
HALLMARK COMPANY LIMITED

**FINANCIAL STATEMENTS
(UN AUDITED)**

**FOR THE QUARTER ENDED
SEPTEMBER 30, 2017**

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COMPANY INFORMATION

Chairman

Mr. 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. Muhan Member	Member
Mr. Ahtesham Ashraf	Member

External Auditors

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

Legal Advisor

Sayeed 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

REPORT OF THE DIRECTORS TO MEMBERS OF THE COMPANY

The Directors of the Company are pleased to present before you the (unaudited) Financial Statements of the Company for the first quarter ended on September 30, 2017.

The Company's result shows net profit of Rs. 142,193 during the period under review, which has resulted in a decrease of accumulated losses to Rs. 1,970,992 carried forward to the Balance Sheet. During the period, the Company has carried its new business activity which comprises of trading in computer, other I.T. equipment and providing of allied services. Further, the Company also has earned rental revenue of Rs. 150,000 from its Investment Property business during the quarter. Earnings per share EPS for the period remains at Rs. 0.28.

Future Prospects

The Company has been awarded permission to engage in trading of computer and allied I.T. equipments, development and sale of software and provision of allied services in April 2017. Now the Company has finally commenced its business activities after a long pause.

It was the second quarter after commencement of the new business. The results of the first quarter were a little better than the present, as in the first quarter, we have also fulfilled many awaited orders which were continuously being received from few months prior to commencement of business for supplies and services. In current quarter the activities are related to only those orders which are generated during the quarter. However we are confident that the business shall be further better in the next quarter.

During the period under review, the Board has presented a Scheme of Merger. The complete information related to merger has already been communicated along with notice for Annual General Meeting. Merger shall not only remain the status of Company as listed in the Pakistan Stock Exchange, but also provide assets/ funds to progress further and many other benefits.

Based on the current growth rate and profit margin in I.T. sector we are in expectation that new business shall recover the Company from accumulated losses with average growth rate of 20%. Initially, the finance is arranged by the directors to commence activities of new business and as planned, even with the same pace we shall be in position to provide return on investments to our members of the Company by the end of June, 2019. Within the tenure of 2 years, total assets of the Company shall be exceeding Rs. 10.00 million and our current ratio shall be 2:1, and the accumulated losses would be completely nullified. Our liquidity ratio is getting better and profit margin is improving from past years. All these are the positive indicators/ signs towards the overall success of the Company.

Acknowledgement

We strongly believe that the Company's success can only be driven by the commitment and dedication of its management, employee(s) and trust of our valued clients. We acknowledge the contribution of every member/ staff for their hard work in delivering performance during such critical situation. We do also acknowledge guidance and support provided from the SECP, PSX, Auditors and thank to all our shareholder and customer for their support and confidence they reposed.

HALLMARK COMPANY LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT SEPTEMBER 30, 2017

ASSETS	<i>Note</i>	(Un-Audited) 30-Sep-17 Rupees	<i>(Audited)</i> 30-Jun-17 <i>Rupees</i>
Non Current Assets			
Property, plant and equipment	5	879,862	872,964
Investment property		1,665,000	1,665,000
		2,544,862	2,537,964
Current Assets			
Stock in trade		1,264,538	1,004,693
Trade receivable		855,277	1,095,446
Loan to employees		146,000	150,000
Cash and bank balance	6	701,262	498,507
		2,967,077	2,748,646
TOTAL ASSETS		5,511,939	5,286,610
EQUITY AND LIABILITIES			
Share Capital And Reserves			
Authorized Share Capital		10,000,000	10,000,000
Issued, subscribed and paid-up capital		5,000,000	5,000,000
Accumulated loss		(1,970,992)	(2,113,185)
Loan from directors		1,500,000	1,500,000
		4,529,008	4,386,815
Non Current Liabilities			
Deferred tax		48,817	55,732
Current Liabilities			
Trade creditors		386,840	495,878
Advance from customers		-	55,000
Accrued expenses		418,654	225,343
Unclaimed dividends		23,150	23,150
Provision for tax		105,470	44,693
		934,114	844,063
Contingencies and commitments	7	-	-
TOTAL EQUITY AND LIABILITIES		5,511,939	5,286,610

The annexed notes from 1 to 12 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 QUARTER ENDED SEPTEMBER 30, 2017

	Note	Quarter Ended September 30, 2017 Rupees	Quarter Ended September 30, 2016 Rupees
Turnover			
Sale of goods		2,438,833	-
Cost of sales		(1,816,587)	-
Gross profit		622,246	-
Administrative and selling expenses	8	(576,191)	(55,000)
Operating profit/ (loss)		46,055	(55,000)
Rental income from investment property		150,000	75,000
Profit before taxation		196,055	20,000
Taxation - net		(53,862)	-
Profit after taxation		142,193	20,000
Earning per share		0.28	1.63

The annexed notes from 1 to 12 form an integral part of these financial information.

Chief Executive

Director

Chief Financial Officer

HALLMARK COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	Quarter Ended September 30, 2017 <i>Rupees</i>	Quarter Ended September 30, 2016 <i>Rupees</i>
Profit after taxation	142,193	20,000
Other comprehensive income	-	-
Total comprehensive income for the period	<u>142,193</u>	<u>20,000</u>

The annexed notes from 1 to 12 form an integral part of these financial information.

