



**HALF-YEARLY REPORT
2020
(UN-AUDITED)**

**FOR THE PERIOD ENDED
DECEMBER 31, 2020**



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COMPANY INFORMATION

Chairman

Mr. Jawad Muhammad Rauf

Chief Executive

Mr. Salman Muhammad Yousuf

Directors

Mr. Jawad Muhammad Rauf	Chairman
Mr. Salman Muhammad Yousuf	Executive director
Mr. Muhammad Ashfaq	Independent director
Ms. Areej Rafique	Independent director
Ms. Irsa Faruqui	Non-executive
Mr. Muhammad Saad Iqbal	Non-executive
Mr. Sharjeel Abdul Sattar	Non-executive

Audit Committee

Mr. Muhammad Ashfaq	Chairman and Member
Mr. Jawad Muhammad Rauf	Member
Mr. Muhammad Saad Iqbal	Member

HR & Remuneration Committee

Ms. Areej Rafiq	Chairman and Member
Mr. Jawad Muhammad Rauf	Member
Ms. Irsa Faruqui	Member

Chief Financial Officer

Mr. Saqib Zubair

Company Secretary

Mr. Amjad Waqar

External Auditors

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

Legal Advisor

Mr. Bhagwan Das
Advocate High court

Shares Registrar

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

Bankers

Habib Metropolitan Bank Limited

Registered Office of the Company

Plot # 38/ A, Opposite
The Intellect School,
Ground Floor, Korangi
Creek, Karachi Korangi
Sindh 75400.

Phone: 021-35155112

Email: hallmark@bizcorei.com

Web: www.hiclpk.com

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, 2020. The Directors' report is prepared under section 227 of the Companies Act, 2017.

Company's Performance

We are pleased to inform you that the financial results for the period ended December 30, 2020 remained in positive despite the impact of COVID 19, on small-sized entities in Pakistan. The Company capitalized the same and developed expertise to diversify in the field of Information Technology and related services which strengthen its future prospects.

During the period, public offer under the Listed Companies (Substantial Acquisition of controlling shares and takeovers) Regulations, 2017 (the Regulation) has been completed, including the transfer of shares and the election and appointment of new directors was completed in the last AGM held on November 26, 2020.

Operational Results

Brief summary of the operational results is as follows:

	Six Months Ended 31-Dec-20 Rs.	Six Months Ended 31-Dec-19 Rs.
Revenue	3,739,329	10,526,743
Gross Profit	1,834,713	3,332,556
Operating Profit	670,876	1,224,023
Profit After Taxation	137,215	558,983
Earnings per Share	0.27	1.12

The Company has earned a Gross profit of Rs.1.835 million with a net profit of Rs.137,215 during the period under review, which was Rs. 3.332 million and Rs. 558,983 respectively in comparative period last year, the Company is looking a steady growth. Earnings per share (EPS) for the period stood at Rs. 0.27 and Rs. 1.12 respectively in the comparative period last year.

Future Prospects

The Company has diversified its portfolio to information technology and related services. Our existing budget for the financial year 2021 is focused on achieving steady growth. The Company is looking to expand not only locally but globally. IT sector is flourishing worldwide, and based on the current growth rate and profit margin in the I.T. sector, we are expecting that the return from business activities shall further increase.

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 a critical situation. We do also acknowledge guidance and support provided by the SECP, PSX, Auditors and thank all our shareholders and customers for their support and confidence they reposed.

Salman Muhammad Yousuf
Chief Executive Officer

Jawad Muhammad Rauf
Chairman

Date: February 25, 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Hallmark Company Limited ("the Company") as at December 31, 2019, 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 statements for the half year then ended (here-in-after referred to as the "condensed interim financial statements"). Management of the entity is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

The figures of the condensed interim financial statements for the quarter ended December 31, 2020, have not been reviewed and we do not express a conclusion thereon.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity". A review of condensed interim financial statements 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 statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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

S.M. Suhail & Co.,
Chartered Accountants
Karachi.
Date: February 25, 2021

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- Islamabad
- UAE
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- Australia

HALLMARK COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT DECEMBER 31, 2020

