



HALLMARK  
COMPANY LIMITED

*Eager to Grow*

***ANNUAL REPORT***  
***FOR THE YEAR ENDED***  
***JUNE 30, 2019***

## TABLE OF CONTENTS

<b>Contents</b>	<b>Page No.</b>
Vision and Mission Statements	2
Company Information	3
Notice of Annual General Meeting	4
Chairman's Review	7
Directors' Report to the Members	11
Pattern of Shareholding	22
Key Financial Data for the Last Six Years	24
Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017	25
Review Report to the Members on Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017	27
Independent Auditors' Report to the Members	29
Statement of Financial Position	36
Statement of Profit or Loss	37
Statement of Comprehensive Income	38
Statement of Cash Flow	39
Statement of Changes in Equity	40
Notes to the Financial Statements	45
Form of proxy	57

## **VISION AND MISSION STATEMENTS**

### **OUR VISION**

Our vision is to be the state-of-the art supplier of Information Technology (I.T.) products and I.T. related services in the market and ambitious to be a quality product and service-oriented Company, and explore other products for the customers, shareholders and employees.

To achieve this goal, we will be driven by an obsession even we are better than make ourselves be the best not focusing on destination but make a continuous onward journey.

Quality product/ service means a sustained, dedicated and commitment to meet and exceed stakeholder expectations. As we will to go the "Mile & Miles" to delight our customers with products and services that exceed their expectations.

### **OUR MISSION**

The Company's aims to become one of the leading suppliers of I.T. related other products and services in the market through commitment to providing products and services that best suits need of our customers. We will manage our affairs through modern technology, collective wisdom and institutionalized leadership and as result achieves zero defects everything we do.

We aimed doing good business, with good clients with high integrity. We will not compromise our principles and we will like to be known as a responsible corporate citizen, aware of our obligation to the Government, religion and the society we serve.

## 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, 10<sup>th</sup> Floor,  
I.I. Chundrigar Road,  
Karachi, Pakistan.  
Phone: 021-32414419, 37011105  
Fax: 021-32416288  
Email: [hallmark@bizcorei.com](mailto:hallmark@bizcorei.com)  
Web: [www.hiclpk.com](http://www.hiclpk.com)

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 40<sup>th</sup> Annual General Meeting of the Shareholders of **Hallmark Company Limited** will be held on, Monday July 30, 2019 at 11:00A.M. at Office # 1001, Uni Centre, 10th Floor, I.I. Chundrigar Road, Karachi, to transact the following business:

### ORDINARY BUSINESS

1. To confirm the minutes of the 39<sup>th</sup> Extra Ordinary General Meeting held on May 11, 2019.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2019, together with the Directors' and Auditors' Reports thereon.
3. To appoint Auditors for the year ending on June 30, 2020 and fix their remuneration. The retiring Auditors, M/s. S.M. Suhail & Co., Chartered Accountants are eligible and have provided their consent and the Directors have recommended for their reappointment.

### SPECIAL BUSINESS

4. To consider and, if thought fit, to pass, with or without modification, the following as special resolution:

For injecting needed funds through capital into the Company, for business expansion, the management is authorized to consider and adopt other means, and to withdraw the present petition for merger, as the proceedings of the petition are resulting in extra ordinary delay in injection of funds for enhancing the working capital of the Company.

#### The special resolution that shall be passed is as under:

*"RESOLVED THAT the approval made in of the 37<sup>th</sup> Annual General Meeting of the Company for scheme of merger, to merge Lakhwani Securities (SMC-Private) Limited with and into the Hallmark Company Limited, be and is hereby withdrawn and Mr. Naveed Hamid being Chief Executive and Director of the Company, and Mr. S. Muhammad Imran being the Director of the Company, and the Director of Lakhwani Securities (SMC Private) Limited be and are hereby authorized to take all such steps as may be necessary or incidental for the purpose of withdrawing the petition of merger from Honorable High Court of Sindh."*

5. Statement under section 134 of the Companies Act, 2017, in the above matter, pertaining to the item No. 4, is annexed herewith.
6. To transact any other business with the permission of the Chairman.

By Order of the Board

**Company Secretary**

Karachi: July 08, 2019

## NOTES:

1. A member is entitled to attend and vote at the Annual General Meeting, may appoint another member as his/her proxy to attend, speak and vote instead of him/her.
2. The Share Transfer Book of the Company will be closed from July 24, 2019 to July 30, 2019 (both days inclusive). Transfers received in order, by our Shares Registrar, the F.D. Registrar Services (SMC-Private) Limited, located at, 17th Floor, Trade Centre, I.I. Chundrigar Road, Karachi, at the close of the business, on July 23, 2019 will be considered in time to attend and vote at the meeting and for the entitlement of Dividend (if any).
3. Forms of proxy, in order to be valid, must be properly filled-in, executed and received at the registered office of the Company not later than 48 hours before the time of the meeting.
4. Members are requested to notify to the Share Registrar of the Company, promptly of any change in their addresses.

### 5. Notice to Shareholders who have not provided CNIC:

Pursuant to the directive of the Securities & Exchange Commission of Pakistan (SECP) contained in SRO 831(1)/2012 dated July 05, 2012 for the issuance of future dividend warrants etc., and in absence of such information, payment of dividend may be withheld in terms of SECP's above mentioned directive, Shareholders are therefore, requested to submit a copy of their updated/ valid CNIC (if not already provided) to the Share Registrar.

### 6. Video Conference Facility

The Members can also avail video conference facility. In this regard, please submit to registered address of the Company, the following request 10 days before holding of the Annual General Meeting.

"I/We, \_\_\_\_\_ of \_\_\_\_\_, being a member of Hallmark Company Limited, holder of \_\_\_\_\_ ordinary share(s) as per registered Folio / CDC Account No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_."

### 7. E-Voting Facility

Pursuant to the Notification vide SRO.43 (1)/2016 of January 22, 2016, the SECP has directed to facilitate the members of the Company for e-voting if the Company receives demand for poll from at least five (5) members or by any member or members having not less than one tenth of the voting power. In this regard, please submit to the registered address of the Company, the following request, 10 days before holding of the Annual General Meeting.

