



HALLMARK
COMPANY LIMITED

Eager to Grow

***CONDENSED INTERIM
FINANCIAL INFORMATION***

***FOR THE SIX MONTHS ENDED
DECEMBER 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, 37011105
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DIRECTORS' REPORT

Dear Shareholders,

The Directors of your Company are pleased to present you the un-audited condensed interim financial information for the half year ended on December 31, 2018. The Directors' report is prepared under section 227 of the Companies Act, 2017.

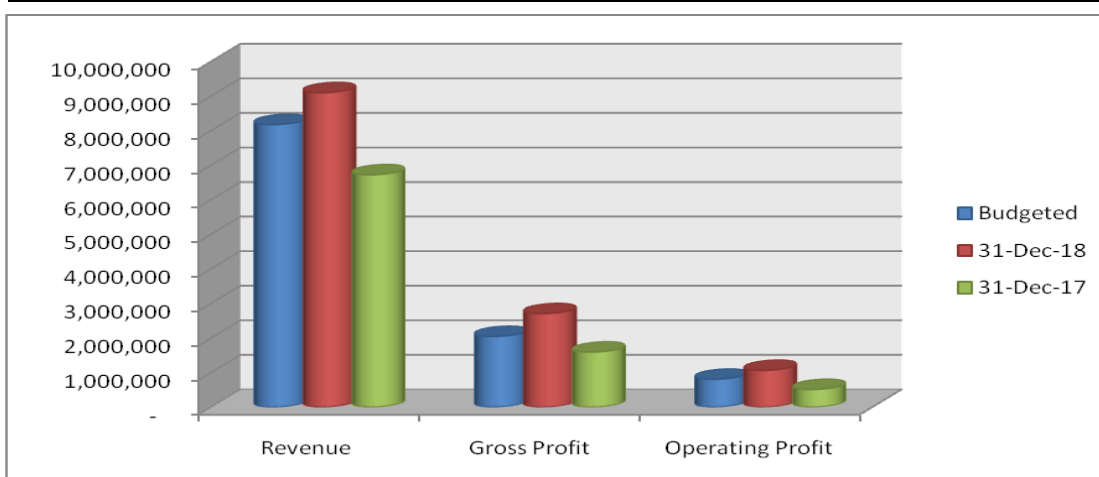
Company's Performance

We are pleased to inform you that the Company's performance is consistent and favorable to the budgeted projections. The Company has achieved marginally same return as of last year and striving for further better performance. 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, 2018 (Rs.)	Six Months ended 31 Dec, 2018 (Rs.)	Six Months ended 31 Dec, 2017 (Rs.)
Revenue	8,175,000	9,098,052	6,723,792
Gross Profit	2,043,750	2,704,125	1,593,281
Operating Profit	806,797	1,062,554	511,193
Other Income	-	-	300,000
Profit After Taxation	806,797	765,589	769,512
Earnings per Share	1.61	1.53	1.54



The Company has earned a gross profit of Rs. 2.704 million and incurred administrative expenses of Rs. 1.062 million which were inevitable. The Company has achieved the gross profit margin of 30% which is better in contrast with past year on transactions. We are expecting that in future the gross margin shall increase further, depending on the market condition and business volume. Accumulated profits of the Company has been increased to Rs. 780,950.

Other income in previous comparative period included rent income which has been ceased in current period due to the disposal of the subjected land in financial year 2018. The earnings per share for the period under review came out to be Rs. 1.53 per share which is short by Rs. 0.12 from the anticipated earnings per share. This short was due to the impact of taxation expense which was not considered in projections.

Directors of the Company have reduced their capital contribution amount to Rs. 0.30 million and willing to provided financial assistant at every step to meet the operational expenses of the Company.

Future Outlook

Our 2019 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 approximately 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.

Merger with Lakhwani Securities (SMC Pvt.) Limited

During the financial year 2018, the members of the Company in Annual General Meeting 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.

The Petition for merger has been filed in the Sindh High Court to order the merger as pleaded. The petition for merger is at concluding stage in High Court of Sindh. Comments of Securities and Exchange Commission of Pakistan and Pakistan Stock Exchange have been asked by the High Court and heard. We expect that the merger shall be concluded in next hearing which is due on 5 March, 2019.