ASSETS	<i>Note</i>	31-Dec-20 <i>Rupees</i> (Unaudited)	30-Jun-20 <i>Rupees</i> (Audited)
Non-Current Assets			
Furniture, fixtures and office equipment	5	792,923	845,130
Intangibles	6	1,515,000	1,605,000
Deferred tax asset		112,023	59,555
Security deposit for rent		1,500,000	1,500,000
		3,919,946	4,009,685
Current Assets			
Stock in trade		606,909	854,990
Trade receivables	7	3,272,555	1,578,052
Loan and advances		616,148	836,500
Cash and bank balance	8	108,815	221,477
		4,604,427	3,491,019
TOTAL ASSETS		8,524,373	7,500,704
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	9	5,000,000	5,000,000
Accumulated profits		1,849,856	1,712,641
		6,849,856	6,712,641
Non Current Liabilities			
Long term loans from related parties	10	1,403,125	-
Current Liabilities			
Trade creditors		25,780	156,050
Accrued and other payables		170,665	370,738
Unclaimed dividends		23,150	23,150
Provision for taxation - net		51,797	238,125
		271,392	788,063
Contingencies and commitments	11	-	-
TOTAL EQUITY AND LIABILITIES		8,524,373	7,500,704

The annexed notes from 1 to 20 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, 2020

	Notes	HALF YEAR ENDED		QUARTER ENDED	
		31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
		<i>(Amounts in Rupees)</i>		<i>(Amounts in Rupees)</i>	
Turnover					
Sale of goods		1,807,020	<i>10,526,743</i>	160,900	<i>5,988,943</i>
Rendering of services		1,932,309	-	1,932,309	-
		3,739,329	<i>10,526,743</i>	2,093,209	<i>5,988,943</i>
Cost of sales and services		(1,904,616)	<i>(7,194,187)</i>	(853,402)	<i>(4,116,668)</i>
Gross profit		1,834,713	<i>3,332,556</i>	1,239,807	<i>1,872,275</i>
Administrative expenses	12	(817,532)	<i>(829,981)</i>	(627,363)	<i>(544,353)</i>
Selling expenses	13	(346,305)	<i>(1,278,551)</i>	(156,750)	<i>(765,971)</i>
Operating profit		670,876	<i>1,224,023</i>	455,694	<i>561,950</i>
Other expenses	14	(521,763)	<i>(453,002)</i>	(341,763)	<i>(225,167)</i>
Finance cost		(12,569)	-	(12,569)	-
Profit before taxation		136,544	<i>771,021</i>	101,362	<i>336,783</i>
Taxation - net		671	<i>(212,038)</i>	343	<i>(140,643)</i>
Profit after taxation		137,215	<i>558,983</i>	101,704	<i>196,140</i>
Earnings per share	15	0.27	<i>1.12</i>	0.20	<i>0.39</i>

The annexed notes from 1 to 20 form an integral part of these financial information.

Chief Executive

Director

Chief Financial Officer

HALLMARK COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Notes	HALF YEAR ENDED		QUARTER ENDED	
		31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
		<i>(Amounts in Rupees)</i>		<i>(Amounts in Rupees)</i>	
Profit after taxation		137,215	558,983	101,704	196,140
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		<u>137,215</u>	<u>558,983</u>	<u>101,704</u>	<u>196,140</u>

The annexed notes from 1 to 20 form an integral part of these financial information.

Chief Executive

Director

Chief Financial Officer

HALLMARK COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Issued, Subscribed and Paid-up Capital	Accumulated Profits	Capital Contribution from Directors	Total
	----- (Rupees) -----			
Balance as at June 30, 2019	5,000,000	1,329,810	300,000	6,629,810
Total comprehensive income for the six months period	-	558,983	-	558,983
Capital contribution returned to directors	-	-	(300,000)	(300,000)
Balance as at December 31, 2019	5,000,000	1,888,793	-	6,888,793
Total comprehensive (loss) for the six months period	-	(176,152)	-	(176,152)
Balance as at June 30, 2020	5,000,000	1,712,641	-	6,712,641
Total comprehensive income for the six months period	-	137,215	-	137,215
Balance as at December 31, 2020	5,000,000	1,849,856	-	6,849,856

The annexed notes from 1 to 20 form an integral part of these financial information.

