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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
Mr. Ahtesham Ashraf	Member
Mr. Haris A. Shamsi	Member

HR Committee

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

Legal Advisor

Sayeed A. Sheikh & Co., Advocates

External Auditors

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

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

DIRECTORS' REPORT

Dear Shareholders,

The Directors of your Company are pleased to present you the first condensed interim half yearly (unaudited) financial statements, after the change of the financial year of the Company, from December end to June end. The Directors' report is prepared under section 227 of the Companies Act, 2017.

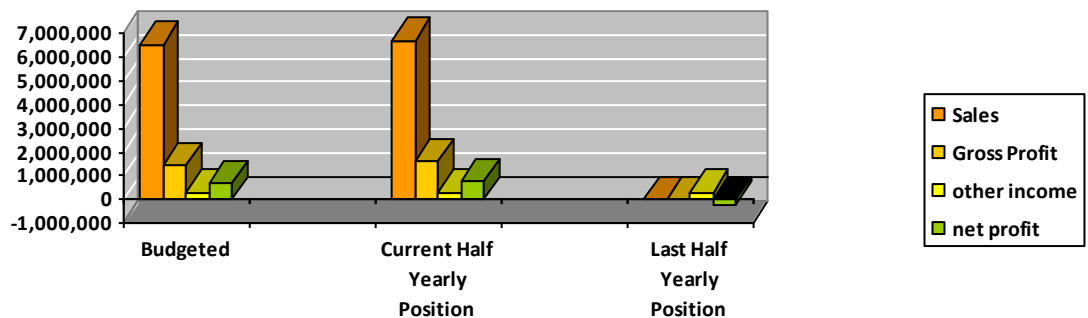
Company's Performance

We are pleased to inform you that the Company's performance is favorable to the budgeted projections. The Company not only achieved its target but has performed a little better. To keep moving towards our vision, we are continuously working hard not only to sustain this growth but to perform further than this in the current market situation.

Operational Results

Brief summary of the operational results is as follows:

	Projection for six months ended on 31 Dec, 2017 (Rs.)	Six Months ended 31 Dec, 2017 (Rs.)	Six Months ended 31 Dec, 2016 (Rs.)
Revenue	6,562,500	6,723,792	-
Gross Profit	1,415,625	1,593,281	-
Operating Profit	1,042,022	511,193	(334,299)
Other Income	300,000	300,000	300,000
Profit/ (Loss) After Taxation	669,497	769,512	(234,299)
Earning/ (loss) per Share	1.34	1.54	0.47



Due to the commencement of operations, the Company has earned a gross profit of Rs. 1.59 million and administrative expenses have also been increased by Rs. 722,789 which were inevitable. The Company has achieved the gross profit margin within range of 20% to 25% on transactions and expected to increase further, depending on the market condition and business volume. Accumulated loss has been reduced to Rs. 1.34 million from Rs. 2.1 million.

Other income in previous comparative period and in current period consists of rent income which remained the same at Rs. 50,000 per month.

The earnings per share for the period under review came out to be Rs. 1.54 per share which is Rs. 0.2 more than the anticipations.

Directors of the Company have provided financial assistance at every step and to meet the operational expenses further, a loan of Rs. 2.65 million was provided to the Company by the Directors.

Future Outlook

Our 2018 budget is focused on achieving steady growth. This growth is going to be attributed to the following factors:

- The Company is going to merge Lakhwani Securities (SMC Pvt.) Limited. This would increase the paid up capital upto Rs. 40 million. As result of increased paid up capital, the Company would have sufficient funds to meet the operating expenses and expand its business activities, which shall increase the future revenues.
- Through increase in volume of sales, the Company shall be able to reduce its fixed cost per unit and ultimately will be earning gross profit margin prevailing in the market.
- We are heading towards and working for restoration of trading status of the Company's securities in the Pakistan Stock Exchange so that investors' reliance could be earned for increasing the paid up capital upto 200 million.
- Soon after the merger, the company shall qualify for PSX SME Board for recognition. On recognition as SME the company shall be exempted from compliance of Listing of Companies & Securities Regulation of PSX Regulation including the Code of Corporate Governance (CCG).