Enlistment with CDC

The Securities of the Company has been inducted in the Central Depository System of the Central Depository Company of Pakistan Limited and now eligible for book entry effective from December 21, 2018. The Directors of the Company are now hopeful that the securities will be restored to the normal counter of the Pakistan Stock Exchange as all the matters of non compliances have been rectified.

Restoration of Trading in Securities of The Company

We wish to pay our heartily gratitude to the Pakistan Stock Exchange for all its supports during the pathway of the Company in rectifying the past defaults. Pakistan Stock Exchange has also commented that the merger of the Company with Lakhawani Securities (SMC Private) Limited is not a reverse merger and allowed us to proceed with the Honorable High Court freely. This independent comment of the Exchange has also increased the moral of the Company.

Acknowledgement

Directors of your Company take this opportunity to express their deep sense of gratitude for all the stakeholders including regulatory bodies 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

Date: February 27, 2019

S. Muhammad Imran
Chairman

Date: February 27, 2019



ڈائریکٹرز رپورٹ

محترم شہزاد ہولڈرز (حصص یافتگان):

آپ کی کمپنی کے ڈائریکٹرز نے مورخہ 31 دسمبر 2018ء کو ختم ہونے والے نصف سال کے لئے غیر آڈٹ شدہ ششماہی مالیاتی معلومات پیش کرتے ہیں جو کہ کمپنیز ایکٹ، 2017ء کے سیکشن 227 کے تحت تیار کی گئی ہے۔

کمپنی کی کارکردگی:

ہم آپ کو مطلع کرتے ہیں کہ کمپنی کی کارکردگی باقاعدگی سے اور بجٹ کے تخمینوں کے مطابق ہے۔ کمپنی نے پچھلے سال کے مقابلے میں اس سال بھی کارکردگی دیکھائی ہے اور بہتر کارکردگی کے لئے کوشش کی ہے۔ ہمارے نقطہ نظر کی طرف بڑھنے کے لئے، ہم صرف اس ترقی کو برقرار رکھنے کے لئے نہ صرف مسلسل محنت کر رہے ہیں لیکن موجودہ مارکیٹ کی صورت حال میں اس سے زیادہ بہتری آتی ہے۔

کاروباری کارکردگی:

کاروباری نتائج کا مختصر خلاصہ مندرجہ ذیل ہے۔

پرچمشن اعلیٰ نصف سال برائے 31 دسمبر 2018 (روپے)	اعلیٰ نصف سال برائے 31 دسمبر 2018 (روپے)	اعلیٰ نصف سال برائے 31 دسمبر 2017 (روپے)	
8,175,000	9,098,052	6,723,792	آمدنی
2,043,750	2,704,125	1,593,281	مجموعی آمدنی
806,797	1,062,554	511,193	آپریٹنگ منافع
-	-	300,000	دیگر آمدنی
806,797	765,589	769,512	لگس کے بعد کا منافع
1.61	1.53	1.54	فی حصہ آمدنی

کمپنی کا مجموعی منافع 2.704 ملین روپے ہے اور خرچ کی انتظامی اخراجات 1.062 ملین روپے جو ناگزیر تھے۔ کمپنی نے 30 فیصد کے مجموعی منافع کے حصول کو حاصل کیا ہے جو پچھلے سال کے برعکس بہتر ہے۔ ہم امید کر رہے ہیں کہ مستقبل میں مجموعی مارجن مارکیٹ میں اضافہ اور کاروباری رجحان کے لحاظ سے مزید اضافہ ہوگا۔ کمپنی کے توجہ کردہ منافع میں 780,950 روپے اضافہ ہوا ہے۔

پچھلے دیگر آمدنی میں شامل کرایہ شامل ہے جو موجودہ مدت میں مالی سال 2018ء میں بند کردی گئی ہے۔ 1.53 فیصد رہا۔ فی ہفتہ متوقع آمدنی 0.12 روپے مختصر ٹیکس کی اخراجات کی وجہ سے تھا جو تخمینوں میں نہیں سمجھا گیا تھا۔

کمپنی کے ڈائریکٹروں نے ان کی سرمایہ کاری میں حصہ لیا ہے۔ جو 0.30 ملین روپے اور کمپنی کے آپریٹنگ اخراجات کو پورا کرنے کے لئے ہر قدم پر مالی امداد فراہم کرنے کے لئے تیار ہے۔

