
HALLMARK COMPANY LIMITED

CONDENSED INTERIM FINANCIAL
INFORMATION

FOR THE QUARTER ENDED
SEPTEMBER 30, 2018

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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. Muhammad Farrukh Bashir	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, 32416288
Fax: 021-32416288
Website: www.hic1pk.com
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, 2018.

The Company's result shows net profit of Rs. 343,393 during the period under review, which has resulted in an increase of accumulated profits to Rs. 358,743, and that was accumulated loss of Rs. 1,970,992 at September 30, 2017 carried forward to the Statement of Financial Position. During the period, the Company has carried its business activities quite successfully. Earnings per share EPS for the period remains at Rs. 0.69.

Future Prospects

Our budget for financial year 2019 is focused on achieving steady growth which we are hopefully carrying. 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 get merged Lakhwani Securities (SMC Pvt.) Limited. This would increase the paid up capital up to 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.

Based on the current growth rate and profit margin in I.T. sector we are in expectation that new business shall enable the Company to announce its first dividend after commencing new business activity, in current year. Initially, the finance is arranged by the directors to commence activities of new business and as planned, we are heading towards the position to provide return on investments to our members of the Company by the end of June, 2019. If the merger is granted, the total assets of the Company shall be exceeding Rs. 50.00 million within further one year. 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. However, we will continue to striving for enhancing the capital and business volume of the Company.

Acknowledgement

We strongly believe that the Company's success can only be driven by the commitment and dedication of its management, employees 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.

Naveed Hamid
Chief Executive Officer

HALLMARK COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT SEPTEMBER 30, 2018

ASSETS	<i>Note</i>	(Un-Audited) 30-Sep-18 Rupees	(Audited) 30-Jun-18 Rupees
Non Current Assets			
Property, plant and equipment	5	762,031	782,194
Intangibles	6	3,940,500	4,047,000
Advance for office premises		500,000	500,000
		5,202,531	5,329,194
Current Assets			
Stock in trade		1,356,292	1,516,842
Trade receivable		1,142,211	1,003,564
Loan to employees		116,435	92,937
Cash and bank balance	7	332,324	280,954
		2,947,262	2,894,297
TOTAL ASSETS		8,149,793	8,223,491
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 profit		358,753	15,360
Loan from directors		1,800,000	1,800,000
		7,158,753	6,815,360
Non Current Liabilities			
Deferred tax		26,602	33,764
Current Liabilities			
Trade creditors		44,930	183,465
Advance from customers		-	260,000
Accrued expenses		810,000	891,772
Unclaimed dividends		23,150	23,150
Provision for tax		86,358	15,980
		964,438	1,374,367
Contingencies and commitments	8	-	-
TOTAL EQUITY AND LIABILITIES		8,149,793	8,223,491

The annexed notes from 1 to 14 form an integral part of these financial information.

Chief Executive

Director

Chief Financial Officer

HALLMARK COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	Note	Quarter Ended September 30, 2018 Rupees	Quarter Ended September 30, 2017 Rupees
Turnover			
Sale of goods		4,014,250	2,438,833
Cost of sales		(2,656,982)	(1,816,587)
Gross profit		1,357,268	622,246
Administrative and selling expenses	9	(883,704)	(576,191)
Operating profit		473,564	46,055
Rental income from investment property		-	150,000
Profit before taxation		473,564	196,055
Taxation - net		(130,171)	(53,862)
Profit after taxation		343,393	142,193
Earning per share		0.69	0.28

The annexed notes from 1 to 14 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, 2018

	Quarter Ended September 30, 2018 <i>Rupees</i>	Quarter Ended September 30, 2017 <i>Rupees</i>
Profit after taxation	343,393	142,193
Other comprehensive income	-	-
Total comprehensive income for the period	<u>343,393</u>	<u>142,193</u>

The annexed notes from 1 to 14 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, 2018

	Issued, subscribed and paid up capital	Accumulated loss	Loan from Directors	Total
	----- (Rupees) -----			
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
Total comprehensive income for the 9 months period	-	1,986,352	-	1,986,352
Loan received during the 9 months period	-	-	300,000	300,000
Balance as at Jun 30, 2018	5,000,000	15,360	1,800,000	6,815,360
Total comprehensive income for the 3 months period	-	343,393	-	343,393
Balance as at September 30, 2018	5,000,000	358,753	1,800,000	7,158,753

The annexed notes from 1 to 14 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, 2018

