



**HALLMARK
COMPANY LIMITED**

**QUARTERLY REPORT
2021
(UN-AUDITED)**

**FOR THE PERIOD ENDED MARCH
31, 2021**



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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 quarter ended on March 31, 2021. 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 March 31, 2021 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.

Operational Results

Brief summary of the operational results is as follows:

| | Nine Months Ended 31-Mar-21 Rs. | Nine Months Ended 31-Mar-20 Rs. |
|------------------------------|--|--|
| Revenue | 5,939,329 | 13,237,047 |
| Gross Profit | 3,523,963 | 4,097,011 |
| Operating Profit | 2,065,585 | 1,243,428 |
| Profit After Taxation | 755,026 | 574,083 |
| Earnings per Share | 1.51 | 1.15 |

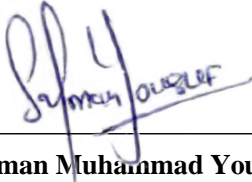
The Company has earned a Gross profit of Rs.3.524 million with a net profit of Rs.755,026 during the period under review, which was Rs. 4.097 million and Rs. 574,083 respectively in comparative period last year. The Company is looking a steady growth. Earnings per share (EPS) for the period stood at Rs. 1.51 and Rs. 1.15 respectively in the comparative period last year.

Future Prospects

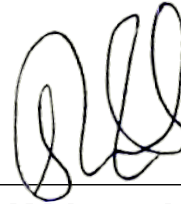
The Company has diversified its portfolio to information technology and related services. Our existing budget for the financial year 2021 is focused on achieving steady growth. The Company is looking to expand not only locally but globally. IT sector is flourishing worldwide, and based on the current 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.

A handwritten signature in blue ink, appearing to read 'Salman Muhammad Yousuf', written over a horizontal line.

Salman Muhammad Yousuf
Chief Executive Officer

A handwritten signature in black ink, appearing to read 'Jawad Muhammad Rauf', written over a horizontal line.

Jawad Muhammad Rauf
Chairman

HALLMARK COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT MARCH 31, 2021

| ASSETS | <i>Note</i> | 31-Mar-21 <i>Rupees</i> (Unaudited) | 30-Jun-20 <i>Rupees</i> (Audited) |
|--|-------------|---|---|
| Non-Current Assets | | | |
| Property, plant & equipment | 5 | 768,381 | 845,130 |
| Intangibles asset | 6 | 1,470,000 | 1,605,000 |
| Deferred tax asset | | 142,041 | 59,555 |
| Security deposit for rent | | 1,500,000 | 1,500,000 |
| | | <u>3,880,422</u> | <u>4,009,685</u> |
| Current Assets | | | |
| Stock in trade | | - | 854,990 |
| Trade receivables | 7 | 5,446,775 | 1,578,052 |
| Loan and advances | | 616,148 | 836,500 |
| Other receivable | | 50,000 | - |
| Cash and bank balance | 8 | 108,815 | 221,477 |
| | | <u>6,221,738</u> | <u>3,491,019</u> |
| TOTAL ASSETS | | <u><u>10,102,160</u></u> | <u><u>7,500,704</u></u> |
| EQUITY AND LIABILITIES | | | |
| Share Capital And Reserves | | | |
| Authorized share capital | | | |
| 1,000,000 Ordinary shares of Rs. 10/- each | | <u>10,000,000</u> | <u>10,000,000</u> |
| Issued, subscribed and paid-up capital | 9 | 5,000,000 | 5,000,000 |
| Accumulated profits | | 2,467,667 | 1,712,641 |
| | | <u>7,467,667</u> | <u>6,712,641</u> |
| Non Current Liabilities | | | |
| Long term loans from related parties | 10 | 1,403,125 | - |
| Current Liabilities | | | |
| Trade creditors | | - | 156,050 |
| Accrued and other payables | | 1,129,316 | 370,738 |
| Unclaimed dividends | | 23,150 | 23,150 |
| Provision for taxation - net | | 78,902 | 238,125 |
| | | <u>1,231,368</u> | <u>788,063</u> |
| Contingencies and commitments | 11 | - | - |
| TOTAL EQUITY AND LIABILITIES | | <u><u>10,102,160</u></u> | <u><u>7,500,704</u></u> |