سہیلی سکت ملی:

- ☆ ہمارے 2019ء کے بجٹ کو مستحکم ترقی حاصل کرنے پر توجہ مرکوز ہے۔ یہ ترقی مندرجہ ذیل عوامل پر منسوب کیا جا رہا ہے:
 - ☆ کمپنی سیکورٹیزز (ایس ایم سی پرائیوٹ) لمیٹڈ کو اس میں تقریباً تک روپے تک تخنواہ کا دارالحکومت بڑھایا جائے گا۔ 40 ملین روپے بڑھتی ہوئی ادائیگی کی سرمایہ کاری کے نتیجے میں، کمپنی آپریٹنگ اخراجات کو پورا کرنے اور اپنی کاروباری سرگرمیوں کو بڑھانے کے لئے کافی فنڈز حاصل کرے گی، جو مستقبل میں آمدنی میں اضافہ کرے گی۔
 - ☆ فروخت کے اضافے کے ذریعے کمپنی فی پونٹ اپنی مقررہ لاگت کو کم کرنے کے قابل ہوگی اور بالآخر مارکیٹ میں موجود مجموعی منافع تک اضافہ ہو جائے گا۔
 - ☆ ہم پاکستان اسٹاک ایکچینج میں کمپنی کی سیکورٹیزز کی ٹریڈنگ کی حیثیت کی بحالی کے لئے کام کر رہے ہیں تاکہ سرمایہ کاروں کے انحصار کو 200 ملین تک ادا شدہ سرمایہ بڑھانے کے لئے حاصل کی جاسکے۔

لاکھنؤ سیکورٹیزز (ایس ایم سی پرائیوٹ) کے ساتھ اہتمام:

ٹی ٹی ای ای ای مالی سال 2018ء سالانہ جنرل اجلاس میں کمپنی کے ارکان کے ساتھ لکھنؤ لکھنؤ سیکورٹیزز (ایس ایم سی پرائیوٹ) لمیٹڈ کے تجزیہ کے لئے ضمنی منصوبہ کی منظوری دے دی ہے۔ اس منصوبے کے مطابق، کمپنی کی تخنواہ کا دارالحکومت روپے بڑھایا جائے گا۔ 40 ملین روپے اور اس کی موجودہ حیثیت اور سرگرمیاں جاری رکھے گی۔ اس کے علاوہ، لکھنؤ سیکورٹیزز (ایس ایم سی پرائیوٹ) لمیٹڈ وجود میں رہیں گے۔

سندھ ہائی کورٹ میں شرم کرنے کے لئے درخواست دائر کی گئی ہے کہ ضمنی طور پر حکم دیا۔ سندھ ہائی کورٹ میں کے مرحلے پر درخواست دی۔ پاکستان اسٹاک ایکچینج کے سیکورٹیزز اینڈ ایکچینج کمیشن کے تھرمے ہائی کورٹ نے سنا ہے۔ ہم امید کرتے ہیں کہ اگلے ساعت میں شرم مل جائے گی جو 5 مارچ، 2019ء تک ہے۔

سی ڈی سی کے ساتھ اہتمام:

کمپنی کی سیکورٹیزز مرکزی وسطی ذخیرہ کارآف پاکستان آف پاکستان لمیٹڈ کے سینٹرل ڈسپوزرری سسٹم میں شامل ہو چکا ہے اور اب 21 دسمبر، 2018ء سے بک مارک موثر طریقے سے قابل عمل ہے۔ کمپنی کے ڈائریکٹرا ب امید مند ہیں کہ سیکورٹی کو بحال کیا جائے گا۔ پاکستان اسٹاک ایکچینج کے عام انسداد کے طور پر غیر تعمیل کے تمام معاملات کو اصلاح کیا گیا ہے۔

کمپنی کی سیکورٹیزز میں ٹریڈنگ کی بحالی:

ہم پچھلے ڈیفنس کو بہتر بنانے میں کمپنی کے راستے کے دوران اپنے تمام معاونت کے لئے پاکستان اسٹاک ایکچینج کو دل کی گہرائیوں سے شکر یہ ادا کرنا چاہتے ہیں۔ پاکستان اسٹاک ایکچینج نے یہ بھی تبصرہ کیا ہے کہ لکھنؤ سیکورٹیزز (ایس ایم سی ٹی) لمیٹڈ کے ساتھ کمپنی کا آزادانہ طور پر قابل اعزاز ہائی کورٹ کے ساتھ آگے بڑھانے کی اجازت دی گئی ہے۔ ایکچینج کے اس آزادانہ تبصرہ نے کمپنی کی اخلاقیات بھی بڑھائی ہے۔



