
HALLMARK COMPANY LIMITED

CONDENSED INTERIM FINANCIAL
INFORMATION

FOR THE PERIOD OF NINE MONTHS ENDED
MARCH 31, 2018

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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
Fax: 021-32416288
Email: hallmark@bizcorei.com

DIRECTORS' REPORT

Dear Shareholders,

The Directors of Hallmark Company Limited are pleased to present their review, together with the unaudited condensed Interim Financial Information of the Company for the nine months period ended March 31, 2018.

Company's Performance

We are pleased to inform you that the Company performed well during the period under review and the current performance is favorable to the budgeted projections. The Company not only achieved its target but has performed a far better and has already achieved the projected earnings per share with a complete further quarter in hand.

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 Nine months ended on March 31, 2018 (Rs.)	Actual of nine Months ended March 31, 2018 (Rs.)	Nine Months ended March 31, 2017 (Rs.)
Revenue	10,293,750	10,644,361	663,870
Gross Profit	2,573,438	2,557,027	260,284
Other Income	-	450,000	450,000
Profit After Taxation	1,004,246	1,346,104	814,318
Earnings per Share	1.41	2.69	1.63

Due to the commencement of new operations, the Company has earned a gross profit of Rs. 2.56 million whereas, administrative expenses have also been increased by Rs. 1.17 million which were inevitable. The Company has maintained the gross profit margin within range of 20% to 25% on transactions and striving to increase further, depending on the market condition and business volume. Accumulated loss has been reduced to Rs. 0.77 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. 2.69 per share which is Rs. 1.28 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 during the current period of nine months.

Future Outlook

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

- 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.
- 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.
- 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).

Compliance of Regulatory Authorities

We feel pleasure in informing you that the Company has now complied with all the deficiencies reported/ noted by all the regulatory authorities including the Securities and Exchange Commission of Pakistan (the SECP) and the Pakistan Stock Exchange (the PSX).

During the quarter, the PSX has conveyed to the Company its appreciations towards the compliances made for its revival. Further the SECP after observing the substantial efforts for the revival of the Company and successfully bringing it back to financial track by its directors has dropped the proceedings initiated against the Company.

Now, only the matter related to restoration of CDS registration status is left, which is going to be completed shortly.

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. The proceedings which resulted the suspension has been drop by the SECP through an order dated April 4, 2018. Therefore, the CDC pending matters shall now be completed in couple of weeks.

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 and look forward to your continued collaboration with the Company as we move forward to meet and exceed our targets for the year.

Naveed Hamid
Chief Executive

کی :

ہمارا کا قی کو کر مرکز ہے قی مندرجہ ذیل عوا ب ہے۔
(۱) کستان اسٹاک میں کمپنی کی سکیور کی کی بحالی کے لئے کام کر رہے کہ سرمایہ کاروں کے ا دکو بحال کیا جاسکے اور پیڈ اپ سرمایہ میں کا اضافہ کیا جاسکے۔

(۲) آپ کی کمپنی لاکھوانی سکیور (ایس ا ایوٹ) لمیٹڈ کو ضم کرنے جارہی ہے یہ ملین رو ادا شدہ سرمایہ میں اضافہ کرے گا۔ اس نئے سرمائے کے اجات کو پورا کرنے اورا ری میا ہانے کے لئے کافی فنڈز حاصل ہو جا گے جو میں آمدنی میں اضافے کا ہوگا۔

(۳) ری حجم میں اضافے کے ذر ، کمپنی فی کو کم کرنے کے قابل ہوگی مارکیٹ میں موجودہ مجموعی منافع حا ئے گی۔
(۴) م کے فوری کستان اسٹاک کے ایس ایم ای راج کے ہو جا ۔ ایس ایم ای راج کے بعد کمپنی لسٹڈ آف کمپنیز سکیور ر لیشنز کے اصولوں ل کو ڈ آف کار سے ہوگی۔

۱ اداروں کی :

