
HALLMARK COMPANY LIMITED

CONDENSED INTERIM FINANCIAL
INFORMATION

FOR THE PERIOD OF NINE MONTHS ENDED
MARCH 31, 2019

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COMPANY INFORMATION

Chairman

Abdul Rahim Ibrahim

Chief Executive

Mr. Naveed Hamid

Directors

Mr. Muhammad Farrukh Bashir	Executive Director
Mr. Saad Aftab Shamsi	Independent Director
Mr. Abdul Rahim Ibrahim	Non Executive
Mrs. Mehnaz Manzoor	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
Mrs. Mehnaz Manzoor	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
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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 on March 31, 2019.

Company's Performance

We are pleased to inform you that the Company performed well during the period under review and the performance is consistent with the comparative periods available in the financial information. The Company has achieved its projected targets with higher earnings per share.

Company has achieved gross sale of Rs. 13.52 million as compared to sale in comparative period of Rs. 10.64 million. Gross profit margin has been increased upto 34% which was 25% in last comparative period of 9 months. Profits from operations of the Company is Rs. 1.62 million with earnings per share of Rs. 2.95 which were Rs. 1.15 million and Rs. 2.69 respectively in comparative period.

We are continuously working hard not only to sustain this growth but to perform further than present in the available market conditions.

Financial Position

The Company has engaged in trading of used personal computers, laptops and notebooks, and has large market available to access but due to the financial constraints and limited liquidity it has restricted its operations to limited markets. We have initiated the merger to achieve higher liquidity but unexpectedly the proceedings got prolonged due to certain unavoidable circumstances and, delay responses from regulatory authority.

Directors are considering other options to enhance the financial position of the company as immediately as possible and for that they are now more inclined towards the further issue of capital without right issue. The Companies (further issue of shares) Regulations, 2018 has been enacted in current financial year and it allows the option of issue of shares other than right. Soon our financial limitations shall be addressed and would be heading towards achieving our vision.

Future Outlook

Our 2019 budget is focused on achieving steady growth. This growth is going to be attributed to the following factors:

- The trading status of the Company's securities in the Pakistan Stock Exchange is restored at normal counter. However trading shall be resumed when sufficient numbers of shares are inducted in CDS by its holders. We are perusing our shareholders for the said induction and majority shares shall be inducted within few days time of this report.
- The Company is waiting to get conclude the merger process, of Lakhwani Securities (SMC Pvt.) Limited. If it continues to delay we shall, with permission of shareholders, opt for further issue of shares other than right. This would increase the paid up capital up to the desired extant. As a result of increased paid up capital, the Company would have sufficient funds to reach different markets at large and accept larger orders which shall increase the future revenues.

- The company is intended to engage extensively in service sector too to provide IT enabled services locally and in future to international markets
- 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.

Compliance of Regulatory Authorities

We feel pleasure in informing to all the members that your Company has now a complied Company and has removed 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 that its name has been restored on the normal counter of the PSX but, the trading shall be resumed once sufficient numbers of share have been inducted in CDS by shareholders. All major shareholder directors have completed the process of inducting their shares in to the CDS and therefore soon trading shall be restored too by the PSX.

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

HALLMARK COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT MARCH 31, 2019

ASSETS	<i>Note</i>	31-Mar-19 <i>Rupees</i> (Unaudited)	30-Jun-18 <i>Rupees</i> (Audited)
Non Current Assets			
Furniture, fixtures and office equipment	6	721,706	782,194
Intangibles	7	3,727,500	4,047,000
Advance for office premises		500,000	500,000
		4,949,206	5,329,194
Current Assets			
Stock in trade	8	799,246	1,516,842
Trade debts - considered good		1,290,694	1,003,564
Loan to employees		182,435	92,937
Cash and bank balance	9	876,059	280,954
		3,148,434	2,894,297
TOTAL ASSETS		8,097,640	8,223,491
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 (loss)		1,358,874	15,360
Loan from directors	11	300,000	1,800,000
		6,658,874	6,815,360
Non Current Liabilities			
Deferred tax liability		23,853	33,764
Current Liabilities			
Trade creditors		254,823	183,465
Advance from customers		-	260,000
Accrued and other payables		927,497	891,772
Unclaimed dividends		23,150	23,150
Provision for taxation		209,443	15,980
		1,414,913	1,374,367
Contingencies and commitments	12	-	-
TOTAL EQUITY AND LIABILITIES		8,097,640	8,223,491