اجزاء

آپ کی کمپنی کے ڈائریکٹرز نے اس موقع پر تمام شرکاء، داریوں کے لئے دل کی گہرائیوں سے شکر یہ ادا کرتے ہیں اور اس بات کا اعتراف کرتے ہیں کہ بشمول ریگولیری اور اداروں سمیت ان کی رضا مندی اور ان کی مسلسل حمایت حاصل ہے۔ ہم ہر رکن اور اس کے حصول داریوں کے لئے بھی پر عزم ہے اور وقتے اور مشکل کام کے لئے ہماری مجلس تعریف کی جگہ پر رکھنا چاہتے ہیں۔ جنہوں نے ہمیشہ کمپنی میں ان کے اعتماد اور ایمان کو ٹکا ہر کیا ہے۔

ایس۔ محمد عمران
چیئر مین

نوید حمید
چیئر ایگزیکٹو

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Hallmark Company Limited Report on review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Hallmark Company Limited ("the Company") as at December 31, 2018, and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows, and notes to the financial information for the six month period 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 accounting and reporting 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 the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matters

The figures of the condensed interim financial information for the quarter ended December 31, 2018, have not been reviewed and we do not express a conclusion thereon.

The engagement partner on this engagement resulting in this independent auditors' review report is Mr. S. M. Suhail, FCA

S.M. Suhail & Co.
Chartered Accountants

Date: February 27, 2019
Karachi

HALLMARK COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018



ASSETS	<i>Note</i>	31-Dec-18 <i>Rupees</i> (Unaudited)	30-Jun-18 <i>Rupees</i> (Audited)
Non Current Assets			
Furniture, fixtures and office equipment	6	741,869	782,194
Intangibles	7	3,834,000	4,047,000
Advances for office premises		500,000	500,000
		5,075,869	5,329,194
Current Assets			
Stock in trade	8	825,322	1,516,842
Trade debts - considered good		1,011,547	1,003,564
Loan to employees		151,435	92,938
Cash and bank balance	9	325,627	280,954
		2,313,931	2,894,298
TOTAL ASSETS		7,389,800	8,223,492
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	10	5,000,000	5,000,000
Accumulated profits		780,950	15,361
Capital contribution from directors	11	300,000	1,800,000
		6,080,950	6,815,361
Non Current Liabilities			
Deferred tax liability		23,521	33,764
Current Liabilities			
Trade creditors		256,322	183,465
Advance from customers		-	260,000
Accrued and other payables		920,639	891,772
Unclaimed dividends		23,150	23,150
Provision for taxation		85,219	15,980
		1,285,330	1,374,367
Contingencies and commitments	12	-	-
TOTAL EQUITY AND LIABILITIES		7,389,800	8,223,492

The annexed notes from 1 to 23 form an integral part of these financial information.

Chief Executive

Director

Chief Financial Officer

HALLMARK COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018



	Note	Half Year Ended		Quarter Ended	
		31-Dec-18 (Amounts in Rupees)	31-Dec-17	31-Dec-18 (Amounts in Rupees)	31-Dec-17
Turnover					
Sale of goods		8,785,508	6,355,482	4,771,258	3,916,649
Advisory		312,544	368,310	312,544	368,310
		9,098,052	6,723,792	5,083,802	4,284,959
Cost of sales	13	(6,393,927)	(5,130,511)	(3,736,945)	(3,313,924)
Gross profit		2,704,125	1,593,281	1,346,857	971,035
Administrative and selling expenses	14	(1,641,571)	(1,082,088)	(875,367)	(555,897)
Operating profit/ (loss)		1,062,554	511,193	471,490	415,138
Other income	15	-	300,000	-	150,000
Other expenses	16	(152,500)	(85,000)	(35,000)	(35,000)
Profit before taxation		910,054	726,193	436,490	530,138
Taxation - net		(144,465)	43,319	(14,294)	97,181
Profit after taxation		765,589	769,512	422,196	627,319
Earning per share	17	1.53	1.54	0.84	1.25

