
HALLMARK COMPANY LIMITED

CONDENSED INTERIM FINANCIAL
INFORMATION

FOR THE QUARTER ENDED
SEPTEMBER 30, 2019

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COMPANY INFORMATION

Chairman

S. Muhammad Imran

Chief Executive

Mr. Naveed Hamid

Directors

Mr. Muhammad Farrukh Bashir	Executive director
Mr. Saad Aftab Shamsi	Independent director
Mr. Ahtesham Ashraf	Non-executive
Mrs. Mehnaz Manzoor	Non-executive
Mr. Abdul Rahim	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
Mrs. Mehnaz Manzoor	Member

HR & Remuneration Committee

Mr. Saad Aftab Shamsi	Chairman and Member
Mr. Muhammad Farrukh Bashir	Member
Mr. Abdul Rahim	Member

Chief Financial Officer

Mr. Muhammad Farrukh Bashir

Company Secretary

Mrs. Kishwar Parveen

External Auditors

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

Legal Advisor

Sayeed A. Sheikh & Co., Advocates

Shares Registrar

M/s. F.D. Registrar Services (SMC-Private) Limited

Bankers

Habib Metropolitan 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
Web: www.hiclpk.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, 2019.

The Company's result shows net profit of Rs. 362,843 during the period under review, which has resulted in an increase of accumulated profits to Rs. 1,692,653 which was Rs. 358,753 at September 30, 2018, 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. 0.73.

During the period, in the Annual General Meeting it was resolved to withdraw the petition of merger of Lakhwani Securities (SMC-Private) Limited with and into Hallmark Company Limited. The Board has successfully able to complete the procedure of withdrawal as result in first week of August the petition was successfully withdrawn.

Future Prospects

Our budget for financial year 2020 is focused on achieving steady growth which we are hopefully carrying. After withdrawal of merger the Board is in process of deciding the injection of funds through issue of capital other than right. This growth and injection of capital are going to be attributed to the following factors:

- The Company is 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 funds it has restricted its operations to limited markets. The injection of funds through capital will let the Company to concentrate on those unaddressed markets to increase its volume of profit.
- 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 also intended to invest in sectors other than Information Technology too, to earn profits from there and reduce the dependability of the Company in any one sector.
- The capital which may be injected shall initially be invested in secured investments most probably debt securities of high credit ranking so that no working capital is left without generating further return.

Based on the current growth rate and profit margin in I.T. sector we are in expectation that the return from business activities shall further increase.

Subsequent to the period end, the Board has received an intimation of intention of acquiring control of the Company from Mr. Azneem Bilwani. He, through Topline Securities (his manager acquisition) intends to buy more than 30% shares of the Company and its control. In compliance with the regulations of Listed Companies (Substantial Acquisition of Voting Shares and Takeover) Regulations, 2017, we have issued disclosure to the Pakistan Stock Exchange and Securities and Exchange Commission of Pakistan within due time. We wish that whatever happens will benefit to all the shareholders, who were with us through all these difficult times for the Company and continue being supportive to the Company, its management and the Board.

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

Muhammad Farrukh Bashir
Director

HALLMARK COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT SEPTEMBER 30, 2019

ASSETS	<i>Note</i>	(Un-Audited) 30-Sep-19 Rupees	<i>(Audited)</i> 30-Jun-19 <i>Rupees</i>
Non Current Assets			
Property, plant and equipment	5	937,628	907,597
Intangibles	6	1,740,000	1,785,000
Security deposit for rent		1,500,000	1,500,000
		4,177,628	4,192,597
Current Assets			
Stock in trade		1,756,630	2,044,149
Trade receivable		1,166,141	1,296,906
Loan to employees		184,504	153,097
Cash and bank balance	7	249,193	587,269
		3,356,468	4,081,421
TOTAL ASSETS		7,534,096	8,274,018
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		1,692,653	1,329,810
Capital contribution from directors		-	300,000
		6,692,653	6,629,810
Non Current Liabilities			
Deferred tax		63,426	65,852
Current Liabilities			
Trade creditors		210,000	314,504
Contract liabilities		121,700	411,174
Accrued expenses		13,319	470,351
Unclaimed dividends		-	23,150
Provision for tax		432,997	359,177
		778,016	1,578,356
Contingencies and commitments	8	-	-
TOTAL EQUITY AND LIABILITIES		7,534,096	8,274,018

The annexed notes from 1 to 15 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 PROFIT OR LOSS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	Note	Quarter Ended September 30, 2019	Quarter Ended September 30, 2018
		Rupees	<i>Rupees</i>
Sale of goods		4,537,800	4,014,250
Cost of sales		(3,077,519)	(2,656,982)
Gross profit		1,460,281	1,357,268
Administrative expenses	9	(513,463)	(417,739)
Selling expenses	10	(512,580)	(465,965)
Operating profit		434,238	473,564
Taxation		(71,395)	(130,171)
Profit after taxation		362,843	343,393
Earning per share		0.73	0.69

The annexed notes from 1 to 15 form an integral part of these financial information.