Merger with Lakhwani Securities (SMC Pvt.) Limited

Further during the period under review, to meet the requirement of minimum paid-up capital of Pakistan Stock Exchange, the members in Annual General Meeting of the Company have approved a Scheme of Merger for Amalgamation of Lakhwani Securities (SMC Pvt.) Limited with, and, into the Company. According to the Scheme, as result of merger, the paid up capital of the Company shall raise upto Rs. 40 million and it shall continue with its present status and activities. Further, the Lakhwani Securities (SMC Pvt.) Limited shall cease to exist without being wound up.

After approval of the merger the application has been processed to Securities and Exchange Commission of Pakistan and on its guidance the matter is placed before the High Court of Sindh. Petition for merger has been filed in the Sindh High Court to order the merger as pleaded. The petition is under process and the merger shall be concluded after the Court's order.

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, on order of SECP, has suspended the Company from CDS. The Directors of the Company are now hopeful that the securities will be enlisted with the CDC amicably soon. Because the proceedings which resulted the suspension has been drop by the SECP on conclusion of the hearing held on February 14, 2018 and we were assured that an order in this respect shall be issued soon. Therefore the CDC pending matters shall now be completed once we received the order from the SECP law division, Islamabad.

Acknowledgement

Directors of your Company take this opportunity to express their deep sense of gratitude for all the stakeholders for their encouragement and continued support. We would like to place on record our sincere appreciation for the commitment, dedication and hard work put in by every member and also for our shareholders, who have always shown their confidence and faith in the Company.

Naveed Hamid
Chief Executive

ڈائریکٹرز رپورٹ

معزز شیئر ہولڈرز (حصص یافتگان):

آپ کی کمپنی کے ڈائریکٹرز نہایت مسرت سے کمپنی کے مالی سال (دسمبر سے جون) کی تبدیلی کے بعد پہلی ششماہی (غیر آڈٹ شدہ) مالیاتی نتائج و دستاویزات پیش کر رہے ہیں جو کہ کمپنیز ایکٹ 2017 کے سیکشن 227 کے تحت تیار کی گئی ہے۔

کمپنی کی کارکردگی:

آپ کو مطلع کیا جاتا ہے کہ کمپنی کی کارکردگی بجٹ کے تخمینوں کو عبور کر رہی ہے۔ کمپنی نے نہ صرف اپنا ہدف حاصل کیا بلکہ اس سے بہتر کارکردگی کا مظاہرہ کیا۔ اپنے مقصد کو حاصل کرنے کے لئے ہم مسلسل اس ترقی کو ناصرف برقرار رکھنے کیلئے کوشاں ہیں بلکہ موجودہ بازار کی صورت حال میں اس کو اور بہتر کرنے کے لئے مسلسل محنت کر رہے ہیں۔

کاروباری کارکردگی:

کاروباری نتائج کا مختصر خلاصہ مندرجہ ذیل ہے۔

اختتامی نصف سال برائے 31 دسمبر 2017 (بجٹ)	اختتامی نصف سال برائے 31 دسمبر 2017	اختتامی نصف سال برائے 31 دسمبر 2016	
6,562,500	6,723,792	-	آمدنی
1,415,625	1,593,281	-	کل منافع
1,042,022	5,11,193	(334,229)	کاروباری منافع / نقصان
300,000	300,000	300,000	دیگر آمدنی
669,497	769,512	(234,299)	بعد از ٹیکس منافع / نقصان
1.34	1.54	(0.47)	اشتراک پر منافع / نقصان

کاروبار کے آغاز کی وجہ سے کمپنی کا مجموعی منافع مبلغ 1.59 ملین روپے رہا جبکہ انتظامی اخراجات میں مبلغ 722,789 روپے کا اضافہ رہا۔ کمپنی نے 20 سے 25 فیصد تک مجموعی منافع حاصل کیا ہے۔ جو کہ مارکیٹ کے حجم لحاظ سے اور زیادہ بڑھے گا۔ کمپنی کا مجموعی نقصان کاروبار شروع ہو جانے کی وجہ سے 2.1 ملین روپے سے کم ہو کر 1.34 ملین روپے رہ گیا ہے۔

