June 30, 2016 was 3 (December 31, 2016: 3).
Average number of employees during the period was 3 (December, 2016: 2)

28 AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue in accordance with a resolution of the Board of Directors on October 05, 2017.

29 GENERAL

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

HALLMARK COMPANY LIMITED
(Formerly Hallmark Insurance Company Limited)

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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, 2017 and at any adjournment thereof.

thereof.

signed this _____ day of _____ 2017.



(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.