Chief Executive

Director
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Chief Financial Officer

HALLMARK COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	Quarter Ended September 30, 2019 <i>Rupees</i>	Quarter Ended September 30, 2018 <i>Rupees</i>
Profit after taxation	362,843	343,393
Other comprehensive income	-	-
Total comprehensive income for the period	<u>362,843</u>	<u>343,393</u>

The annexed notes from 1 to 15 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 (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	Issued, subscribed and paid up capital	Accumulated loss	Capital contribution from Directors	Total
	----- (Rupees) -----			
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
Total comprehensive income for the 9 months period	-	971,057	-	971,057
Capital contribution returned during the period	-	-	(1,500,000)	(1,500,000)
Balance as at Jun 30, 2019	5,000,000	1,329,810	300,000	6,629,810
Total comprehensive income for the 3 months period	-	362,843	-	362,843
Capital contribution returned during the period	-	-	(300,000)	(300,000)
Balance as at September 30, 2019	5,000,000	1,692,653	-	6,692,653

The annexed notes from 1 to 15 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 (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	Quarter Ended September 30, 2019 Rupees	Quarter Ended September 30, 2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	434,238	473,564
Adjustments for:		
Depreciation	30,669	20,163
Amortization	45,000	106,500
Operating Profit Before Working Capital Changes	509,907	600,227
Changes in working capital		
Decrease/ (increase) in current assets:		
Stock in trade	287,519	160,550
Trade debts	130,766	(138,646)
Loan to employees	(31,407)	(23,498)
Increase / (decrease) in current liabilities:		
Contract liability	(289,474)	(260,000)
Creditors	(104,504)	(138,535)
Accrued expenses	(457,032)	(81,772)
Total Changes In Working Capital	45,775	118,326
Taxes paid	-	(66,956)
Net Cash Inflow From Operating Activities	45,775	51,370
CASH FLOWS FROM FINANCING ACTIVITIES		
Return of capital contribution	(300,000)	-
Net Cash (Outflow) From Financing Activities	(300,000)	-
Net increase in cash and cash equivalents	(254,225)	51,370
Cash and cash equivalents at the beginning of the period	587,269	280,954
Cash and cash equivalents at the end of the period	333,044	332,324

The annexed notes from 1 to 15 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, 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. Subsequently, on application of the Company, the insurance license of the company was got revoked from the SECP Insurance Division, vide the S.R.O.1079(I)/2016 dated 22 November, 2016. Consequently, the principal activity of the company changed to engage in trading of computer and allied I.T. equipment, and allied products. The registered head office of the Company is situated at Suite 1001, Uni Centre, I.I. Chundrigar Road, Karachi.

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, 2019.

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, 2019.

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, 2019.

5 PROPERTY, PLANT AND EQUIPMENT

	(Un-Audited) 30-Sep-19 <i>Rupees</i>	<i>(Audited)</i> 30-Jun-19 <i>Rupees</i>
Net book value as at end of period	<u><u>937,628</u></u>	<u><u>907,597</u></u>
	Quarter Ended September 30, 2019 <i>Rupees</i>	Quarter Ended September 30, 2018 <i>Rupees</i>
Additions		
Furniture	<i>15,000</i>	-
Computer and allied accessories	<u><u>45,700</u></u>	-
Net addition	<u><u>60,700</u></u>	<u><u>-</u></u>
Depreciation charged	<u><u>30,669</u></u>	<u><u>20,163</u></u>

HALLMARK COMPANY LIMITED
CONDENSED INTERIM NOTES TO THE FINANCIAL INFORMATION
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	(Un-Audited) 30-Sep-19 <i>Rupees</i>	<i>(Audited)</i> 30-Jun-19 <i>Rupees</i>
6 INTANGIBLES		
Net book value as at end of period	<u><u>1,740,000</u></u>	<u><u>1,785,000</u></u>
	Quarter Ended September 30, 2019 <i>Rupees</i>	Quarter Ended September 30, 2018 <i>Rupees</i>
Amortization charged	<u><u>45,000</u></u>	<u><u>106,500</u></u>
	(Un-Audited) 30-Sep-19 <i>Rupees</i>	<i>(Audited)</i> 30-Jun-19 <i>Rupees</i>
7 CURRENT AND OTHER ACCOUNTS		
Cash in hand	47,488	95,430
Cash at bank - Current	201,705	491,839
	<u><u>249,193</u></u>	<u><u>587,269</u></u>
8 CONTINGENCIES AND COMMITMENTS		
There were no contingency or commitment as at period end.		
	Quarter Ended September 30, 2019 <i>Rupees</i>	Quarter Ended September 30, 2018 <i>Rupees</i>
9 ADMINISTRATIVE EXPENSES		
Salaries	82,500	75,000
Fee and subscription	227,835	117,500
Printing and stationary	64,916	45,671
Advertisement	30,192	20,829
Travelling and conveyance	12,984	12,925
Entertainment	19,367	19,151
Depreciation expense	30,669	20,163
Amortization expense	45,000	106,500
	<u><u>513,463</u></u>	<u><u>417,739</u></u>
10 SELLING EXPENSES		
Salaries	379,934	357,155
Printing and stationary	49,765	40,920
Advertisement	33,467	27,505
Travelling and conveyance	28,640	23,055
Entertainment	20,774	17,330
	<u><u>512,580</u></u>	<u><u>465,965</u></u>

**HALLMARK COMPANY LIMITED
CONDENSED INTERIM NOTES TO THE FINANCIAL INFORMATION
FOR THE QUARTER ENDED SEPTEMBER 30, 2019**

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 due 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 SUBSEQUENT EVENT

Subsequent to the period end on October 3, 2019, the Company has received an intimation from an acquirer for acquiring control of the Company and more than 30% of shareholding into the Company. For details refer directors report.

14 AUTHORIZATION FOR ISSUE

These financial information were authorized for issue in accordance with a resolution of the Board of Directors on October 30, 2019.

15 GENERAL

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

Chief Executive

Director

Chief Financial Officer