"I/We, \_\_\_\_\_ of \_\_\_\_\_, being a member of Hallmark Company Limited, holder of \_\_\_\_\_ ordinary share(s) as per registered Folio / CDC Account No. \_\_\_\_\_ hereby opt for e-voting through Intermediary and hereby consent the appointment of execution officer as proxy and will exercise e-voting as per the Companies (e-voting) Regulations, 2016 and hereby demand for poll for resolutions. My/our secured email address is \_\_\_\_\_, please send login details, password and electronic signature through email."

### 8. Mandate for E-Dividends for Shareholders

In order to make process of payment of cash dividend more efficient, e-dividend mechanism has been envisaged where shareholders can get amount of dividend credited into their respective bank accounts electronically without any delay. In this way, dividend may be instantly credited to respective bank accounts and there are no chances of dividend warrants getting lost in the post, undelivered or delivered to the wrong address, etc.

The SECP, through Notice No. 8(4) SM/CDC208 dated April 5, 2013, had advised to all listed companies to adopt e-dividend mechanism due to the benefits it entails for shareholders. In view of the above, you are hereby encouraged to provide the Company, a dividend mandate in favor of e-dividend by providing mandate form duly filled in and signed. The dividend mandate form is available at website of the Company.

**9. Electronic Transmission of Financial Statements**

SECP through notification No., SRO 787(I)/2014 dated September 8, 2014 has allowed companies to circulate Annual Financial Statements along with notice of Annual General Meeting through email instead of sending the same through post, to those members who desires to avail this facility. The members who desire to opt to receive aforesaid statements and notice through e-mail are requested to provide their written consent on Standard Request Form available at registered office of the Company.

**10. Form of Proxy is enclosed with this annual report.**

**STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017**

This statement is annexed as an integral part of the Notice of the 39<sup>th</sup> Annual General Meeting of Hallmark Company Limited (the Company) to be held on Monday July 30, 2019 at 11:00AM at Office # 1001, Uni Centre, 10th Floor, I.I. Chundrigar Road, Karachi; and sets out the material facts concerning the Special Business to be transacted at the Meeting

**Special Business**

**Withdrawal of the Petition for Merger of Lakhwani Securities (SMC-Private) Limited, with and into the Hallmark Company Limited**

The scheme of merger was approved in the 37<sup>th</sup> Annual General Meeting of the Company and the sole purpose of the merger was to inject funds into the Company through capital. The petition for merger was filed to the High Court of Sindh on January 1, 2018, which has already extra ordinary delayed. Initially the Securities and Exchange Commission of Pakistan (SECP) had placed certain objections on the purpose and necessary approvals of merger. These objections were addressed through response from the Company and finally these were resolved with the involvement of relevant regulatory bodies at the order of Honorable High Court of Sindh.

Subsequent to the satisfaction of all the objections, the SECP's Legal Council, reiterated its objection on purpose of the merger and opposed the merger. The management is of the view that the opposition for merger from SECP is just for the sake of opposition and it will only consume further time and resources which would cost not only loss of resources but also potential profits would be forgone too. Therefore, Board of Directors has decided to opt for other means to inject capital into the Company.

The Board of Directors is considering the option of further issue of share capital other than right. The directors of the Company have no interest in the Special Business, except in their capacity as being shareholders, and Directors of the Company.

"RESOLVED THAT the approval made in of the 37<sup>th</sup> Annual General Meeting of the Company for scheme of merger to merge Lakhwani Securities (SMC-Private) Limited with and into the Hallmark Company Limited, be and is hereby withdrawn and Mr. Naveed Hamid being Chief Executive and Director of the Company, and Mr. S. Muhammad Imran being the Director of the Company and the Director of Lakhwani Securities (SMC Private) Limited be and are hereby authorized to take all such steps as may be necessary or incidental for the purpose of withdrawing the petition of merger from Honorable High Court of Sindh."

By Order of the Board

Karachi: July 08, 2019

**COMPANY SECRETARY**

## **CHAIRMAN'S REVIEW**

It gives me immense pleasure to present this report to the members of Hallmark Company Limited (the Company) pertaining to the overall performance of the Board and effectiveness of its role in attaining overall objectives of the Company.

### **Business Performance**

The current financial year was a real test for the Board as it had to meet its budgeted revenue with very restricted resources and also there were significant need of establishing new procedures and controls due to the growing size of the Company. In such circumstances administrative cost was very difficult to be controlled, but due to the selfless efforts of the executive and non-executive directors, the Company has been able to restrict the increase in administrative expense at very low margin. The Board of directors is still not receiving any remuneration from the Company for their services and this is saving a significant cost to the Company. I really appreciate the efforts of the Board and involved staff for the progress of the Company in such difficult times when it has very scant resources and business environment in the country is going through difficult crises.

During the year under review, the Company has successfully generated the desired demand for its products and further developed the effective supply chain to meet that demand with minimum blockage of funds to keep the business cycle as short as possible.

The challenge of being price competitive for a new trading company is very difficult specially where the Company is expected to earn profit over its every transaction to survive in the operations. The Board has effectively managed the equilibrium in overall functions of the Company and able to generate sizeable profits. Still the Company has able to generate gross profit margin of 33% in comparison to last year 29%.

The software acquired by the Company for generating revenue did not meet the expectation and the Board had to amend its agreement with the software provider to make it useful for the operations of the Company instead of generating revenue. It was a good decision at the right time.

### **Corporate Compliance**

The financial year 2019 was an excellent and memorable year for the Company in respect of corporate compliances as it is the year where all the milestones had been achieved and Company has earned the benefits of the long and tiring efforts by the Board. During the year following major milestones were achieved:

- a. Induction of securities of the Company into Central Depository System of Central Depository Company of Pakistan Limited;
- b. The name of the Company was shifted to the normal counter of the Pakistan Stock Exchange;
- c. Trading in shares of the Company was restored.