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

Chief Executive

Director

Chief Financial Officer

HALLMARK COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE PERIOD OF NINE MONTHS ENDED ON MARCH 31, 2019

	Note	Nine Months Ended		Quarter Ended	
		31-Mar-19 <i>(Amounts in Rupees)</i>	31-Mar-18	31-Mar-19 <i>(Amounts in Rupees)</i>	31-Mar-18
Turnover					
Sale of goods		12,563,450	10,056,611	3,777,942	3,701,129
Advisory		964,081	587,750	651,537	219,440
	13	13,527,531	10,644,361	4,429,479	3,920,569
Cost of sales	14	(9,281,192)	(8,087,334)	(2,887,265)	(2,956,823)
Gross profit		4,246,339	2,557,027	1,542,214	963,746
Administrative and selling expenses	15	(2,474,748)	(1,756,887)	(833,177)	(674,799)
Operating profit/ (loss)		1,771,591	800,140	709,037	288,947
Other income		-	450,000	-	150,000
Other expenses	16	(152,500)	(102,500)	-	(17,500)
Profit before taxation		1,619,091	1,147,640	709,037	421,447
Taxation - net		(275,577)	(198,464)	(131,112)	(295,645)
Profit after taxation		1,343,514	949,176	577,925	125,802
Earning per share	17	2.69	1.90	1.16	0.25

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

Chief Executive

Director

Chief Financial Officer

HALLMARK COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD OF NINE MONTHS ENDED ON MARCH 31, 2019

	Nine Months Ended		Quarter Ended	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
	<i>(Amounts in Rupees)</i>		<i>(Amounts in Rupees)</i>	
Profit after taxation	1,343,514	949,176	577,925	125,802
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>1,343,514</u>	<u>949,176</u>	<u>577,925</u>	<u>125,802</u>

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

Chief Executive

Director

Chief Financial Officer

HALLMARK COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE PERIOD OF NINE MONTHS ENDED ON MARCH 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	01-Jul-18 to 31-Mar-19	01-Jul-17 to 31-Mar-18
	<i>Rupees</i>	<i>Rupees</i>
Profit before taxation	1,619,091	1,147,640
Adjustments for:		
Depreciation	60,488	73,744
Amortization	319,500	106,500
Operating Profit Before Working Capital Changes	1,999,079	1,327,884
Changes in working capital		
(Increase) / decrease in current assets:		
Stock in trade	717,596	626,053
Trade receivables	(287,130)	25,977
Loan to employees	(89,498)	(87,937)
Increase / (decrease) in current liabilities:		
Trade creditors	71,358	(332,408)
Advance from customers	(260,000)	70,000
Accrued expenses	35,725	(186,079)
Total Changes In Working Capital	2,187,131	1,443,490
Taxes paid	(92,026)	(80,393)
Net Cash Inflow From Operating Activities	2,095,105	1,363,097
 CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure - Intangible	-	(4,260,000)
Fixed capital expenditure - Tangible	-	(140,000)
Net Cash (Outflow) From Investing Activities	-	(4,400,000)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Loan (repaid)/ obtained from director	(1,500,000)	2,650,000
Net Cash (Outflow)/ Inflow From Financing Activities	(1,500,000)	2,650,000
Net increase/ (decrease) in cash and cash equivalents	595,105	(386,902)
Cash and cash equivalents at the beginning of the period	280,954	498,507
Cash and cash equivalents at the end of the period	876,059	111,605

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

Chief Executive

Director

Chief Financial Officer

HALLMARK COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD OF NINE MONTHS ENDED ON MARCH 31, 2019

	Issued, subscribed and paid-up capital	Accumulated (loss)	Loan from directors	Total
	----- (Rupees) -----			
Balance as at July 1, 2017	5,000,000	(2,113,185)	1,500,000	4,386,815
Total comprehensive income for the nine months period	-	949,176	-	949,176
Loan received from directors	-	-	2,650,000	2,650,000
Balance as at March 31, 2018	5,000,000	(1,164,009)	4,150,000	7,985,991
Balance as at July 1, 2018	5,000,000	15,360	1,800,000	6,815,360
Total comprehensive income for the nine months period	-	1,343,514	-	1,343,514
Loan repaid to directors	-	-	(1,500,000)	(1,500,000)
Balance as at March 31, 2019	5,000,000	1,358,874	300,000	6,658,874

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

Chief Executive

Director

Chief Financial Officer

HALLMARK COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD OF NINE MONTHS ENDED ON MARCH 31, 2019

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 very 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.

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, on request of the Company, 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 used laptops, used personal computer and, development and sale of software and provision of allied services.

The Company had commenced its new trading business activities from May 2017. 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. 1,358,874 (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 provided loan 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 restored the name of the company to its normal counter. Further, the Securities and Exchange Commission of Pakistan (the SECP) had 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 Limited. According to the Scheme, as a result of the merger, the paid up capital of the Company shall raise upto Rs. 40 million, or around or not less than 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, multiple hearings have been done, and the merger shall soon be concluded after the Court's order.

HALLMARK COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD OF NINE MONTHS ENDED ON MARCH 31, 2019

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 transferred 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 the 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.

HALLMARK COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD OF NINE MONTHS ENDED ON MARCH 31, 2019

- * 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).
- * 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.