Chief Executive

Director

Chief Financial Officer

HALLMARK COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	01-Jul-20 to 31- Dec-20	01-Jul-19 to 31- Dec-19
	<i>Rupees</i>	<i>Rupees</i>
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	136,544	771,021
Adjustments for:		
Depreciation	52,207	62,339
Amortization	90,000	90,000
Finance cost	12,569	
Operating profit before working capital changes	291,320	923,360
Changes in working capital		
(Increase)/ decrease in current assets:		
Stock in trade	248,081	98,609
Trade receivables	(1,694,503)	(211,594)
Other receivables	-	(102,176)
Loan to employees	220,352	-
Increase/ (decrease) in current liabilities:		
Trade creditors	(130,270)	(74,899)
Advance from customers	-	(135,674)
Accrued and other payables	(212,642)	5,846
Cash (used in) generated from operations	(1,277,662)	503,473
Taxes paid	(238,125)	(509,177)
Net cash (outflow) from operating activities	(1,515,787)	(5,704)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	-	(60,700)
Net cash (outflow) from investing activities	-	(60,700)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contribution repaid to directors	-	(300,000)
Loan from shareholder	1,403,125	-
Net cash inflow/ (outflow) from financing activities	1,403,125	(300,000)
Net (decrease) in cash and cash equivalents	(112,662)	(366,404)
Cash and cash equivalents at the beginning of the period	221,477	587,269
Cash and cash equivalents at the end of the period	108,815	220,865

The annexed notes from 1 to 20 form an integral part of these financial information.

Chief Executive

Director

Chief Financial Officer

HALLMARK COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

1 LEGAL STATUS AND BUSINESS ACTIVITIES OF THE COMPANY

The 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 the repealed Insurance Act, 1938, (now the Insurance Ordinance, 2000) as an insurer. Subsequently, on application from 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 was changed, and the Company engaged in trading of computer and allied I.T. equipment, and products the company is now engaged in rendering I.T related services to local and international clients. The registered head office of the Company is situated at Plot # 38/ A, Opposite the Intellect School, Ground Floor, Korangi Creek, Karachi Korangi Sindh 75400.

1.1 SIGNIFANT EVENTS

During the period under review, the acquirer has completed the requirements under the Listed Companies (Substantial Acquisition of Voting Shares & Takeovers) Regulations, 2017, and major shares were transferred to the acquirer. The management of the Company has been changed by way of election in the AGM held on November 26, 2020 and the new officials including Chief Executive, Directors, Chief Financial Officer and the Company Secretary have been engaged in place of the old officials of the Company.

1.2 FINANCIAL AND OPERATIONAL IMPACT DUE TO COVID 19

During the year, global pandemic COVID-19 was outbreak, it first surfaced in China and then spread all over the world. The World Health Organization declared this outbreak as pandemic in the mid of March, 2020. Government of Pakistan has declared complete lockdown of social and business activities from March, 2020 to control the spread of the pandemic. Currently the potential impact of COVID-19 is uncertain on the overall economy. Business activities were allowed in the month of June, 2020 to some extent, with some measures and these situations are being monitored by the governing bodies closely. The management of the Company was also monitoring the situation and due to restriction on imports procurement, cost of IT items has increased significantly which is mitigated through rise in selling prices to the possible extent to keep demand available in the market. In longer term management does not expect any significant adverse financial impact on financial position, performance and cash flows of the Company due to COVID 19 outbreak.

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by International Accounting Standard Board (IASB) as notified under Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim financial statements are un-audited but subject to limited scope review by the auditors and are being submitted to the shareholders as required under Section 237 of the Companies Act, 2017. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2020.

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, 2020.

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, 2020.