These achievements have made the Board proud, as now the shareholders of the Company can enjoy all the benefits which any other listed Company can provide to its shareholders.



## **Financial Management**

The Company remained focused on effective management of funds in such a manner as to accomplish the objectives of the organization. The aim of our financial management is to maximize profits. During the year, the inventory levels and trade receivables were managed effectively to accomplish business objectives which added value for the shareholders. It has been focused to receive the outstanding dues from customers within due date and avoid sale on credit to those who are doubtful to pay full amount on time. Throughout the year the management was much focused on cost effectiveness and profit improvement.

## **Internal Audit**

The Company has an independent internal audit department, which leads the internal audit function. The internal audit function is concerned with evaluating and improving the effectiveness of risk management, control and governance process in the Company. It is an independent appraisal activity in the Company to examine and evaluate its financial and operational matters. The objective of internal audit is to achieve operational efficiency, safeguard of profitability and Company's interests and establishment and observance of internal control.

## **Election of Directors**

During the year, election of directors was due and accordingly it was held within time. I acknowledge the efforts and commitment of the directors who were part of the previous Board and looking forward to observe even better efforts.

## **Acknowledgement**

On behalf of the Board of Directors, I would like to express gratitude to our stakeholders for their continued support and encouragement and place on record the appreciation of the valuable services rendered by the employees of the Company. I also acknowledge the commitment and diligence of our Chief Executive and his team and thank them for their concerted efforts.

---

**S. Muhammad Imran**  
**Chairman**

Karachi

Dated: July 8<sup>th</sup>, 2019

## جیئرمن کا جائزہ

میں ہالمارک کمپنی کے ممبران کو یہ رپورٹ جو کہ بورڈ کی مجموعی کارکردگی اور اس کی اثر پذیری کا احاطہ کئے ہوئے ہے، کو پیش کرتے ہوئے نہایت مسرت محسوس کر رہا ہوں۔

### کاروباری کارکردگی

موجودہ مالیاتی سال جو کہ بورڈ کے لئے حقیقی معنوں میں ایک ٹیسٹ تھا کیونکہ بہت محدود ذرائع کے تحت بجٹ کے مطابق آمدنی حاصل کی اور اس سلسلے میں نئے طریقہ کار اور کنٹرول بھی قائم کرنے کی اشد ضرورت تھی۔ ان تمام حالات میں انتظامی اخراجات کو کنٹرول کرنا بے حد مشکل تھا لیکن ایگزیکٹو اور غیر ایگزیکٹو ڈائریکٹرز کی کوششوں کی وجہ سے کمپنی اس قابل ہوئی کہ کم مارجن کے تحت انتظامی اخراجات میں اضافہ کرے۔ بورڈ آف ڈائریکٹرز نے اپنی خدمات کے عوض ابھی تک کمپنی کی جانب سے کوئی اجرت وصول نہیں کی ہے اور یہ صرف کمپنی کے اخراجات کو تحفظ فراہم کرنے کیلئے ہے۔ میں بورڈ اور شامل اسٹاک کی کوششوں کو سراہتا ہوں جنہوں نے مشکل وقت میں کمپنی کی کارکردگی کو بہتر کیا ہے اور مشکل بحران میں کاروباری ماحول اور دیگر ذرائع کو مسلسل جاری و ساری رکھا ہے۔

زیر جائزہ سال کے دوران کمپنی نے اپنی پروڈکٹس کیلئے مطلوبہ طلب کا میابی سے حاصل کی ہے اور ترسیلات کے تسلسل کو موثر بنایا ہے تاکہ فنڈز کی رکاوٹ کو کم سے کیا جاسکے اور ممکنہ طور پر کاروباری امور کو مرتب رکھا جاسکے۔

نئی تجارتی کمپنی کیلئے اس وقت قیمتوں کا مقابلہ کرنا ایک بے حد مشکل ہے خصوصی طور پر جب کمپنی کو یہ امید ہو کہ وہ اپنے ہر لین دین کے تحت منافع حاصل کرے۔ بورڈ نے موثر طور پر کمپنی کے تمام امور کو منظم کیا ہے تاکہ زیادہ سے زیادہ منافع حاصل کیا جاسکے۔ کمپنی اس وقت بھی اس قابل ہے کہ وہ گزشتہ سال 29% کے مقابلے میں 33% منافع کا تناسب حاصل کر سکے۔

کمپنی نے سوئفٹ ویئر حاصل کیا ہے تاکہ آمدنی میں اضافہ ہو اس حوالے سے بورڈ نے سوئفٹ ویئر فراہم کرنے والے کے ساتھ معاہدے میں ترمیم کی تھی تاکہ کمپنی کی سرگرمیوں کے لئے اسے کارآمد بناسکیں اور صحیح وقت میں ایک صحیح فیصلہ تھا۔

### مالیاتی پاسداری

مالیاتی سال 2019 جو کہ ایک بہترین سال تھا اور کمپنی کے لئے کارپوریٹ کمپلائنس کے حوالے سے یادگار تھا۔ کیونکہ اس سال میں جب کہ تمام سنگ میل پہلے ہی عبور کر لئے تھے اور کمپنی نے بورڈ کی انتھک کوششوں کے سبب فوائد حاصل کئے ہیں۔ اس سال کے دوران اہم حاصل کردہ سنگ میل درج ذیل ہیں:

a کمپنی کی سکیورٹیز کو سینٹرل ڈپازٹری سسٹم برائے سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ میں ضم کیا ہے۔

- b کمپنی کے نام کو پاکستان اسٹاک ایکسچینج کے کارڈز پر شفٹ کیا۔  
c کمپنی کے تجارتی شیئرز کو بحال کیا گیا۔

یہ تحصیلات بورڈ نے مرتب کی ہیں کیونکہ اس وقت کمپنی کے شیئرز ہولڈرز تمام فوائد سے لطف اندوز ہو سکتے ہیں اور اپنے شیئرز ہولڈرز کو مستفید کر سکتے ہیں۔