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 information are in conformity with approved accounting standards which requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed interim financial 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 (UN-AUDITED)
FOR THE PERIOD OF NINE MONTHS ENDED ON MARCH 31, 2019

	31-Mar-19	30-Jun-18
	Rupees	Rupees
	(Unaudited)	(Audited)
6 FURNITURE, FIXTURES AND OFFICE EQUIPMENT		
Furniture and fixture	475,179	513,707
Office equipments	206,290	223,016
Generator	30,817	33,315
Computer and allied equipments	9,421	12,156
	<u>721,706</u>	<u>782,194</u>

	Nine Months Ended		Quarter Ended	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Depreciation for the period	<u>60,488</u>	<u>73,744</u>	<u>20,163</u>	<u>28,359</u>

7 INTANGIBLES		
Software		
Net book value at end of period	<u>3,727,500</u>	<u>4,047,000</u>

	Nine Months Ended		Quarter Ended	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Amortization for the period	<u>319,500</u>	<u>106,500</u>	<u>106,500</u>	<u>106,500</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.

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 method.

8 STOCK IN TRADE		
Finished goods	<u>799,246</u>	<u>1,516,842</u>

9 CASH AND BANK BALANCE		
Cash in hand	112,637	70,493
Cash at bank - Current	<u>763,422</u>	<u>210,461</u>
	<u>876,059</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>

10.1 On completion of merger process through Honorable High Court, the paid up capital of the Company may be raised to the extent of Rs. 45 million.

11 LOAN FROM DIRECTORS		
Unsecured	<u>300,000</u>	<u>1,800,000</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.

12 CONTINGENCIES AND COMMITMENTS

12.1 Commitment

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

HALLMARK COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD OF NINE MONTHS ENDED ON MARCH 31, 2019

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.

	Nine Months Ended		Quarter Ended	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
	<i>(Amounts in Rupees)</i>		<i>(Amounts in Rupees)</i>	
13 TURNOVER				
Sales of goods	12,563,450	10,056,611	3,777,942	3,701,129
Services	964,081	587,750	651,537	219,440
	<u>13,527,531</u>	<u>10,644,361</u>	<u>4,429,479</u>	<u>3,920,569</u>

The company deals in sale of used imported Laptop computers, used Notebooks, and used Personal computers which fall in the Sixth Schedule of Sales tax Act, 1990 therefore, exempt from sales tax chargeability. Revenue from services relates to IT enabled services which is also exempt for sales tax purposes.

14 COST OF SALES

Opening stock	1,516,842	1,004,693	825,322	256,380
Purchase of goods	7,938,902	6,965,781	2,652,624	2,865,932
Transportation	257,490	145,044	107,842	69,171
Packaging/ inspection and handling	367,204	350,456	100,723	143,980
	<u>10,080,438</u>	<u>8,465,974</u>	<u>3,686,511</u>	<u>3,335,463</u>
Less: Closing stock	(799,246)	(378,640)	(799,246)	(378,640)
	<u>9,281,192</u>	<u>8,087,334</u>	<u>2,887,265</u>	<u>2,956,823</u>

15 ADMINISTRATIVE AND SELLING EXPENSES

Salaries	1,493,170	1,008,000	508,658	336,000
Printing and stationary	210,641	187,473	51,675	50,723
Advertisement	83,529	72,361	26,801	19,477
Travelling and conveyance	85,015	106,452	17,305	42,894
Entertainment	107,224	90,396	47,498	40,226
Stationery expenses	50,653	41,111	25,992	17,490
Legal and professional charges	27,000	27,000	9,000	9,000
Depreciation expense	60,488	73,744	20,163	28,359
Amortization	319,500	106,500	106,500	106,500
Miscellaneous expenses	37,528	43,850	19,585	24,130
	<u>2,474,748</u>	<u>1,756,887</u>	<u>833,177</u>	<u>674,799</u>

16 OTHER EXPENSES

Listing fee - Pakistan Stock Exchange	117,500	50,000	-	-
Auditors' remuneration	35,000	52,500	-	17,500
	<u>152,500</u>	<u>102,500</u>	<u>-</u>	<u>17,500</u>

17 BASIC AND DILUTED EARNING PER SHARE

Profit after taxation	1,343,514	949,176	577,925	125,802
Weighted average number of Ordinary shares	500,000	500,000	500,000	500,000
Earning per share	<u>2.69</u>	<u>1.90</u>	<u>1.16</u>	<u>0.25</u>

There is no dilutive impact on earning per share.

HALLMARK COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD OF NINE MONTHS ENDED ON MARCH 31, 2019

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. Remuneration of key management personnel is disclosed in note-17. Details of transactions made with related parties during the year are as follows:

Loan (repaid)/ received from directors (note 11)	<u>(1,500,000)</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>
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20 AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue in accordance with a resolution of the Board of Directors on May 11, 2019.

21 GENERAL

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

Chief Executive

Director

Chief Financial Officer