Chief Executive

Director

Chief Financial Officer

HALLMARK COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	Issued, subscribed and paid up capital	Accumulated loss	Loan from Directors	Total
	----- (Rupees) -----			
Balance as at Jun 30, 2016	5,000,000	(3,706,397)	-	1,293,603
Total comprehensive income for the 3 months period	-	20,000	-	20,000
Balance as at September 30, 2016	5,000,000	(3,686,397)	-	1,313,603
Total comprehensive income for the 9 months period	-	1,573,212	-	1,573,212
	-	-	1,500,000	1,500,000
Balance as at Jun 30, 2017	5,000,000	(2,113,185)	1,500,000	4,386,815
Total comprehensive income for the 3 months period	-	142,193	-	142,193
Balance as at September 30, 2017	5,000,000	(1,970,992)	1,500,000	4,529,008

The annexed notes from 1 to 12 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 QUARTER ENDED SEPTEMBER 30, 2017

	Quarter Ended September 30, 2017 <i>Rupees</i>	Quarter Ended September 30, 2016 <i>Rupees</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	196,055	20,000
Adjustments for:		
Depreciation	23,352	-
Operating Profit Before Working Capital Changes	219,407	20,000
Changes in working capital		
Decrease/ increase in current assets:		
Stock in trade	(259,845)	-
Trade debts	240,170	-
Loan to employees	4,000	
Increase / (decrease) in current liabilities:		
Advance from customers	(55,000)	-
Creditors	(109,038)	-
Accrued expenses	193,311	-
Total Changes In Working Capital	233,005	20,000
Taxes paid	-	-
Net Cash Inflow From Operating Activities	233,005	20,000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and computers	(30,250)	-
Net Cash Inflow From Financing Activities	(30,250)	-
Net increase in cash and cash equivalents	202,755	20,000
Cash and cash equivalents at the beginning of the period	498,507	780,125
Cash and cash equivalents at the end of the period	701,262	800,125

The annexed notes from 1 to 12 form an integral part of these financial information.

Chief Executive

Director

Chief Financial Officer

HALLMARK COMPANY LIMITED
CONDENSED INTERIM NOTES TO THE FINANCIAL INFORMATION
FOR THE QUARTER ENDED SEPTEMBER 30, 2017

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 which is subsequently revoked at the request of the Company in year 2016. 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. 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 (XXXX of 2000)
- 1.3 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. The Company has commenced its new trading business activities and some advisory services.
- 1.4 The accumulated losses of the company as at balance sheet date reduced during the year to Rs. 1.971 million (June 30, 2017: 2.113 million) and its current ratio has improved as the current assets increased from current liabilities by Rs. 2.033 million (June 30, 2017: Rs. 1.904 million). These conditions of are better in contrast with the previous periods. 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's expenses and further financing shall also be made available as and when required therefore, these financials have been prepared on the basis going concern.
- 1.5 During the period under review, the Board has decided and recommended a merger scheme to be presented in upcoming Annual General Meeting for approval by the members of both the Companies. According to the Merger Scheme, the Hallmark Company Limited shall amalgamate Lakhwani Securities (SMC Pvt.) Limited into it and as a result Lakhwani Securities (SMC Pvt.) Limited shall dissolve without being wound up and its complete assets and liabilities shall stand transferred to Hallmark Company Limited. No change in legal status and business activity of Hallmark Company shall take place as result of this merger. However as result of merger milestone of required minimum paid up capital for being listed shall be achieved and further the Company shall have funds to expend its business activities

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.

HALLMARK COMPANY LIMITED
CONDENSED INTERIM NOTES TO THE FINANCIAL INFORMATION
FOR THE QUARTER ENDED SEPTEMBER 30, 2017

4 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.

	(Un-Audited) 30-Sep-17 <i>Rupees</i>	<i>(Audited)</i> 30-Jun-17 <i>Rupees</i>
5 PROPERTY, PLANT AND EQUIPMENT		
Net book value as at end of period	<u>879,862</u>	<u>872,964</u>
	Quarter Ended March 31, 2017 <i>Rupees</i>	Quarter Ended March 31, 2016 <i>Rupees</i>
Additions		
Furniture	11,650	-
Computer and allied accessories	18,600	-
	<u>30,250</u>	<u>-</u>
Depreciation charged	<u>23,352</u>	<u>-</u>
	(Un-Audited) 30-Sep-17 <i>Rupees</i>	<i>(Audited)</i> 30-Jun-17 <i>Rupees</i>
6 CURRENT AND OTHER ACCOUNTS		
Cash in hand	96,426	122,062
Cash at bank		
Current	254,836	26,445
Deposit	350,000	350,000
	<u>604,836</u>	<u>376,445</u>
	<u>701,262</u>	<u>498,507</u>

7 CONTINGENCIES AND COMMITMENTS

There were no contingency or commitment as at period end.

HALLMARK COMPANY LIMITED
CONDENSED INTERIM NOTES TO THE FINANCIAL INFORMATION
FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	Quarter Ended March 31, 2017	Quarter Ended March 31, 2016
	<i>Rupees</i>	<i>Rupees</i>
8 ADMINISTRATIVE AND SELLING EXPENSES		
Salaries	336,000	-
Listing fee/ surcharge Stock Exchange	50,000	25,000
Printing and stationary	62,877	-
Advertisement	37,600	-
Travelling and conveyance	25,610	-
Entertainment	30,752	-
Legal and professional charges	9,000	30,000
Depreciation expense	23,352	-
Written off sundry receivable	-	-
Miscellaneous expenses	1,000	-
	576,191	55,000

9 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS & EXECUTIVES

Considering the financial position of the Company the Directors and Chief Executive have consented to act without any remuneration.

10 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. No significant transactions were made with related parties during the period.

11 AUTHORIZATION FOR ISSUE

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

12 GENERAL

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

Chief Executive

Director

Chief Financial Officer