## مالیاتی انتظام

کمپنی کی توجہ فنڈز کے موثر انتظام پر ہے تاکہ ادارے کے مقاصد کو حاصل کیا جاسکے۔ ہماری مالیاتی انتظامیہ کی توجہ منافع میں اضافہ پر مرکوز ہے۔ سال کے دوران سامان تجارت کی سطح اور قابل وصول مال کو موثر انداز میں دیکھا گیا تاکہ کاروباری اہداف کو حاصل کیا جاسکے جس کے نتیجے میں وہ حصص یافتگان کو مزید منافع فراہم کر سکیں۔ سال بھر انتظامیہ نے لاگت کی اثر پذیری اور منافع میں پر توجہ مرکوز کی۔

## اعزل آڈٹ

کمپنی کا ایک خود مختار اندرونی گرفت کا ڈپارٹمنٹ ہے، جو کہ اعزل آڈٹ کے افعال کی نگرانی کرتا ہے۔ اندرونی گرفت کے نظام کی تشخیص، خطرات کے انتظام کی اثر پذیری اور بہتری سے ہے۔ یہ کمپنی میں ایک خود مختار تشخیصی سرگرمی ہے جو کہ مالیاتی اور کاروباری معاملات کی تشخیص اور آزمائش کرتی ہے۔ اندرونی گرفت کا نظام کاروباری استعداد، منافع کاری اور کمپنی کے مفادات کا تحفظ اور انتظام اور اندرونی گرفت کے نظام کی پاسداری کرنے میں معاون ہے۔

## ڈائریکٹرز کے احکامات

دوران سال ڈائریکٹرز کے احکامات ہونا تھے اور حقیقی معنوں میں یہ احکامات وقت کے اندر منعقد کئے گئے۔ میں ان ڈائریکٹرز کی تمام کوششوں کو سراہتا ہوں جو کہ سابقہ بورڈ کے اہم حصہ تھے اور مزید بہتر کوششوں کیلئے رواں دواں ہے۔

## اعتراف

بورڈ آف ڈائریکٹرز کی جانب سے میں اس موقع پر تمام مستفیدان کے مسلسل تعاون اور حوصلہ افزائی پر انتہائی مشکور ہوں اور ملازمین کی قابل قدر خدمات پر انہیں تحسین پیش کرتا ہے۔ ہمارے چیف ایگزیکٹو اور ان کے پختہ ارادوں اور شائستگی کا اعتراف کرتا ہوں اور ان کی ٹیموں کو کوششوں پر میں ان کا مشکور ہوں۔

## DIRECTORS REPORT TO THE MEMBERS

The Directors of the Company are pleased to present the 40<sup>th</sup> Annual Report with the Financial Statements of the Company for the year ended on June 30, 2019.

### Company's Performance

The Company has successfully completed this year doing its new business with commitment to improve the financial position of the Company. During this year it has achieved a net profit after tax of Rs. 1.314 million and performed well. The current performance is favorable to the budgeted projections. Throughout the year, the Company keeps its pace above the budgeted amounts, therefore we are observing better results. We are continuously working hard not only to sustain this growth but to perform further than this in the current market situation.

The summarized operating results of the Company for the year are as follows:

### Operating Results

	Actual activity for the year (Rs.)	Activities of last year (Rs.)
Revenue	18,121,036	14,844,275
Gross Profit	6,015,605	4,292,302
Other Income	215,500	1,780,000
Profit After Taxation	1,314,450	2,128,546
Earnings per Share	2.63	4.26

With substantial increase in revenue, as compared to last year, we are able to secure higher gross profits and higher net profit from main business activities, if exclude the impact of other income. The earnings per share is higher in last year due to the gain from disposal of investment property, such transactions are not recurring in nature, however occurred during normal course of business. It is becoming increasingly difficult to maintain the same growth due to new entrants in the industry, existing highly competitive rates of dominating entities, increasing tendency of foreign exchange, and lesser support of government for this industry especially which deals in local market only. We observed an increase in gross profit margin by 4% which shows our management's dedication in performing their duties and generating return over the capital of the Company. It is a sign of appreciation and hope that we are earning profits since commencement of the new business and at an increasing trend from main business activities. It is a great relief for the management and the Company.

The Company has commenced its operations and hired required staff for working which is resulting in increased administrative and selling expenses since past one year, however the management has been able to limit the ratio of increase in expense lower than the ratio of increase in revenue and secure an earnings per share of Rs. 2.63.

During the year, due to extended operations the management decided to locate its operations to some larger place, and due to shortage of funds and delay in merger it was assessed that the Company cannot presently bear the cost of owning any premises

therefore, the advance has been recovered and another premises was arranged on rent, where after some renovation work the activities of the Company shall be shifted.

The Company had acquired open end multi user licensed of software to generate revenue from sale of its right to use, however the activity did not achieved the desired results, consequently, the management requested the software provider to alter the agreement of purchase of software to make it single user, so that the Company can utilize in managing its supply chain and reduce the human resource cost effectively.

Despite of commencement of business and consistent profits, the Directors of the Company are still not receiving any remuneration from the Company with their consent. This has saved significant cost of the Company.

### **Future Outlook**

Our 2020 budget is focused on increasing the working capital of the Company with significantly higher amount through injection of further equity and achieving increased growth which we shall hopefully achieve. This shall going to be attributed to the following factors:

- 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. The injection of 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 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.

### **Compliance of Regulatory Authorities**

We feel pleasure in informing you that the Company has now complied with 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 year, the PSX has not only restored the name of the Company on its normal counter but, also it has restored the trading in shares of the Company. Now there is absolutely no non-compliance pending, and the Board of Directors has undone all the defaults of the Company of past many years.

### **Dividend**

The Company has earned profit during the year, and the accumulated deficit has now become surplus. However, as the Company needs funds for further growing the business, and due to delay in merger the required funds could not be arranged, thus the situation does not permit us presently, to consider payment of dividend; therefore, no dividend is being recommended by the Board for the year. However, as earlier disclosed we are heading towards and expecting to declare our next dividend very soon.