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


 Chief Executive


 Director



 Chief Financial Officer

HALLMARK COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2021

| | Notes | Jul - Mar 2021 <i>(Amounts in Rupees)</i> | Jul - Mar 2020 | Jan - Mar 2021 <i>(Amounts in Rupees)</i> | Jan - Mar 2020 |
|----------------------------|-------|---|-------------------|---|-------------------|
| Turnover | | | | | |
| Sale of goods | | 1,807,020 | 13,237,047 | - | 2,710,304 |
| Rendering of services | | 4,132,309 | - | 2,200,000 | - |
| | | 5,939,329 | 13,237,047 | 2,200,000 | 2,710,304 |
| Cost of sales and services | | (2,415,366) | (9,140,036) | (510,750) | (1,945,848) |
| Gross profit | | 3,523,963 | 4,097,011 | 1,689,250 | 764,456 |
| Administrative expenses | 12 | (986,073) | (1,155,771) | (168,542) | (326,789) |
| Selling expenses | 13 | (472,305) | (1,697,812) | (126,000) | (419,262) |
| Operating profit | | 2,065,585 | 1,243,428 | 1,394,708 | 18,405 |
| Other expenses | 14 | (1,270,435) | (453,002) | (748,672) | - |
| Finance cost | | (43,707) | - | (31,138) | - |
| Profit before taxation | | 751,443 | 790,426 | 614,898 | 18,405 |
| Taxation - net | | 3,583 | (216,343) | 2,912 | (4,305) |
| Profit after taxation | | 755,026 | 574,083 | 617,811 | 14,100 |
| Earnings per share | 15 | 1.51 | 1.15 | 1.24 | 0.03 |

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


 Chief Executive


 Director


 Chief Financial Officer


HALLMARK COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2021

| | Jul - Mar 2021 | Jul - Mar 2020 | Jan - Mar 2021 | Jan - Mar 2020 |
|--|----------------------------|---------------------------|----------------------------|---------------------------|
| | <i>(Amounts in Rupees)</i> | | <i>(Amounts in Rupees)</i> | |
| Profit after taxation | 755,026 | 574,083 | 617,811 | 14,100 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the period | <u>755,026</u> | <u>574,083</u> | <u>617,811</u> | <u>14,100</u> |

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



Chief Executive



Director



Chief Financial Officer


HALLMARK COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2021

| | 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 nine months period | - | 574,083 | - | 574,083 |
| Capital contribution returned to directors | - | - | (300,000) | (300,000) |
| Balance as at March 31, 2020 | 5,000,000 | 1,903,893 | - | 6,903,893 |
| Balance as at June 30, 2020 | 5,000,000 | 1,712,641 | - | 6,712,641 |
| Total comprehensive income for the nine months period | - | 755,026 | - | 755,026 |
| Balance as at March 31, 2021 | 5,000,000 | 2,467,667 | - | 7,467,667 |

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



 Chief Executive



 Director



 Chief Financial Officer


HALLMARK COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2021

| | Jul - Mar 2021 | Jul - Mar 2020 |
|---|---------------------------|-----------------------|
| | <i>Rupees</i> | <i>Rupees</i> |
| | (Unaudited) | (Audited) |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 751,443 | 790,426 |
| Adjustments for: | | |
| Depreciation | 76,748 | 91,240 |
| Amortization | 135,000 | 135,000 |
| Finance cost | 43,707 | - |
| Operating profit before working capital changes | <u>1,006,898</u> | <u>1,016,666</u> |
| Changes in working capital | | |
| (Increase)/ decrease in current assets: | | |
| Stock in trade | 854,990 | 658,618 |
| Trade receivables | (3,868,723) | (120,463) |
| Other receivables | (50,000) | - |
| Loan to employees | 220,352 | (187,176) |
| Increase/ (decrease) in current liabilities: | | |
| Trade creditors | (156,050) | (159,681) |
| Advance from customers | - | (411,174) |
| Accrued and other payables | 714,871 | (247,010) |
| Cash (used in)/ generated from operations | <u>(1,277,662)</u> | <u>549,780</u> |
| Taxes paid | (238,125) | (428,667) |
| Net cash (outflow)/ inflow from operating activities | <u>(1,515,787)</u> | <u>121,113</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Fixed capital expenditure | - | (60,700) |
| Net cash (outflow) from investing activities | <u>-</u> | <u>(60,700)</u> |
| 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 | <u>1,403,125</u> | <u>(300,000)</u> |
| Net (decrease) in cash and cash equivalents | <u>(112,662)</u> | <u>(239,587)</u> |
| Cash and cash equivalents at the beginning of the period | <u>221,477</u> | <u>587,269</u> |
| Cash and cash equivalents at the end of the period | <u><u>108,815</u></u> | <u><u>347,682</u></u> |

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



Chief Executive



Director



Chief Financial Officer

HALLMARK COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2021

1 LEGAL STATUS AND BUSINESS ACTIVITIES OF THE COMPANY

The Hallmark Company Limited (the Company) 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 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, Korangi, Karachi, 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, there was outbreak of global pandemic COVID-19. 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 government 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 the 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 statements are same as those applied by the company in its annual financial statements for the year ended June 30, 2020.