پچھلے موازنہ اور موجودہ مدت میں دیگر کاروباری آمدنی میں کرائے کی آمدنی شامل ہے جو کہ بنا کسی تبدیلی کے 50,000 روپے ماہانہ ہے۔ زیر جائزہ مدت میں فی شیئر آمدنی مبلغ 1.54 روپے ہے جو 0.2 روپے بجٹ سے زیادہ ہے۔

کمپنی کے ڈائریکٹرز نے ہر قدم پر مالی معاونت فراہم کی ہے اور آپریشنل اخراجات کو پورا کرنے کے لئے 2.65 ملین روپے کا قرض ڈائریکٹرز کی طرف سے ان چھ مہینوں کی مدت میں کمپنی کو فراہم کیا ہے۔



مستقبل کی حکمت عملی:

ہمارا 2018 کا بجٹ ترقی کو مستحکم کرنے پر مرکوز ہے۔ یہ ترقی مندرجہ ذیل عوامل پر منسوب ہے۔

(۱) آپکی کمپنی لاکھوانی سیکورٹیز (ایس ایم سی پرائیویٹ لمیٹڈ) کو ضم کرنے جارہی ہے یہ 40 ملین روپے تک ادائدہ سرمایہ میں اضافہ کرے گا۔ اس نئے سرمائے کے نتیجے میں کمپنی کو کاروباری اخراجات کو پورا کرنے اور اپنی کاروباری سرگرمیاں بڑھانے کے لئے کافی فنڈز حاصل ہو جائیں گے جو مستقبل میں آمدنی میں اضافے کا باعث ہوگا۔

(۲) کاروباری حجم میں اضافے کے ذریعے، کمپنی نیوٹ لاگت کو کم کرنے کے قابل ہوگی اور بالآخر مارکیٹ میں موجودہ مجموعی منافع حاصل کر پائے گی۔

(۳) ڈائریکٹرز پاکستان اسٹاک ایکسچینج میں کمپنی کی سیکورٹیز کی ٹریڈنگ کی حیثیت کی بحالی کے لئے کام کر رہے ہیں۔ تاکہ سرمایہ کاروں کے اعتماد کو بحال کیا جاسکے اور پیڈ اپ سرمایہ میں 200 ملین تک اضافہ کیا جاسکے۔

(۴) انضمام کے فوری بعد کمپنی پاکستان اسٹاک ایکسچینج کے ایس ایم ای بورڈ پر اندراج کے مستحق ہو جائیگی۔ ایس ایم ای بورڈ پر اندراج کے بعد کمپنی لسٹنگ آف کیمپنیز سیکورٹیز ریگولیشنز کے اصولوں بشمول کوڈ آف کارپوریٹ گورننس سے مستثنیٰ ہوگی۔

لاکھوانی سیکورٹیز (ایس ایم سی پرائیویٹ لمیٹڈ) کے ساتھ انضمام:

پاکستان اسٹاک ایکسچینج کے کم از کم پیڈ اپ سرمایہ کی شرط کو پورا کرنے کے لئے کمپنی کے حصص یافتگان نے اس کے سالانہ جنرل اجلاس میں لاکھوانی سیکورٹیز (ایس ایم سی پرائیویٹ لمیٹڈ) کے انضمامی منصوبہ کی منظوری دی تھی۔ اس منصوبے کے مطابق انضمام کے نتیجے کے طور پر آپکی کمپنی کا پیڈ اپ سرمایہ 40 ملین روپے تک بڑھ جائے گا۔ اور اس کی موجودہ حیثیت اور سرگرمیاں جاری رہیں گی۔ انضمام کی منظوری کے بعد سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایت پر عملدرآمد کیا گیا ہے اور اس کی رہنمائی پر انضمام کا معاملہ سندھ ہائی کورٹ کے سامنے پیش کیا گیا ہے اور انضمام کی درخواست سندھ ہائی کورٹ میں داخل کر دی گئی ہے تاکہ انضمام کا حکم جیسا درخواست کیا گیا ہے ویسا حاصل کیا جاسکے۔ درخواست ابھی عدالت کے زیر نظر ہے اور اس عدالتی حکم کے بعد انضمام ہو پائے گا۔