یہ بتاتے ہوئے خوشی س ہو رہی ہے کہ کمپنی نے خامیاں کی جو کہ ا طی اداروں نے بتا تھیں ان کی کر کے نہیں ختم کر لیا ہے ۔ اداروں میں سکیور اینڈ کمیشن آ کستان (ایس ای سی پی) ا کستان اسٹاک شامل ہیں۔ اس چوتھائی سال کستان اسٹاک نے کمپنی کی طرف سے کی گئی کوسراہا ہے اور ایس ای سی پی نے کمپنی کی بے انتہاہ کوشش کو ری بحالی کے لیے تھی کو ۔ ہو سے عدم کا ہے۔

ڈی کے راج:

سینٹرل ڈ زیٹری کمپنی لمیٹڈ (سی ڈی سی) کے ساتھ کمپنی نے اپنی ر راج کرنے کے لئے تمام ضروری امور کا اطلاق کیا ہم انشورنس کے غیر فعال ہونے کی وجہ سے (بوجہ کم پیڈ اپ سرمایہ) سی ڈی سی نے ایس ای سی پی کے جا آپ کی کمپنی کی ر کوسی ڈی ا تھا۔ کمپنی کے یکسٹراب پرامید ہیں کہ اسکی ر راج سی ڈی ایس آسانی ہو جائے گا ایس ای سی پی یما معاملہ راج نہ ہو تھا کو یل کو اپنے آرڈر کے ذر ہے لہذا اب چند ہی ہفتوں میں سی ڈ اتواء معاملہ بھی حل ہو جائے گا۔

۱ اف/ ۵:

آپ کی کمپنی کے ڈا یکسٹرز تہہ دل سے آپ کی حو افزائی اور مسلسل حما کوسراہتے ہیں۔ ہم سال کے اہم سنر میل کی ہر ہے ہیں ہم کمپنی کے ساتھ آپ کے مسلسل اشتراک اور تعاون کے طلب گار رہیں گے۔

حامد

چیف ا و

معزز حصص یافتگان:

ہالمارک کمپنی لمیٹڈ کے ڈائریکٹرز باسرت، مارچ کو ختم ہونے والے گذشتہ ماہ کی کارکردگی رپورٹ ری مالیاتی گوشوارے پیش کرتے ہیں۔

کی کار دگی:

کمپنی نے موجودہ دورانیے میں بہترین کارکردگی دکھائی اور موجودہ کارکردگی بجٹ کے س کو رکر رہی ہے۔ کمپنی نے نہ صرف اپنا ہدف حاصل کیا بلکہ اس سے بہتر کارکردگی کا مظاہرہ کیا۔ اور ایک چوتھائی سال پہلے ہی (بجٹ) فی منافع کو رکر لیا۔ ہم مسلسل اس ترقی کو نا صرف برقرار رکھنے کوشاں ہیں بلکہ موجودہ بازار کی صورت حال میں اس کو اور بہتر کرنے کے لئے مسلسل کر رہے ہیں۔

کاروباری کار دگی:

کاروباری نتائج کا خلاصہ مندرجہ ذیل ہے۔

اختتامی نو ماہ	اختتامی نو ماہ	اختتامی نو ماہ	
برائے	برائے	برائے	
مارچ	مارچ	مارچ	
(بجٹ)			
			آمدنی
			کل منافع
			دیگر آمدنی
			بعد از منافع نقصان
			اشتراک پر منافع نقصان

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

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

کمپنی کے ڈائریکٹرز نے ہر قدم پر مالی معاونت فراہم کی ہے اور ایشنل اجات کو پورا کرنے کے لئے ملین روپے کا قرض ڈائریکٹرز کی طرف سے ان ماہ کی مدت میں کمپنی کو فراہم کیا ہے۔

HALLMARK COMPANY LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT MARCH 31, 2018