The annexed notes from 1 to 23 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 (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018



	Half Year Ended		Quarter Ended	
	31-Dec-18 <i>(Amounts in Rupees)</i>	31-Dec-17	31-Dec-18 <i>(Amounts in Rupees)</i>	31-Dec-17
Profit after taxation	765,589	769,512	422,196	627,319
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>765,589</u>	<u>769,512</u>	<u>422,196</u>	<u>627,319</u>

The annexed notes from 1 to 23 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 (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Issued, subscribed and paid-up capital	Accumulated loss	Capital Contribution from Directors	Total
	----- (Rupees) -----			
Balance as at July 1, 2017	5,000,000	(2,113,185)	1,500,000	4,386,815
Total comprehensive (loss) 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
Total comprehensive income for the six months period	-	1,359,034	-	1,359,034
Capital contribution received from directors	-	-	(2,350,000)	(2,350,000)
Balance as at June 30, 2018	5,000,000	15,361	1,800,000	6,815,361
Total comprehensive income for the six months period	-	765,589	-	765,589
Capital contribution received from directors	-	-	(1,500,000)	(1,500,000)
Balance as at December 31, 2018	5,000,000	780,950	300,000	6,080,950

The annexed notes from 1 to 23 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 (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018



	01-Jul-18 to 31-Dec-18	1-Jul-17 31-Dec-17
	<i>Rupees</i>	<i>Rupees</i>
	(Unaudited)	Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	910,054	726,193
Adjustments for:		
Depreciation	40,325	45,385
Amortization	213,000	-
Operating Profit Before Working Capital Changes	1,163,379	771,578
Changes in working capital		
(Increase)/ decrease in current assets:		
Stock in trade	691,520	748,313
Trade receivables	(7,983)	99,778
Other receivables	(58,497)	(165,937)
Increase / (decrease) in current liabilities:		
Trade creditors	72,857	(124,949)
Advance from customers	(260,000)	48,700
Accrued expenses	28,867	(56,553)
Total Changes In Working Capital	1,630,143	1,320,930
Taxes paid	(85,470)	(44,693)
Net Cash Inflow From Operating Activities	1,544,673	1,276,238
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	-	(4,260,000)
Net Cash (Outflow) From Investing Activities	-	(4,260,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contribution received from directors	(1,500,000)	2,650,000
Net Cash (Outflow) From Financing Activities	(1,500,000)	2,650,000
Net Increase/ (decrease) in cash and cash equivalents	44,673	(333,762)
Cash and cash equivalents at the beginning of the period	280,954	498,507
Cash and cash equivalents at the end of the period	325,627	164,745

The annexed notes from 1 to 23 form an integral part of these financial information.

Chief Executive

Director
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Chief Financial Officer

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. It is listed on Pakistan Stock Exchange Limited however trading in its shares are presently ceased but expected to resume soon. The registered office which is also the head office of the Company is situated at Suite 1001, Uni Centre, I.I. Chundrigar 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. 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 to engaging 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 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. 780,950 (June 30, 2018: Rs. 15,360) and its current ratio remained positive. Current assets of the Company are approximately twice of its current liabilities. Further, the directors have inserted Rs. 0.3 million to support the Company in its working capital needs.

1.1 Compliance of Regulatory Bodies

During the current period under review, all the compliances related to restoration of Company's securities to normal counter of Pakistan Stock Exchange (the PSX) including induction of securities into the CDS for the purpose of its trading through the PSX Board, has been fulfilled by the Company. In this respect the PSX has acknowledge the facts 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. It is expected that the trading in shares of the Company shall soon be restored.

1.2 Merger Process

Further, during the financial year 2017, to enhance the liquidity of the Company and its working capital, 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 Hallmark Company Ltd. According to the Scheme, as result of the merger, the paid up capital of the Company shall raise upto Rs. 40 million or Rs. 25 million, whichever is ordered by the Honorable High Court, 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 merger in general meeting 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 soon be concluded after the Court's order.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

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 237 of Companies Act, 2017 and being prepared in condensed form in accordance with the requirements of accounting and reporting standards as applicable in Pakistan for interim financial reporting which is International Accounting Standard 34 "Interim Financial Reporting".