سی ڈی سی کے ساتھ اندراج:

سینٹرل ڈیپازٹری کمپنی لمیٹڈ (سی ڈی سی) کے ساتھ کمپنی نے اپنی سیکورٹیز کو اندراج کرنے کے لئے تمام ضروری امور کا اطلاق کیا ہے تاہم انشورنس لائسنس کے غیر فعال ہونے کی وجہ سے (بوجہ کم پیڈ اپ سرمایہ) سی ڈی سی نے ایس ایم سی پی کے جانب سے حکم پر آپکی کمپنی کی سیکورٹیز کو سی ڈی ایس پر معطل کر دیا تھا۔ کمپنی کے ڈائریکٹرز اب پر امید ہیں کہ اسکی سیکورٹیز کا اندراج سی ڈی سی میں با آسانی ہو جائے گا۔ کیونکہ ایس ایم سی پی نے زیر سماعت معاملہ جو کہ اندراج نہ ہونے کا باعث تھا ختم کرنے کی تصدیق کر دی ہے۔ 14 فروری 2018 کو منعقد ہونے والی سماعت کے اختتام پر ہمیں اس بات کا یقین دلایا گیا ہے کہ اس سلسلے میں ایک حکم ایس ایم سی پی سے جلد ہی جاری کیا جائے گا۔ لہذا جب ہمیں ایس ایم سی پی قانونی ڈیویژن، اسلام آباد سے حکم نامہ / آرڈر موصول ہو جائے گا تب اس کے زیر التوا تمام معاملات مکمل ہو جائیں گے۔

اعتراف/تسلیم شدہ:

آپکی کمپنی کے ڈائریکٹرز تہہ دل سے آپکی حوصلہ افزائی اور مسلسل حمایت کو سراہتے ہیں۔ ہم تمام ممبران کی کوشش، خلوص اور محنت کو سرعام سراہتے ہیں اور ساتھ ہی ساتھ تمام حصص داروں کے مشکور ہیں اُن کے اعتماد اور بھروسے کے لیے جو انہوں نے ہم پر اور کمپنی پہ کیا۔

**Auditor's Report to the Members on Review of
Condensed Interim Financial Information**

Introduction

We have reviewed the accompanying condensed interim balance sheet of Hallmark Company Limited ("the Company") as at 31 December 2017, the related condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial information for the half year then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures for the quarters ended 31 December 2017 and 31 December 2016 in the condensed interim profit and loss account have not been reviewed by us and we do not express a conclusion on them.

The financial information of the Company for the half year ended 31 December 2016 were reviewed by another firm of Chartered Accountants who have expressed a modified conclusion thereon vide their reports dated 19 February 2017.

S.M. Suhail & Co.
Chartered Accountants
Engagement Partner: M. Sajid

Date: 27 February 2018
Karachi

HALLMARK COMPANY LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2017



ASSETS	<i>Note</i>	31-Dec-17 Rupees (Unaudited)	30-Jun-17 Rupees (Audited)
Non Current Assets			
Furniture, fixtures and office equipment	4	827,579	872,964
Intangibles	5	4,260,000	-
Investment Property		1,665,000	1,665,000
Deferred tax asset		57,825	-
		6,810,404	2,537,964
Current Assets			
Stock in trade	6	256,380	1,004,693
Trade debts - considered good		995,668	1,095,446
Loan to employees		315,937	150,000
Cash and bank balance	7	164,745	498,507
		1,732,730	2,748,646
TOTAL ASSETS		8,543,134	5,286,610
EQUITY AND LIABILITIES			
Share Capital And Reserves			
Authorized Share Capital			
1,000,000 Ordinary Shares of Rs. 10/- each		10,000,000	10,000,000
Issued, subscribed and paid-up capital	8	5,000,000	5,000,000
Accumulated loss		(1,343,673)	(2,113,185)
Capital contribution from directors	9	4,150,000	1,500,000
		7,806,327	4,386,815
Non Current Liabilities			
Deferred tax liability		-	55,732
Current Liabilities			
Tradre creditors		370,929	495,878
Advance from customers		103,700	55,000
Accrued and other payables		168,790	225,343
Unclaimed dividends		23,150	23,150
Provision for taxation		70,238	44,693
		736,807	844,063
Contingencies and commitments	10	-	-
TOTAL EQUITY AND LIABILITIES		8,543,134	5,286,610