ASSETS	<i>Note</i>	31-Mar-18 <i>Rupees</i> (Unaudited)	30-Jun-17 <i>Rupees</i> (Audited)
Non Current Assets			
Furniture, fixtures and office equipment	4	939,220	872,964
Intangibles	5	4,153,500	-
Investment property		1,665,000	1,665,000
Deferred tax - asset		249,176	-
		7,006,896	2,537,964
Current Assets			
Stock in trade	6	378,640	1,004,693
Trade debts - considered good		1,069,469	1,095,446
Loan to employees		237,937	150,000
Cash and bank balance	7	111,605	498,507
		1,797,651	2,748,646
TOTAL ASSETS		8,804,547	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)		(767,081)	(2,113,185)
Loan from directors	9	4,150,000	1,500,000
		8,382,919	4,386,815
Non Current Liabilities			
Deferred tax liability		-	55,732
Current Liabilities			
Trade creditors		163,470	495,878
Advance from customers		125,000	55,000
Accrued and other payables		39,264	225,343
Unclaimed dividends		23,150	23,150
Provision for taxation		70,744	44,693
		421,628	844,063
Contingencies and commitments	10	-	-
TOTAL EQUITY AND LIABILITIES		8,804,547	5,286,610

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

Chief Executive

Director

Chief Financial Officer

HALLMARK COMPANY LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018

	Note	Nine Months Ended		Quarter Ended	
		31-Mar-18 <i>(Amounts in Rupees)</i>	31-Mar-17	31-Mar-18 <i>(Amounts in Rupees)</i>	31-Mar-17
Turnover					
Sale of goods		10,056,611	573,870	3,701,129	573,870
Advisory		587,750	90,000	219,440	90,000
		10,644,361	663,870	3,920,569	663,870
Cost of sales	11	(8,087,334)	(403,586)	(2,956,823)	(403,586)
Gross profit		2,557,027	260,284	963,746	260,284
Administrative and selling expenses	12	(1,756,887)	(585,966)	(674,799)	(226,667)
Operating profit/ (loss)		800,140	(325,682)	288,947	33,617
Other income	13	450,000	1,315,000	150,000	1,015,000
Other expenses	14	(102,500)	(175,000)	(17,500)	-
Profit before taxation		1,147,640	814,318	421,447	1,048,617
Taxation		198,464	-	101,283	-
Profit after taxation		1,346,104	814,318	522,730	1,048,617
Earning per share	15	2.69	1.63	1.05	2.10

The annexed notes from 1 to 20 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 (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018

	Nine Months Ended		Quarter Ended	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
	<i>(Amounts in Rupees)</i>		<i>(Amounts in Rupees)</i>	
Profit after taxation	1,346,104	814,318	522,730	1,048,617
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	1,346,104	814,318	522,730	1,048,617

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

Chief Executive

Director

Chief Financial Officer

HALLMARK COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018

	01-Jul-17 to 31-Mar-18	01-Jul-16 to 31-Mar-17
	<i>Rupees</i>	<i>Rupees</i>
	(Unaudited)	Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,147,640	814,318
Adjustments for:		
Depreciation	73,744	141,889
Amortization	106,500	
Revaluation increase in investment property	-	(865,000)
Operating Profit Before Working Capital Changes	1,327,884	91,207
Changes in working capital		
(Increase)/ decrease in current assets:		
Stock in trade	626,053	(688,693)
Trade receivables	25,977	(445,446)
Other receivables	(87,937)	-
Increase / (decrease) in current liabilities:		
Trade creditors	(332,408)	386,840
Advance from customers	70,000	55,000
Accrued expenses	(186,079)	(573,162)
Total Changes In Working Capital	1,443,490	(1,174,254)
Taxes paid	(80,393)	-
Net Cash Inflow/ (Outflow) From Operating Activities	1,363,098	(1,174,254)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure - Intangible	(4,260,000)	(154,890)
Fixed capital expenditure - Tangible	(140,000)	-
Net Cash (Outflow) From Investing Activities	(4,400,000)	(154,890)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan from director	2,650,000	1,000,000
Net Cash Inflow From Financing Activities	2,650,000	1,000,000
Net (decrease) in cash and cash equivalents	(386,902)	(329,144)
Cash and cash equivalents at the beginning of the period	498,507	780,125
Cash and cash equivalents at the end of the period	111,605	450,981

The annexed notes from 1 to 20 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 NINE MONTHS ENDED MARCH 31, 2018