## **Status of Merger with Lakhwani Securities (Pvt.) Limited**

During the last financial year the members of the Company have approved the merger scheme to merge Lakhwani Securities (SMC Private) Limited with and into Hallmark Company Limited. The approval has been given in 37<sup>th</sup> Annual General Meeting. Accordingly, the proceedings of merger were initiated but unfortunately these proceedings are getting too long and even after more than 18 months time, the merger is still pending and not expected to be concluded anytime near. Therefore, the Board of Directors has decided to withdraw the petition for merger and inject new funds through other means which may most probably be issue of further capital without right.

## **Evaluation of the Board's Performance and Directors' Training Program**

The Board has developed a mechanism of annual performance evaluation. Every member of the Board ensures his active participation in all the meetings of the Board. Detailed discussions are held on strategic matters and clear directions are provided to the management, which are regularly monitored by the Board and its committees. The Board ensures that the Company adopts the best possible practices of corporate governance. The Board also has planned to review performance of business at each quarter with an aim to improve the same.

In compliance with the provisions of Listed Companies (Code of Corporate Governance) Regulations, 2017, directors' orientation program had also been planned in current financial year however, due to limitation of funds with Company as well with directors the target of orientation and training have not been achieved. As soon the matter of injection of fund is resolved the compliance of the Code shall be made immediately.

## **Statutory Auditors**

The present Auditors M/s. S. M. Suhail and Co., Chartered Accountants shall retire, and are eligible to continue as Auditors of the Company. As suggested by the Audit Committee the Board has recommended M/s. S. M. Suhail and Co., Chartered Accountants for re-appointment as Auditors of the Company for the ensuing year.

## **Corporate Social Responsibility**

In the developing countries like Pakistan, there is an intense need to work together to address social issues as effectively and efficiently as possible. The Company values the importance of working together with its employees and with all other stakeholders to focus towards social responsibilities. Basic needs which are needed to be addressed in our society include education, health and safety, women empowerment, economic opportunity, equity of rights, law enforcement, environmental protection and community grants.

Presently, due to scarce resources, the Company is unable to participate through monetary means. However the Company has acknowledged and discharged its responsibility towards society through following measures:

Dealing in products of only those companies which are certified as Energy Star and only those products are sold which are recyclable and energy efficient. For compliance, certifications over products are strictly observed. Also the policy of paper less environment has been adopted as strictly as possible. The policies are adopted as step towards environmental protection.

The Company has established a policy of providing interest free loan convertible to Qarz-e-Hasna to its employees for purposes of higher education and treatment of serious medical injuries.

## **Compliance with Corporate Governance Environment**

The requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 set out by the Securities and Exchange Commission of Pakistan, relevant for the year ended June 30, 2019 have mostly been complied with. A statement to this effect is part of this annual report.

## **Statement of Ethics and Business Practices**

The Board has adopted the statement of Ethics and Business Practices, wherever practicable and shall continue to improve its' implementation all over the Company.

## **Audit Committee**

The Company has established Audit Committee as required by the Listed Companies (Code of Corporate Governance) Regulations, 2017. The Chairman of the Committee is an independent director and the Committee comprises of three members as detailed below:

Mr. Zubair Ahmed Khan	Chairman and Member
Mr. Ahtesham Ashraf	Member
Mrs. Mehnaz Manzoor	Member

The Audit Committee has met 4 times during the year and all the members of the meeting have attended all the meetings.

## **HR and Remuneration Committee**

The Company has established HR & Remuneration Committee as required by the Listed Companies (Code of Corporate Governance) Regulations, 2017. The Committee comprises of three members and details of the members are as follows:

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

The Chairman of the Committee is an independent director. The Committee has met 4 times during the year and all the members of the meeting have attended all the meetings.

## **Corporate and Financial Reporting Framework**

- a) The financial statements prepared by the management of the Company, present fairly its financial position, the result of its operations, cash flows and changes in equity.
- b) Proper books of accounts have been maintained by the Company.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment, except for changes in accounting policy as mentioned in note 3.3 to the financial statements.
- d) The International Accounting and Financial Reporting Standards, as applicable to the Company in Pakistan, have been followed in preparation of these financial statements.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) The Company's shall continue as a going concern.



- g) There has been no material departure from the best practices of Corporate Governance, as detailed in the Listed Companies (Code of Corporate Governance) Regulations, 2017.
- h) The key operating and financial data for the last six years is annexed herewith.
- i) During the year four meetings of the Board of directors were held and the number of meetings attended by each director is given hereunder:

NAME OF DIRECTOR	MEETINGS ATTENDED
Mr. Muhammad Farrukh Bashir	4
Mr. Saad A. Shamsi	3
Mr. S Muhammad Imran	4
Mr. Haris A. Shamsi	4
Mr. Ahtesham Ashraf	3
Mr. Naveed Hamid	4
Mr. Zubair Ahmed Khan	4
Mrs Mehnaz Manzoor	0
Mr. Abdul Rahim	0

- j) The pattern of shareholding in the Company as at June 30, 2019 is included in this annual report.
- k) Information about taxes and levies is given in the notes forming part of the financial statements.

### Acknowledgements

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 execute our targets together.

Further, we appreciate the Company's management and supporting staff for their satisfactory performance and devotion to duty and we are grateful to all Government Institutions, Auditors, the SECP, the PSX and its bank, for their valuable support and cooperation throughout the year.