The annexed notes from 1 to 21 form an integral part of these financial information.

Chief Executive

Director

Chief Financial Officer

HALLMARK COMPANY LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED DECEMBER 31, 2017



	Note	Quarter Ended		Half Year Ended	
		31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
		<i>(Amounts in Rupees)</i>		<i>(Amounts in Rupees)</i>	
Turnover					
Sale of goods		3,916,649	-	6,355,482	-
Advisory		368,310	-	368,310	-
		4,284,959	-	6,723,792	-
Cost of sales	11	(3,313,924)	-	(5,130,511)	-
Gross profit		971,035	-	1,593,281	-
Administrative and selling expenses	12	(555,897)	(304,299)	(1,082,088)	(334,299)
Operating profit/ (loss)		415,138	(304,299)	511,193	(334,299)
Other income	13	150,000	225,000	300,000	300,000
Other expenses	14	(35,000)	(175,000)	(85,000)	(200,000)
Profit/ (Loss) before taxation		530,138	(254,299)	726,193	(234,299)
Taxation - net		97,181	-	43,319	-
Profit/ (Loss) after taxation		627,319	(254,299)	769,512	(234,299)
Earning/ (Loss) per share	15	1.25	(0.51)	1.54	(0.47)

The annexed notes from 1 to 21 form an integral part of these financial information.

Chief Executive

Director
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Chief Financial Officer

HALLMARK COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2017



	Quarter Ended		Half Year Ended	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	(Amounts in Rupees)		(Amounts in Rupees)	
Profit/ (Loss) after taxation	627,319	(254,299)	769,512	(234,299)
Other comprehensive income	-	-	-	-
Total comprehensive income/ (Loss) for the period	627,319	(254,299)	769,512	(234,299)

The annexed notes from 1 to 21 form an integral part of these financial information.

Chief Executive

Director
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Chief Financial Officer

HALLMARK COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2017



	Issued, subscribed and paid-up capital	Accumulated loss	Capital Contribution from Directors	Total
	----- (Rupees) -----			
Balance as at July 1, 2016	5,000,000	(3,706,397)	-	1,293,603
Total comprehensive (loss) for the six months period	-	(234,299)	-	(234,299)
Capital contribution 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
Capital contribution received from directors	-	-	1,250,000	1,250,000
Balance as at June 30, 2017	5,000,000	(2,113,185)	1,500,000	4,386,815
Total comprehensive income for the six months period	-	769,512	-	769,512
Capital contribution received from directors	-	-	2,650,000	2,650,000
Balance as at December 31, 2017	5,000,000	(1,343,673)	4,150,000	7,806,327

The annexed notes from 1 to 21 form an integral part of these financial information.

Chief Executive

Director
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Chief Financial Officer

HALLMARK COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED DECEMBER 31, 2017



CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation

Adjustments for:

Depreciation

Written off amount no more payable to reinsurer

Written off sundry receivable

Operating Profit/ (Loss) Before Working Capital Changes

Changes in working capital

(Increase)/ decrease in current assets:

Stock in trade

Trade receivables

Other receivables

Increase / (decrease) in current liabilities:

Trade creditors

Advance from customers

Accrued expenses

Total Changes In Working Capital

Taxes paid

Net Cash Inflow/ (Outflow) From Operating Activities

01-Jul-17 to 31-Dec-17	1-Jul-16 31-Dec-16
<i>Rupees</i>	<i>Rupees</i>
(Unaudited)	Unaudited)
726,193	637,833
45,385	116,261
-	(1,448,238)
-	591,106
771,578	(103,038)
748,313	-
99,778	-
(165,937)	-
(124,949)	-
48,700	150,000
(56,553)	(364,506)
1,320,930	(317,544)
(44,693)	(72,248)
1,276,238	(389,792)

CASH FLOWS FROM INVESTING ACTIVITIES

Fixed capital expenditure

Net Cash (Outflow) From Investing Activities

(4,260,000)	(154,890)
(4,260,000)	(154,890)

CASH FLOWS FROM FINANCING ACTIVITIES

Capital contribution received from directors

Net Cash Inflow From Financing Activities

Net (decrease) in cash and cash equivalents

Cash and cash equivalents at the beginning of the year

Cash and cash equivalents at the end of the year

2,650,000	250,000
2,650,000	250,000
(333,762)	(294,682)
498,507	487,373
164,745	192,691

The annexed notes from 1 to 21 form an integral part of these financial information.

Chief Executive

Director
Page 11

Chief Financial Officer

1 LEGAL STATUS AND BUSINESS ACTIVITIES OF THE COMPANY

1.1 Hallmark Company Limited was incorporated as a Public Limited Company on 31 October 1981 under the repealed Companies Act, 1913 now the Companies Act, 2017. After incorporation obtained insurance license under the repealed Insurance Act, 1938, now the Insurance Ordinance, 2000 as insurer. The registered office of the Company is situated in Karachi.

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.

1.2 Revocation of Insurance license

During the financial year ended, on December 31, 2016, it was resolved in the Annual General Meeting held on April 30, 2016, that the Company will 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). 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.

1.3 Recommencement of Business

The Company has commenced its new trading business activities in January 2017. The accumulated losses of the company as at balance sheet date reduced during the period to Rs. 1.344 million (June 30, 2017: Rs. 2.113 million) and its current ratio has further been improved and presently current assets of the Company are more than 2 times of its current liabilities. Further, the directors have provided Rs. 4.15 million to support the Company in its working capital needs.

1.4 Investment for Business

The Company has purchased copy right of certain accounting and ERP software for trading of its right to use. Activity of sale of software license will further enhance the Company's financial position. These conditions are better in contrast with the previous years. 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 doing business better than the planned, thus, doing business operations have completely resumed. Therefore, the management is confident that the Company shall continue as a going concern.

1.5 Merger Status

Further during the period under review, to meet the requirement of minimum paidup capital of Pakistan Stock Exchange, the members, in Annual General Meeting of the Company have approved an Scheme of Merger for Amugamation of the Lakhwani Securities (SMC Pvt.) Limited with and into the Company. According to the Scheme as result of merger, the paid up capital of the Company shall raise upto Rs. 40.000 million and it shall continue with its present status and activities. Further the Lakhwani Securities (SMC Pvt.) Limited shall cease to exists without being wound up.

After approval of the scheme of merger, an application was presented to the Securities and Exchange Commission of Pakistan, and on its guidance, the matter has now placed before the High Court of Sindh. Petition for merger has been filed in the Sindh High Court, to order the merger, as pleaded. The petition is under process and the merger shall be concluded after the Court's order.

2 BASIS OF PREPARATION

These condensed interim financial information are unaudited and are being circulated to the shareholders in accordance with the listing regulations of Pakistan Stock Exchange and section 245 of the repealed Companies Ordinance, 1984 now section 237 of Companies Act, 2017 and being prepared in condensed form in accordance with the requirements of approved accounting standards as applicable in Pakistan for interim financial reporting. They do not include all of the information required for the full financial statements, and should be read in conjunction with the annual financial statements for the transitional period of six months ended on June 30, 2017.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed interim financial information are same as those applied by the company in its financial statements for the transitional period of six months ended on June 30, 2017.

3.1 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these condensed interim financial information are in conformity with approved accounting standards which requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the transitional period of six months ended on June 30, 2017.

3.2 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the audited annual financial statements as at and for the six months period ended 30 June 2017.