These financial information do not include all of the information required for the complete set of annual financial statements, and should be read in conjunction with the annual financial statements of the Company for the year ended on June 30, 2018 except for the effects of the changes in accounting policies adopted during the period.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies applied in these condensed interim financial information are same as those applied by the company in its annual financial statements for the year ended on June 30, 2018 except for the adoption of new standards effective as of July 01, 2018 as stated below:

3.2 Changes in significant accounting policies

The Company has adopted International financial Reporting Standards - 15 (IFRS 15) 'Revenue from Contracts with Customers' from July 01, 2018 which are effective from annual periods beginning on or after July 01, 2018. There are other new standards which are effective from July 01, 2018 but they do not have a material effect on the company's condensed interim financial information.

During the period, the Company has adopted IFRS 15 'Revenue from Contracts with Customers'. The detail of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

3.2.1 IFRS 15 'Revenue from Contracts with Customers'

The Company is engaged in trading of computer and I.T. equipment, development and sale of software and provision of allied services however, its contracts with customers generally include single performance obligation. Management has concluded that revenue from sale of goods and services be recognised at the point in time when the control of the asset is transfer to customer or performance obligation related to services are satisfied, which is when goods are dispatched to the customer and services are rendered. Invoices are generated and revenue is recognized at same point in time which is at the time of dispatch of goods or rendering of services, as the risks of loss have been transferred to the customers. The above is generally consistent with the timing and amounts of revenue the company recognized in accordance with the previous standard, IAS 18 Revenues. Therefore, the adoption of IFRS 15 which replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations, did not have an impact on the timing and amounts of revenue recognition of the company. Therefore, adoption of IFRS 15 at July 01, 2018, did not have an effect on the condensed interim financial information.

3.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2019:

- * Amendment to IFRS 3 'Business Combinations – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2020).
- * IFRS 3 Business Combinations and IFRS 11 Joint Arrangement – the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business.
- * IFRS 16 'Leases' (effective for annual period beginning on or after 01 January 2019). IFRS 16 replaces existing leading guidance, including IAS-17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases-Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees.
- * Amendments to IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 01 January 2020).

HALLMARK COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED DECEMBER 31, 2018



- * Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 01 January 2020).
- * IAS 12 Income Taxes – the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- * Amendment to IAS 19 'Employee Benefits' – Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 01 January 2019).

- * IAS 23 Borrowing Cost – the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.
- * Amendment to IAS 28 'Investments in Associates and Joint Ventures' – Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 01 January 2019).
- * IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019) clarifies the accounting for income tax when there is uncertainty over tax treatments under IAS 12.
- * Annual Improvements to IFRS Standards 2015--2017 Cycle – the improvements address amendments to following approved accounting standards:

The above amendments are effective from annual period beginning on or after 01 January 2019 and are not likely to have an impact on the Company's condensed interim financial information.

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.

5 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 year ended June 30, 2018.

5.1 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, 2018



	2018	30-Jun-18
	Rupees	Rupees
	(Unaudited)	(Audited)
6 FURNITURE, FIXTURES AND OFFICE EQUIPMENT		
Furniture and fixture	488,021	513,707
Office equipments	211,866	223,016
Generator	31,650	33,315
Computer and allied equipments	10,333	12,156
	<u>741,869</u>	<u>782,194</u>

	HALF YEAR ENDED		QUARTER ENDED	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	(Amounts in Rupees)		(Amounts in Rupees)	
Depreciation expense charged	<u>40,325</u>	<u>45,385</u>	<u>20,162</u>	<u>22,692</u>

7 INTANGIBLES		
Net book value at end of period	<u>3,834,000</u>	<u>4,047,000</u>

	HALF YEAR ENDED		QUARTER ENDED	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	(Amounts in Rupees)		(Amounts in Rupees)	
Depreciation expense charged	<u>213,000</u>	<u>-</u>	<u>106,500</u>	<u>-</u>

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.

8 STOCK IN TRADE		
Finished goods	<u>825,322</u>	<u>1,516,842</u>

9 CURRENT AND OTHER ACCOUNTS		
Cash in hand	70,493	70,493
Cash at bank - Current	<u>255,134</u>	<u>210,461</u>
	<u>325,627</u>	<u>280,954</u>

10 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>

11 CAPITAL CONTRIBUTION FROM DIRECTORS		
Unsecured	<u>300,000</u>	<u>1,800,000</u>

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.