---

**Naveed Hamid**  
**Chief Executive**  
 July 8<sup>th</sup>, 2019

---

**Farrukh Bashir**  
**Director**  
 July 8<sup>th</sup>, 2019



## ڈائریکٹر رپورٹ

کمپنی کے ڈائریکٹرز 40 ویں سالانہ رپورٹ کے ساتھ کمپنی کے مالیاتی گوشوارے برائے سالانہ مدت 30 جون 2019 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

### کمپنی کی کارکردگی

یہ سال کمپنی اپنا دنیا کاروبار اپنی مالی حیثیت کو بہتر بنانے کے عزم کے ساتھ مکمل کر چکی ہے۔ دوران سال کمپنی نے بعد از ٹیکس مجموعی منافع 1,314 ملین روپے حاصل کیا اور کارکردگی بہت اچھی رہی۔ سال بھر کمپنی نے بجٹ سے مطابقت پیدا رکھی جس کے نتیجے میں بہتر نتائج حاصل ہوئے۔ ہم اسے مسلسل طور پر برقرار رکھنے بلکہ مارکیٹ کی موجودہ صورتحال کو پیش نظر رکھتے ہوئے سخت محنت کر رہے ہیں۔

سال کے دوران کمپنی کے اختصاری کاروباری نتائج درج ذیل رہے:

### کاروباری نتائج

گزشتہ سال (روپے)	کارکردگی (روپے)	
14,844,275	18,121,036	فروخت
4,292,302	6,015,605	خام منافع
1,780,000	215,500	دیگر آمدن
2,128,546	1,314,450	منافع بعد از ٹیکس
4.26	2.63	فی حصص آمدنی

آمدنی میں مناسب اضافہ ہوا جس کا موازنہ گزشتہ سال سے کیا جاسکتا ہے۔ اگر دیگر آمدنی کے اثرات کو اس میں سے حذف کر دیا جائے تو ہم اس قابل ہوئے ہیں کہ زیادہ سے زیادہ منافع اور مجموعی منافع اپنے اہم کاروباری سرگرمیوں کے تحت حاصل کر سکتے ہیں۔ فی شیئر آمدنی جو کہ گزشتہ سال کے مقابلے میں کافی زیادہ ہے اور یہ اضافہ مناسب طریقہ سے سرمایہ کاری کی وجہ سے حاصل ہوا ہے۔ عام کاروباری امور میں تمام لین دین شامل نہیں ہیں۔ صنعت میں نئی تبدیلیوں کی وجہ سے اس اضافہ کو اسی طرح مستقل رکھنا بے حد مشکل ہے اس لئے کہ موجودہ دور میں بہت زیادہ مقابلہ ہے اور زرمبادلہ میں اضافہ کے حوالے سے امور طے کرنے پڑتے ہیں۔ ہم نے 4% کے تناسب کے تحت مجموعی منافع میں اضافہ بھی نوٹ کیا ہے جو کہ ہماری انتظامیہ کی زبردست کارکردگی کے تحت ہوا ہے جس میں انہوں نے کمپنی کے سرمایہ کو مرتب کرنے کیلئے اپنی شاندار خدمات پیش کی ہیں۔ یہ عمل قابل تحسین ہے اور ہمیں امید ہے کہ ہم نے کاروباری سال کے شروع ہونے پر زیادہ سے زیادہ منافع حاصل کریں گے اور یہ اضافہ اہم کاروباری سرگرمیوں کی وجہ سے ہوگا۔ اس کے علاوہ انتظامیہ اور کمپنی کیلئے بھی کافی رعایت حاصل ہوگی۔

کمپنی نے اپنے افعال کا آغاز کیا اور اس میں کام کرنے کے لئے عملہ کو بھرتی کیا جس کی وجہ سے گزشتہ ایک سال سے اس کے انتظامی اور ترسیلات کے اخراجات میں اضافہ ہوا تاہم انتظامیہ نے اخراجات میں اضافہ کے تناسب کو محدود کیا ہے اور فی حصص آمدنی 2.63 روپے حاصل کی جو کہ گزشتہ آمدنی میں اضافہ کے تناسب کے مقابلے میں اخراجات کا کم تناسب ہے۔

سال کے دوران کمپنی کے کاروباری سرگرمیوں میں توسیع کی وجہ سے انتظامیہ نے یہ فیصلہ کیا کہ وہ ان سرگرمیوں کو اہم جگہوں پر مرتب کرے اس کے علاوہ فنڈز کی کمی اور انضمام میں تاخیر کی وجہ سے یہ تشخیص کی گئی کہ کمپنی موجودہ حالات میں کسی بھی دیگر جگہ کو حاصل کرنے کیلئے اخراجات برداشت نہیں کر سکتے۔ لہذا پیشگی رقم واپس لے لی گئی اور کرایہ کی بنیاد پر دیگر جگہوں کا انتظام کیا گیا جہاں پر تزمین و آرائش کے کام کے بعد کمپنی منتقل ہو جائے گی۔

کمپنی نے سوف ویز کے استعمال کیلئے لائسنس حاصل کر لیا تھا تا کہ فروخت کے حوالے سے آمدنی میں اضافہ کیا جاسکے لیکن اس سرگرمی کی وجہ سے مطلوبہ نتائج حاصل نہ ہو سکے۔ لہذا انتظامیہ نے سوف ویز فراہم کرنے والے سے درخواست کی کہ وہ سوف ویز کی خریداری کے معاہدے میں ترمیم کرے تاکہ کمپنی اپنی ترسیلات کے سلسلے کو منظم کرتے ہوئے اسے استعمال کر سکے اور موثر طور پر ہیومن ریسورس میں کمی جاسکے۔

کاروبار اور منافع کے شروع ہونے کے باوجود کمپنی کے ڈائریکٹرز اب تک کمپنی سے کوئی بھی اجرت حاصل نہیں کر سکے ہیں۔ اس طرح کمپنی کے اخراجات کو تحفظ دیا ہے۔

## مسئلہ کا اندازہ

بجٹ 2020 میں ہماری توجہ کمپنی کے ورکنگ کیپٹل میں اضافہ بشمول مزید ایکویٹی کے توسط سے زیادہ سے زیادہ رقم کے حصول اور کاروباری امور میں اضافہ پر رہی جس سے ہمیں مندرجہ ذیل میں مدد ملے گی۔