3.3 FUNCTIONAL AND PRESENTATION CURRENCY

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

HALLMARK COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED DECEMBER 31, 2017



	2017 Rupees (Unaudited)	30-Jun-17 Rupees (Audited)
4 FURNITURE, FIXTURES AND OFFICE EQUIPMENT		
Furniture and fixture	542,246	570,785
Office equipments	235,406	247,796
Generator	35,166	37,017
Computer and allied equipments	14,761	17,366
	827,579	872,964

	QUARTER ENDED		HALF YEAR ENDED	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	(Amounts in Rupees)		(Amounts in Rupees)	
Depreciation expense charged	22,692	116,261	45,385	116,261

5 INTANGIBLES		
Software license	4,260,000	-

The selling right of softwares were purchased during the current period for the purpose of selling license to users and generation revenue. This will also serve as continuous and permanent source of income through periodical renewal and maintenance services.

6 STOCK IN TRADE		
Finished goods	256,380	1,004,693

7 CURRENT AND OTHER ACCOUNTS		
Cash in hand	74,536	122,062
Cash at bank		
Current	90,209	26,445
Deposit	-	350,000
	90,209	376,445
	164,745	498,507

8 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
500,000 Ordinary Shares of Rs. 10/- each fully paid in cash	5,000,000	5,000,000

9 CAPITAL CONTRIBUTION FROM DIRECTORS		
Unsecured	4,150,000	1,500,000

The above sum is unsecured and interest free and repayable at the discretion of the Company on availability of funds. The amount was provided by the Directors by way of payment for purchase of stock and expenses of the Company, as the bank account was not operative at that time.

10 CONTINGENCIES AND COMMITMENT

10.1 Commitment

There were no commitment as at end of period and its comparative period.

10.2 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.

HALLMARK COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED DECEMBER 31, 2017



	QUARTER ENDED		HALF YEAR ENDED	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	<i>(Amounts in Rupees)</i>		<i>(Amounts in Rupees)</i>	
11 COST OF SALES				
Opening stock	763,560		1,004,693	
Purchase of goods	2,644,461	-	4,099,849	-
Transportation	58,635	-	75,873	-
Packaging/ inspection and handling	103,648	-	206,476	-
	<u>3,570,304</u>	<u>-</u>	<u>5,386,891</u>	<u>-</u>
Less: Closing Stock	(256,380)	-	(256,380)	-
	<u>3,313,924</u>	<u>-</u>	<u>5,130,511</u>	<u>-</u>
12 ADMINISTRATIVE AND SELLING EXPENSES				
Salaries	336,000	172,000	672,000	172,000
Printing and stationary	73,873	-	136,750	-
Advertisement	15,284	-	52,884	-
Travelling and conveyance	37,948	-	63,558	-
Entertainment	19,418	11,710	50,170	11,710
Stationery expenses	23,621	4,328	23,621	4,328
Legal and professional charges	9,000	-	18,000	30,000
Depreciation expense	22,033	116,261	45,385	116,261
Miscellaneous expenses	18,720	-	19,720	-
	<u>555,897</u>	<u>304,299</u>	<u>1,082,088</u>	<u>334,299</u>
13 OTHER INCOME				
Rental income from investment property	150,000	225,000	300,000	300,000
	<u>150,000</u>	<u>225,000</u>	<u>300,000</u>	<u>300,000</u>
14 OTHER EXPENSES				
Listing fee Stock Exchange	-	100,000	50,000	100,000
Surcharge Stock Exchange	-	-	-	25,000
Auditors remuneration	35,000	75,000	35,000	75,000
	<u>35,000</u>	<u>175,000</u>	<u>85,000</u>	<u>200,000</u>
15 BASIC AND DILUTED EARNING PER SHARE				
Profit after taxation	627,319	(254,299)	769,512	(234,299)
Weighted average number of Ordinary shares	500,000	500,000	500,000	500,000
Earning per share	<u>1.25</u>	<u>(0.51)</u>	<u>1.54</u>	<u>(0.47)</u>
There is no dilutive impact on earning per share.				