4 ACCOUNTING ESTIMATES AND JUDGEMENTS

These condensed interim financial statements are prepared 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 the 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-Mar-21 <i>Rupees</i> (Unaudited) | 30-Jun-20 <i>Rupees</i> (Audited) |
|---|--|---|--|
| 5 PROPERTY, PLANT & EQUIPMENT | | | |
| Furniture and fixture | | 425,908 | 459,517 |
| Office equipment | | 230,167 | 248,330 |
| Generator | | 25,011 | 26,985 |
| Computer and allied equipment | | 87,295 | 110,298 |
| | | 768,381 | 845,130 |
| 6 INTANGIBLES | | | |
| Net book value at the end of period | | 1,470,000 | 1,605,000 |
| 7 TRADE RECEIVABLES | 7.1 | 5,446,775 | 1,578,052 |
| 7.1 | These includes receivable from related party 360 Digital Marketing LLC amounting to Rs. 4,132,309 (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 COMMITMENTS

11.1 Commitments

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

| | Jul - Mar 2021 <i>(Amounts in Rupees)</i> | Jul - Mar 2020 | Jan - Mar 2021 <i>(Amounts in Rupees)</i> | Jan - Mar 2020 |
|-----------------------------------|---|-------------------|---|-------------------|
| 12 ADMINISTRATIVE EXPENSES | | | | |
| Salaries | 401,818 | 432,189 | 84,000 | 168,801 |
| Printing and stationary | 32,549 | 110,648 | - | 14,928 |
| Advertisement | 12,540 | 75,981 | - | 13,554 |
| Travelling and conveyance | 5,875 | 83,455 | - | 13,135 |
| Entertainment | 1,543 | 59,527 | - | 15,746 |
| Office expenses | - | 63,221 | - | 14,440 |
| Rent expense | 300,000 | - | - | - |
| Legal and professional charges | 20,000 | 72,000 | 15,000 | 12,284 |
| Depreciation expense | 76,748 | 91,240 | 24,542 | 28,901 |
| Amortization | 135,000 | 135,000 | 45,000 | 45,000 |
| Miscellaneous expenses | - | 32,510 | - | - |
| | 986,073 | 1,155,771 | 168,542 | 326,789 |

| | Jul - Mar 2021 <i>(Amounts in Rupees)</i> | Jul - Mar 2020 | Jan - Mar 2021 <i>(Amounts in Rupees)</i> | Jan - Mar 2020 |
|--|---|-------------------|---|-------------------|
| 13 SELLING EXPENSES | | | | |
| Salaries | 376,934 | 1,352,880 | 126,000 | 360,322 |
| Printing and stationary | 19,854 | 85,673 | - | 12,712 |
| Advertisement | 64,517 | 86,203 | - | 15,896 |
| Travelling and conveyance | 8,454 | 104,563 | - | 8,800 |
| Entertainment | 2,546 | 68,493 | - | 21,532 |
| | <u>472,305</u> | <u>1,697,812</u> | <u>126,000</u> | <u>419,262</u> |
| 14 OTHER EXPENSES | | | | |
| Fee and subscription | 513,526 | 303,002 | 166,763 | - |
| Auditors remuneration | 200,000 | 150,000 | 25,000 | - |
| Stock write off | 556,909 | - | 556,909 | - |
| | <u>1,270,435</u> | <u>453,002</u> | <u>748,672</u> | <u>-</u> |
| 15 BASIC AND DILUTED EARNINGS PER SHARE | | | | |
| Profit after taxation | 755,026 | 574,083 | 617,810 | 14,100 |
| Weighted average number of Ordinary shares | <u>500,000</u> | <u>500,000</u> | <u>500,000</u> | <u>500,000</u> |
| Earnings per share | <u>1.51</u> | <u>1.15</u> | <u>1.24</u> | <u>0.03</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) | - | - |
| | Loan from related party: Azneem Bilwani | 1,403,125 | - | - | - |
| Associated company by virtue of common ownership and directorship. | Rendering of services: 360 Digital Marketing LLC | 4,132,309 | - | 2,200,000 | - |

18 FINANCIAL RISK MANAGEMENT

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

19 DATE OF AUTHORISATION

These condensed interim financial statement were authorized for issue in accordance with a resolution of the Board of Directors on April 28, 2021

20 GENERAL

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



Chief Executive



Director



Chief Financial Officer