☆ کمپنی استعمال شدہ ذاتی کمپیوٹرز، لیپ ٹاپ اور نوٹ بکس کے کاروبار میں شامل ہوئی ہے اور اس کے لئے ایک بڑی مارکیٹ دستیاب ہے لیکن مالیاتی رکاوٹ اور محدود لیکویڈٹی کی وجہ سے یہ سرگرمیاں محدود ہیں۔ یہ سرمایہ کمپنی کو ان تمام مارکیٹ پر مستقل توجہ رکھنے میں مدد دے گا اور منافع کے حجم میں اضافہ کرے گا۔

☆ فروخت کے حجم میں اضافے کی وجہ سے کمپنی اپنی فی یونٹ لاگت میں کمی لانے اور مارکیٹ میں رائج خام منافع کی شرح میں اضافہ کرنے کے لئے قابل ہو جائے گی۔

☆ ہم یہ بھی چاہتے ہیں کہ ان سیکٹرز میں سرمایہ کاری کریں جس میں انفارمیشن ٹیکنالوجی بھی شامل ہے تاکہ زیادہ سے زیادہ منافع حاصل کر سکیں تاکہ کمپنی کسی بھی ایک سیکٹر پر انحصار نہ کرے۔



☆ بنیادی طور پر سرمایہ کو محفوظ سرمایہ کاری میں شامل کیا جائے گا تاکہ زیادہ کریڈٹ کی رینٹنگ کی ڈیپت سکیورٹیز کو محفوظ فراہم کیا جائے اس کے علاوہ مزید ریٹرن میں اضافہ کے بغیر ورکنگ سرمایہ حاصل نہیں ہو سکتا۔

## نگراں اداروں کی پاسداری

ہم آپ کو مطلع کرتے ہوئے خوشی محسوس کر رہے ہیں کہ آپ کی کمپنی نے نگراں اداروں بشمول سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان اسٹاک ایکسچینج کی جانب سے بتائی گئی/مطلع کردہ تمام نقائص پر قابو پا لیا۔

سال کے دوران، PSX نے نہ صرف کمپنی کے نام کو بحال کیا ہے بلکہ کمپنی کے حصص میں تجارت کو بھی بحال کیا ہے۔ لہذا اس وقت کوئی بھی ایسا معاملہ زیر التواء نہیں ہے اور بورڈ آف ڈائریکٹرز نے گزشتہ کئی سالوں میں ہونے والے تمام ڈیفالٹس کا خاتمہ کیا ہے۔

## منافع محسوس

سال کے دوران کمپنی کو منافع ہوا اور جمع شدہ خسارہ فاضل منافع میں تبدیل ہو گیا ہے۔ تاہم کمپنی کو اپنے کاروبار میں مزید ترقی اور مطلوبہ فنڈز میں الحاق میں تاخیر کے باعث مطلوبہ فنڈز کا انتظام نہیں کیا جاسکا۔ لہذا یہ صورتحال اس بات کی اجازت نہیں دیتی کہ اس وقت منافع منقسمہ کی تقسیم پر غور کیا جائے، لہذا بورڈ نے اس سال کسی منافع منقسمہ کی سفارش نہیں کی ہے۔ تاہم جیسا کہ پہلے بتایا گیا ہے کہ ہم آگے کی طرف بڑھ رہے ہیں اور توقع ہے کہ کاروباری اہداف کے حصول کے بعد اگلے سال 2018-2019 کے لئے منافع منقسمہ کا اعلان بہت جلد کیا جائے گا۔

## لاکھوانی سیکورٹیز (پرائیویٹ) لمیٹڈ کے الحاق کا مرحلہ

گزشتہ مالیاتی سال کے دوران کمپنی کے ممبران نے لاکھوانی سیکورٹیز (پرائیویٹ) لمیٹڈ کا ہال مارک کمپنی میں اور اس کے ساتھ انضمام منظور کر لیا۔ اس کی منظوری 37 ویں اجلاس عام میں لی گئی تھی۔ اس طرح الحاق کی کارروائی شروع کی گئی تھی لیکن اچانک ان معاملات کے حصول میں 18 ماہ سے زائد طویل عرصہ گزر گیا اور الحاق کا یہ مرحلہ اب تک مکمل نہیں ہوا ہے اور یہ امید نہیں ہے کہ کسی بھی وقت اسے شامل کیا جاسکے۔ لہذا بورڈ آف ڈائریکٹرز نے فیصلہ کیا ہے کہ الحاق کے سلسلے میں داخل کی گئی درخواست سے دستبردار ہوا جائے اور دیگر ذرائع سے نئے فنڈز حاصل کئے جائیں جو کہ مزید سرمایہ کے اجراء کیلئے بے حد ضروری ہے۔

## بورڈ کی کامیابی کی تفصیل اور ڈائریکٹرز کا ترقیاتی پروگرام

بورڈ نے سالانہ کارکردگی کی تشخیص کا ایک مکینزم ترویج کیا ہے۔ بورڈ کا ہر ممبر بورڈ کے تمام اجلاسوں میں اپنی فعال شرکت کو یقینی بناتا ہے۔ کلیدی معاملات پر تفصیلی بحث کی جاتی ہے اور انتظامیہ کو واضح ہدایات فراہم کی جاتی ہیں، جن پر عملدرآمد کو بورڈ اور اس کی کمیٹیوں کی جانب سے ہر قاعدہ نگرانی کی جاتی ہے۔ بورڈ اس بات کو یقینی بناتا ہے کہ کمپنی ادارتی نظم و ضبط کے بہترین طور طریقوں کو اختیار کرے۔ بورڈ نے ہر سہ ماہی میں کاروباری کارکردگی کا جائزہ لینے کی منصوبہ بندی کی ہے تاکہ اس میں مزید بہتری لائی جاسکے۔