	31-Dec-2020	30-Jun-20
	<i>Rupees</i>	<i>Rupees</i>
	(Unaudited)	(Audited)
5 FURNITURE, FIXTURES AND OFFICE EQUIPMENT		
Furniture and fixture	436,828	459,517
Office equipment	236,069	248,330
Generator	25,653	26,985
Computer and allied equipment	94,374	110,298
	792,923	845,130

	HALF YEAR ENDED		QUARTER ENDED	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	<i>(Amounts in Rupees)</i>		<i>(Amounts in Rupees)</i>	
<i>Additions</i>				
Computer and allied equipment	-	15,000	-	-
Furniture and fixture	-	45,700	-	-
	-	60,700	-	-
Depreciation expense charged	52,207	62,339	25,563	31,670

6 INTANGIBLES				
Net book value at end of period			1,515,000	1,605,000
Amortization expense charged @ 10% on straight line basis	90,000	90,000	45,000	45,000

7 TRADE RECEIVABLES	7.1	3,272,555	1,578,052
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7.1 This includes receivable from related party 360 Digital Marketing LLC amounting to Rs. 1,932,309 (June 30, 2020: NIL)

8 CURRENT AND OTHER ACCOUNTS				
Cash in hand			108,038	135,105
Cash at bank - Current			777	86,372
			108,815	221,477

9 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL				
500,000 Ordinary Shares of Rs. 10/- each fully paid in cash			5,000,000	5,000,000

10 LONG TERM LOANS FROM RELATED PARTIES				
Loan from shareholder	10.1	1,403,125	-	

10.1 This represents unsecured and interest bearing loan @ 9% p.a from shareholder.

11 CONTINGENCIES AND COMMITMENT

11.1 Commitment

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

	HALF YEAR ENDED		QUARTER ENDED	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	<i>(Amounts in Rupees)</i>		<i>(Amounts in Rupees)</i>	
12 ADMINISTRATIVE EXPENSES				
Salaries	317,818	263,388	251,800	180,888
Printing and stationary	32,549	95,720	-	30,804
Advertisement	12,540	63,427	-	33,235
Travelling and conveyance	5,875	70,320	-	57,336
Entertainment	1,543	43,781	-	24,414
Office expenses	-	48,781	-	48,781
Rent expense	300,000	-	300,000	-
Legal and professional charges	5,000	59,716	5,000	59,716
Depreciation expense	52,207	62,339	25,563	31,670
Amortization	90,000	90,000	45,000	45,000
Miscellaneous expenses	-	32,510	-	32,510
	817,532	829,981	627,363	544,353

	HALF YEAR ENDED		QUARTER ENDED	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	<i>(Amounts in Rupees)</i>		<i>(Amounts in Rupees)</i>	
13 SELLING EXPENSES				
Salaries	250,934	992,558	107,700	612,624
Printing and stationary	19,854	72,961	-	23,196
Advertisement	64,517	70,307	49,050	36,840
Travelling and conveyance	8,454	95,763	-	67,123
Entertainment	2,546	46,961	-	26,187
	<u>346,305</u>	<u>1,278,551</u>	<u>156,750</u>	<u>765,971</u>
14 OTHER EXPENSES				
Fee and subscription	346,763	303,002	166,763	75,167
Auditors remuneration	175,000	150,000	175,000	150,000
	<u>521,763</u>	<u>453,002</u>	<u>341,763</u>	<u>225,167</u>
15 BASIC AND DILUTED EARNINGS PER SHARE				
Profit after taxation	137,215	558,983	101,704	196,140
Weighted average number of Ordinary shares	500,000	500,000	500,000	500,000
Earnings per share	<u>0.27</u>	<u>1.12</u>	<u>0.20</u>	<u>0.39</u>

There is no dilutive impact on earnings per share.

16 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.

17 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 arm's 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 period are as follows:

Relationship with the company	Nature of Transaction				
Key management personnel	Capital contribution repaid	-	(300,000)	-	(300,000)
	Loan from related party: Azneem Bilwani	1,403,125	-	1,403,125	-
Associated company by nature of common ownership and directorship.	Rendering of services:				
	360 Digital Marketing LLC	1,932,309	-	1,932,309	-

18 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with that disclosed in the financial statements as at and for the year ended June 30, 2020.

19 DATE OF AUTHORISATION

These condensed interim financial information were authorized for issue in accordance with a resolution of the Board of Directors on 25 February 2021.

20 GENERAL

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

Chief Executive

Director

Chief Financial Officer