	Quarter Ended September 30, 2018 <i>Rupees</i>	Quarter Ended September 30, 2017 <i>Rupees</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	473,564	196,055
Adjustments for:		
Depreciation	20,163	23,352
Amortization	106,500	-
Operating Profit Before Working Capital Changes	600,227	219,407
Changes in working capital		
Decrease/ (increase) in current assets:		
Stock in trade	160,550	(259,845)
Trade debts	(138,646)	240,170
Loan to employees	(23,498)	4,000
Increase / (decrease) in current liabilities:		
Advance from customers	(260,000)	(55,000)
Creditors	(138,535)	(109,038)
Accrued expenses	(81,772)	193,311
Total Changes In Working Capital	118,326	233,005
Taxes paid	(66,956)	-
Net Cash Inflow From Operating Activities	51,370	233,005
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and computers	-	(30,250)
Net Cash (Outflow) From Financing Activities	-	(30,250)
Net increase in cash and cash equivalents	51,370	202,755
Cash and cash equivalents at the beginning of the period	280,954	498,507
Cash and cash equivalents at the end of the period	332,324	701,262

The annexed notes from 1 to 14 form an integral part of these financial information.

Chief Executive

Director
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Chief Financial Officer

HALLMARK COMPANY LIMITED
CONDENSED INTERIM NOTES TO THE FINANCIAL INFORMATION
FOR THE QUARTER ENDED SEPTEMBER 30, 2018

1 LEGAL STATUS AND BUSINESS ACTIVITIES OF THE COMPANY

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 an insurer. The registered head office of the Company is situated at Suite 1001, Uni Centre, I.I. Chundriqar Road, Karachi.

Initially, the Company was engaged in the 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 from time to time, to Rs. 400 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.

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 got revoked from the SECP Insurance Division, and the S.R.O.1079(I)/2016 dated 22 November, 2016 was issued to this effect, 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 engaging in trading of imported used 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 from the last year. The accumulated losses of the company as at date of statement of financial position has been completely wiped off and now it has accumulated profits of Rs. 358,753 (June 30, 2018: Rs. 15,360) and its current ratio remained positive. Current assets of the Company are more than twice of its current liabilities. Further, the directors have inserted Rs. 1.800 million to support the Company in its working capital needs.

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 237 of the 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 year ended on June 30, 2018.

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 year ended on June 30, 2018.

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 year ended on June 30, 2018.

HALLMARK COMPANY LIMITED
CONDENSED INTERIM NOTES TO THE FINANCIAL INFORMATION
FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	(Un-Audited) 30-Sep-18 <i>Rupees</i>	<i>(Audited)</i> 30-Jun-18 <i>Rupees</i>
5 PROPERTY, PLANT AND EQUIPMENT		
Net book value as at end of period	<u>762,031</u>	<u>782,194</u>
	Quarter Ended September 30, 2018 <i>Rupees</i>	Quarter Ended September 30, 2017 <i>Rupees</i>
Additions		
Furniture	-	11,650
Computer and allied accessories	-	18,600
	<u>-</u>	<u>30,250</u>
Depreciation charged	<u>20,163</u>	<u>23,352</u>
	(Un-Audited) 30-Sep-18 <i>Rupees</i>	<i>(Audited)</i> 30-Jun-18 <i>Rupees</i>
5 INTANGIBLES		
Net book value as at end of period	<u>3,940,500</u>	<u>4,047,000</u>
	Quarter Ended September 30, 2018 <i>Rupees</i>	Quarter Ended September 30, 2017 <i>Rupees</i>
Amortization charged	<u>106,500</u>	<u>-</u>
	(Un-Audited) 30-Sep-18 <i>Rupees</i>	<i>(Audited)</i> 30-Jun-18 <i>Rupees</i>
7 CURRENT AND OTHER ACCOUNTS		
Cash in hand	77,488	70,493
Cash at bank - Current	254,836	210,461
	<u>332,324</u>	<u>280,954</u>
8 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, 2018

	Quarter Ended September 30, 2018 Rupees	Quarter Ended September 30, 2017 Rupees
10 ADMINISTRATIVE AND SELLING EXPENSES		
Salaries	432,155	336,000
Listing and other statutory fee	117,500	50,000
Printing and stationary	86,591	62,877
Advertisement	48,334	37,600
Travelling and conveyance	35,980	25,610
Entertainment	36,481	30,752
Legal and professional charges	-	9,000
Depreciation expense	20,163	23,352
Written off sundry receivable	106,500	-
Miscellaneous expenses	-	1,000
	<u>883,704</u>	<u>576,191</u>

11 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.

12 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.

13 GENERAL

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

14 AUTHORIZATION FOR ISSUE

These financial information were authorized for issue in accordance with a resolution of the Board of Directors on October 31, 2018.

Chief Executive

Director

Chief Financial Officer