	Issued, subscribed and paid-up capital	Accumulated (loss)	Loan from directors	Total
	----- (Rupees) -----			
Balance as at July 1, 2016	5,000,000	(3,706,397)	-	1,293,603
Total comprehensive income for the nine months period	-	814,318	-	814,318
Loan received from directors	-	-	1,000,000	1,000,000
Balance as at March 31, 2017	5,000,000	(2,892,079)	1,000,000	3,107,921
Balance as at July 1, 2017	5,000,000	(2,113,185)	1,500,000	3,107,921
Total comprehensive income for the nine months period	-	1,346,104	-	1,346,104
Loan received from directors	-	-	2,650,000	2,650,000
Balance as at March 31, 2018	5,000,000	(767,081)	4,150,000	7,104,025

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

Chief Executive

Director
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Chief Financial Officer

HALLMARK COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS ENDED MARCH 31, 2018

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, 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 Initially, 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 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.

1.4 Recommencement of Business

The Company has commenced its new trading business activities. The accumulated losses of the company as at balance sheet date reduced during the period to Rs. 0.868 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 3 times of its current liabilities. Further the directors have inserted Rs. 4.150 million to support the Company in its working capital needs.

1.5 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 have commenced its operations completely. Therefore, the management is confident that the Company shall continue as a going concern.

1.6 Compliance of Regulatory Bodies

During the current period of nine months under review, all the compliances related to restoration of Company's securities to normal counter of Pakistan Stock Exchange (the PSX) for the purpose of its trading through the PSX Board, has been fulfilled by the Company. In this respect the PSX has acknowledge the fact through written communication to the Company, further the Securities and Exchange Commission of Pakistan (the SECP) has dropped the on going proceedings against the Company. Now the only the matter of restoration of Company's securities in CDS is remained to achieve. The Company is in communication with the Central Depository Company of Pakistan (the CDC) for restoration of CDS eligibility status.

1.7 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 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 exists without being wound up.

HALLMARK COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS ENDED MARCH 31, 2018

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.

2 BASIS OF PREPARATION

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

HALLMARK COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS ENDED MARCH 31, 2018

	31-Mar-18		30-Jun-17	
	<i>Rupees</i>		<i>Rupees</i>	
	(Unaudited)		(Audited)	
4 FURNITURE, FIXTURES AND OFFICE EQUIPMENT				
Furniture and fixture			527,976	570,785
Office equipments			268,545	247,796
Generator			34,241	37,017
Computer and allied equipments			<u>108,459</u>	<u>17,366</u>
			<u>939,220</u>	<u>872,964</u>
	Nine Months Ended		Quarter Ended	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Depreciation expense charged	<u>73,744</u>	<u>116,261</u>	<u>28,359</u>	<u>116,261</u>
5 INTANGIBLES				
Software license				
Cost			4,260,000	-
Less: Accumulated amortization @ 10%			<u>(106,500)</u>	<u>-</u>
			<u>4,153,500</u>	<u>-</u>
<p>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.</p> <p>Intangibles are capitalized at cost only when there is technical feasibility and future inflow of economic benefits are probable. It is amortized at the rate of 10% per annum on straight line</p>				
6 STOCK IN TRADE				
Finished goods			<u>378,640</u>	<u>1,004,693</u>
7 CURRENT AND OTHER ACCOUNTS				
Cash in hand			37,559	122,062
Cash at bank				
Current			74,046	26,445
Deposit			<u>-</u>	<u>350,000</u>
			<u>74,046</u>	<u>376,445</u>
			<u>111,605</u>	<u>498,507</u>
8 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL				
500,000 Ordinary Shares of Rs. 10/- each fully paid in cash			<u>5,000,000</u>	<u>5,000,000</u>
8.1	On completion of merger process through Honorable High Court, the paid up capital of the Company shall be raised to the extent of Rs. 45 million.			
9 LOAN FROM DIRECTORS				
Unsecured			<u>4,150,000</u>	<u>1,500,000</u>

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 for purchase of stock and expenses of the Company, as the bank account was not operative at that time.

HALLMARK COMPANY LIMITED
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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.