12 CONTINGENCIES AND COMMITMENT

12.1 Commitment

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

12.2 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, 2018



	HALF YEAR ENDED		QUARTER ENDED	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	<i>(Amounts in Rupees)</i>		<i>(Amounts in Rupees)</i>	
13 COST OF SALES				
Opening stock	1,516,842	1,004,693	1,356,292	763,560
Purchase of goods	5,286,278	4,099,849	2,994,410	2,644,461
Transportation	149,648	75,873	81,964	58,635
Packaging/ inspection and handling	266,481	206,476	129,601	103,648
	7,219,249	<i>5,386,891</i>	4,562,267	<i>3,570,304</i>
Less: Closing Stock	(825,322)	(256,380)	(825,322)	(256,380)
	6,393,927	5,130,511	3,736,945	3,313,924
14 ADMINISTRATIVE AND SELLING EXPENSES				
Salaries	984,512	672,000	552,357	336,000
Printing and stationary	158,966	136,750	72,375	73,873
Advertisement	56,728	52,884	8,394	15,284
Travelling and conveyance	67,710	63,558	31,730	37,948
Entertainment	59,726	50,170	23,245	19,418
Stationery expenses	24,661	23,621	24,661	23,621
Legal and professional charges	18,000	18,000	18,000	9,000
Depreciation expense	40,325	45,385	20,162	22,033
Amortization	213,000	-	106,500	-
Miscellaneous expenses	17,943	19,720	17,943	18,720
	1,641,571	1,082,088	875,367	555,897
15 OTHER INCOME				
Rental income from investment property	-	300,000	-	150,000
	-	300,000	-	150,000
16 OTHER EXPENSES				
Listing fee Stock Exchange	117,500	50,000	-	-
Auditors remuneration	35,000	35,000	35,000	35,000
	152,500	85,000	35,000	35,000
17 BASIC AND DILUTED EARNING PER SHARE				
Profit after taxation	765,589	769,512	422,196	627,319
Weighted average number of Ordinary shares	500,000	500,000	500,000	500,000
Earning per share	1.53	1.54	0.84	1.25
There is no dilutive impact on earning per share.				
18 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.				
19 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:				
Directors				
Capital contribution (repaid)/ received	(1,500,000)	2,650,000	(1,500,000)	2,650,000
20 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 year ended June 30, 2018.				

HALLMARK COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED DECEMBER 31, 2018



31-Dec-18 (Unaudited)	Maturity upto 1 year	Maturity after 1 year	TOTAL
Financial Assets			
Trade debts	1,011,547	-	1,011,547
Loan to employees	151,435	-	151,435
Cash and Bank balance	325,627	-	325,627
Total financial assets	<u>1,488,609</u>	-	<u>1,488,609</u>
Financial Liabilities			
Non Interest Bearing			
Trade creditors	256,322	-	256,322
Accrued and there payable	920,639	-	920,639
Unclaimed dividend	23,150	-	23,150
Total financial liabilities	<u>1,200,111</u>	-	<u>1,200,111</u>
Net financial assets	<u>288,498</u>	-	<u>288,498</u>
30-Jun-18 (Audited)	Maturity upto 1 year	Maturity after 1 year	TOTAL
Financial Assets			
Trade debts	1,003,564	-	1,003,564
Loan to employees	92,938	-	92,938
Cash and Bank balance	280,954	-	280,954
Total financial assets	<u>1,377,456</u>	-	<u>1,377,456</u>
Financial Liabilities			
Non Interest Bearing			
Trade creditors	183,465	-	183,465
Accrued and there payable	891,772	-	891,772
Unclaimed dividend	23,150	-	23,150
Total financial liabilities	<u>1,098,387</u>	-	<u>1,098,387</u>
Net financial assets	<u>279,069</u>	-	<u>279,069</u>

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

21 NUMBER OF EMPLOYEES

Number of employee as at December 31, 2018 was 6 (December 31, 2017: 3).
Average number of employees during the period was 4 (December, 2017: 3)

22 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 2019.

23 GENERAL

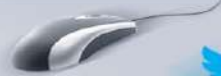
Figures in the financial statement has been rounded off to the nearest of Rupee.

Chief Executive

Director
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Chief Financial Officer

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