16 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS & EXECUTIVES

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.

17 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. Details of transactions made with related parties during the year are as follows:

Capital contribution received from directors	<u>2,650,000</u>	<u>250,000</u>	<u>2,650,000</u>	<u>250,000</u>
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18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk management objectives and policies are consistent with those disclosed in annual financial statements of the Company for the special year of six months ended June 30, 2017.

HALLMARK COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED DECEMBER 31, 2017



31-Dec-17 (Unaudited)	Maturity upto 1 year	Maturity after 1 year	TOTAL
Financial Assets			
Trade debts	995,668	-	995,668
Loan to employees	315,937	-	315,937
Cash and Bank balance	164,745	-	164,745
Total financial assets	1,476,350	-	1,476,350
Financial Liabilities			
Non Interest Bearing			
Trade creditors	370,929	-	370,929
Accrued and ther payable	168,790	-	168,790
Unclaimed dividend	23,150	-	23,150
Total financial liabilities	562,869	-	562,869
Net financial assets	913,481	-	913,481
30-Jun-17 (Audited)	Maturity upto 1 year	Maturity after 1 year	TOTAL
Financial Assets			
Trade debts	1,095,446	-	1,095,446
Loan to employees	150,000	-	150,000
Cash and Bank balance	498,507	-	498,507
Total financial assets	1,743,953	-	1,743,953
Financial Liabilities			
Non Interest Bearing			
Trade creditors	495,878	-	495,878
Accrued and ther payable	225,343	-	225,343
Unclaimed dividend	23,150	-	23,150
Total financial liabilities	744,371	-	744,371
Net financial assets	999,582	-	999,582

As all the financial assets and liabilities of the Company are current in nature therefore, their carrying values are resonable approximates of their fair values and fair values of these financial assets and liabilities have not been disclosed.

HALLMARK COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED DECEMBER 31, 2017



19 POSITION AFTER MERGER

Had the merger been completed at period ended on December 31, 2017, the condensed interim financial position of the Company would have been following:

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2017		
	31-Dec-17 Rupees (Unaudited)	30-Jun-17 Rupees (Audited)
ASSETS		
Non Current Assets		
Furniture, fixtures and office equipment	827,579	872,964
Intangibles	4,260,000	-
Equity investment	28,650,000	-
Goodwill	14,657,000	-
Investment Property	1,665,000	1,665,000
Deferred tax asset	57,825	-
	50,117,404	2,537,964
Current Assets		
Stock in trade	256,380	1,004,693
Trade debts - considered good	995,668	1,095,446
Loan to employees	315,937	150,000
Cash and bank balance	2,219,608	498,507
	3,787,593	2,748,646
TOTAL ASSETS	53,904,997	5,286,610
EQUITY AND LIABILITIES		
Share Capital And Reserves		
Authorized Share Capital		
1,000,000 Ordinary Shares of Rs. 10/- each	40,000,000	10,000,000
Issued, subscribed and paid-up capital	40,000,000	5,000,000
Accumulated loss	(1,343,673)	(2,113,185)
Capital contribution from directors	4,150,000	1,500,000
	42,806,327	4,386,815
Non Current Liabilities		
Deferred tax liability	-	55,732
Current Liabilities		
Trade and other payable	10,592,792	495,878
Advance from customers	103,700	55,000
Accrued and other payables	308,790	225,343
Unclaimed dividends	23,150	23,150
Provision for taxation	70,238	44,693
	11,098,670	844,063
Contingencies and commitments	-	-
TOTAL EQUITY AND LIABILITIES	53,904,997	5,286,610

The above financial position has been reached by considering the impact of merger over only paid up capital and corresponding assets and liabilities. The impact of activities performed by the Lakhwani Securities (SMC Pvt.) Limited during the period before order for merger has not been considered nor the impact of deferment of liabilities has been considered.

20 AUTHORIZATION FOR ISSUE

These condensed interim financial information were authorized for issue in accordance with a resolution of the Board of Directors on 27 February 2018.

21 GENERAL

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