	Nine Months Ended		Quarter Ended	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
	<i>(Amounts in Rupees)</i>		<i>(Amounts in Rupees)</i>	
11 COST OF SALES				
Opening stock	1,004,693	-	256,380	-
Purchase of goods	6,965,781	1,008,053	2,865,932	1,008,053
Transportation	145,044	23,785	69,171	23,785
Packaging/ inspection and handling	350,456	60,441	143,980	60,441
	8,465,974	<i>1,092,279</i>	3,335,463	<i>1,092,279</i>
Less: Closing stock	(378,640)	(688,693)	(378,640)	(688,693)
	8,087,334	<u>403,586</u>	2,956,823	<u>403,586</u>
12 ADMINISTRATIVE AND SELLING EXPENSES				
Salaries	1,008,000	216,400	336,000	44,400
Surcharge stock exchange	-	50,000	-	25,000
Printing and stationary	187,473	21,710	50,723	21,710
Advertisement	72,361	18,000	19,477	18,000
Travelling and conveyance	106,452	17,780	42,894	17,780
Entertainment	90,396	39,294	40,226	27,584
Stationery expenses	41,111	21,674	17,490	17,346
Legal and professional charges	27,000	39,500	9,000	9,500
Depreciation expense	73,744	141,888	28,359	25,627
Amortization	106,500	-	106,500	-
Miscellaneous expenses	43,850	19,720	24,130	19,720
	1,756,887	<u>585,966</u>	674,799	<u>226,667</u>
13 OTHER INCOME				
Rental income from investment property	450,000	450,000	150,000	150,000
Revaluation increase on investment property	-	865,000	-	865,000
	450,000	<u>1,315,000</u>	150,000	<u>1,015,000</u>
14 OTHER EXPENSES				
Listing fee - Pakistan Stock Exchange	50,000	100,000	-	-
Auditors' remuneration	52,500	75,000	17,500	-
	102,500	<u>175,000</u>	17,500	<u>-</u>

HALLMARK COMPANY LIMITED
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FOR THE NINE MONTHS ENDED MARCH 31, 2018

	Nine Months Ended		Quarter Ended	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
	<i>(Amounts in Rupees)</i>		<i>(Amounts in Rupees)</i>	
15 BASIC AND DILUTED EARNING PER SHARE				
Profit after taxation	1,346,104	814,318	522,730	1,048,617
Weighted average number of Ordinary shares	500,000	500,000	500,000	500,000
Earning per share	2.69	1.63	1.05	2.10

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. Remuneration of key management personnel is disclosed in note-16. Details of transactions made with related parties during the year are as follows:

Loan received from directors (note 9)	2,650,000	250,000	2,650,000	250,000
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HALLMARK COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS ENDED MARCH 31, 2018

18 POSITION AFTER MERGER

Had the merger been completed at nine months period ended on March 31, 2018, the condensed interim financial position of the Company would have been following:

CONDENSED INTERIM BALANCE SHEET		
AS AT MARCH 31, 2018		
	31-Mar-18	30-Jun-17
	<i>Rupees</i>	<i>Rupees</i>
ASSETS	(Unaudited)	(Audited)
Non Current Assets		
Furniture, fixtures and office equipment	939,220	872,964
Intangibles	4,153,500	-
Equity investment	28,650,000	-
Goodwill	14,657,000	-
Investment Property	1,665,000	1,665,000
Deferred tax asset	249,176	-
	50,313,896	2,537,964
Current Assets		
Stock in trade	378,640	1,004,693
Trade debts - considered good	1,069,469	1,095,446
Loan to employees	237,937	150,000
Cash and bank balance	2,166,468	498,507
	3,852,514	2,748,646
TOTAL ASSETS	54,166,410	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	(767,081)	(2,113,185)
Loan from directors	4,150,000	1,500,000
	43,382,919	4,386,815
Non Current Liabilities		
Deferred tax liability	-	55,732
Current Liabilities		
Trade and other payable	10,385,333	495,878
Advance from customers	125,000	55,000
Accrued and other payables	179,264	225,343
Unclaimed dividends	23,150	23,150
Provision for taxation	70,744	44,693
	10,783,491	844,063
Contingencies and commitments	-	-
TOTAL EQUITY AND LIABILITIES	54,166,410	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.

**HALLMARK COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

19 AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue in accordance with a resolution of the Board of Directors on April 30, 2018.

20 GENERAL

Figures in these financial statements have been rounded off to the nearest Rupee.

Chief Executive

Director

Chief Financial Officer