لسڈ کمپنیوں (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 کی شقوں کی پاسداری کرتے ہوئے ڈائریکٹرز کے تربیتی پروگرام کی پلاننگ بھی موجودہ مالیاتی سال میں کی گئی چنانچہ کمپنی کے محدود فنڈز اور ڈائریکٹرز کے تربیتی ہدف اور تربیت کی وجہ سے یہ ہدف حاصل نہ کر سکے۔ جہاں تک فنڈز کو شامل کرنے کا معاملہ ہے تو فوری طور پر مذکورہ کوڈ پر عمل درآمد کیا جانا ہے۔

## آڈٹرز

موجودہ آڈیٹرز میسرز ایس ایم سہیل اینڈ کو، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو رہے ہیں اور کمپنی کے آڈیٹرز کی حیثیت کے لئے اہل ہیں۔ آڈٹ کمپنی کی تجویز پر بورڈ نے میسرز ایس ایم سہیل اینڈ کو، چارٹرڈ اکاؤنٹنٹس کی بطور آڈیٹر دوبارہ تقرری کی سفارش کی ہے۔

## ادارتی سماجی ذمہ داری

ترقی پذیر ممالک جیسے پاکستان میں مل جل کر کام کرنے کی شدید ضرورت ہے کہ تاکہ سماجی مسائل کو موثر اور مستعد انداز میں ممکنہ طور پر حل کیا جاسکے۔ کمپنی اپنے ملازمین اور تمام مستفیدان کے ساتھ مل کر سماجی ذمہ داریوں سے عہدہ برآں ہونے کی اہمیت کو سمجھتی ہے۔ بنیادی عناصر جن پر ہمارے معاشرے میں توجہ دینے کی ضرورت ہے وہ تعلیم، صحت اور تحفظ، حقوق نسواں، معاشی مواقع، یکساں حقوق، قانون کا نفاذ اور ماحولیاتی تحفظ اور معاشرتی امداد شامل ہے۔

اس وقت، وسائل کی کمی کی وجہ سے، کمپنی مالی مدد فراہم نہیں کر سکتی۔ تاہم کمپنی اس کو بات تسلیم کرتی ہے اور اپنی ذمہ داریوں سے عہدہ برآں ہونے کے لئے مندرجہ ذیل اقدامات کر رہی ہے:

صرف ان کمپنیوں کی مصنوعات خریدی جائیں جو کہ بطور ”انرجی اسٹار“ تصدیق شدہ ہیں اور صرف ان مصنوعات کو فروخت کیا جائے جو کہ دوبارہ قابل استعمال اور توانائی کی بچت کے قابل ہوں۔ اس کی پاسداری کے لئے مصنوعات کی تصدیق پر سختی سے عمل کیا جاتا ہے۔ کاغذ کا استعمال جہاں تک ممکن ہو سختی سے کم سے کم کیا جاتا ہے۔ ایسی پالیسیاں اختیار کی جاتی ہیں جو کہ ماحولیاتی تحفظ کے لئے سازگار ہوں۔

کمپنی نے اعلیٰ تعلیم اور طبی ضرورت کی صورت میں اپنے ملازمین کے لئے بلا سود قرضہ حسہ کی پالیسی وضع کی ہے۔

## ادارتی نظم و ضبط کی پاسداری

سال 30 جون 2019 کے دوران سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے وضع کردہ لسڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 کے متعلقہ مطلوبات کی پاسداری کی گئی۔ اس سلسلے میں ایک بیان اس رپورٹ کے ساتھ منسلک ہے۔

## شاہد اخلاق اور کاروباری طور طریقوں سے حلقہ میان

جہاں تک قابل عمل ہے، بورڈ نے کاروباری اور اخلاقی طور طریقوں سے متعلق بیان کو اختیار کیا ہے اور کمپنی تسلسل کے ساتھ اس کے نفاذ میں بہتری کے لئے کوشاں ہے۔



## آؤٹ کمیٹی

لسڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشن 2017 کے تحت کمپنی نے آؤٹ کمیٹی تشکیل دی ہے۔ کمیٹی کے چیئرمین انفرادی ڈائریکٹر ہیں اور یہ کمیٹی درج ذیل تین ممبران پر مشتمل ہے:

جناب زبیر احمد خان	چیئرمین اینڈ ممبر
جناب احتشام اشرف	ممبر
محترمہ مہناز منظور	ممبر

آؤٹ کمیٹی نے اس سال کے دوران 4 مرتبہ میٹنگ منعقد کی ہے اور میٹنگ کے تمام ممبران نے تمام میٹنگز میں شرکت کی ہے۔

## ہیومن ریسورس اور اجرتی کمیٹی:

لسڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشن 2017 کے تحت کمپنی نے ہیومن ریسورس اور اجرتی کمیٹی تشکیل دی ہے۔ یہ کمیٹی درج ذیل تین ممبران پر مشتمل ہے:

جناب سعد آفتاب شمس	چیئرمین اینڈ ممبر
جناب محمد فرخ بشیر	ممبر
جناب عبدالرحیم	ممبر

کمیٹی کے چیئرمین جو کہ ایک انفرادی ڈائریکٹر ہیں۔ کمیٹی نے اس سال کے دوران 4 مرتبہ میٹنگ منعقد کی ہے اور میٹنگ کے تمام ممبران نے تمام میٹنگز میں شرکت کی ہے۔

## ادارتی مالیاتی رپورٹنگ کا فریم ورک

- کمپنی کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے کمپنی کے معاملات، اس کے کاروباری نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کو شفافیت کے ساتھ پیش کرتے ہیں۔
- کمپنی میں حسابات کی کتابیں مناسب انداز میں بنائی گئی ہیں۔
- درست حساباتی پالیسیوں کو تسلسل کے ساتھ مالیاتی گوشواروں کی تیاری کے دوران ملحوظ خاطر رکھا گیا ہے اور حساباتی تخمینوں کی بنیاد معقول اور مضبوط فیصلوں پر منحصر ہے۔
- مالیاتی گوشواروں کی تیاری کے دوران عالمی مالیاتی رپورٹنگ معیارات، جو پاکستان میں لاگو ہیں، کو ملحوظ خاطر رکھا گیا ہے۔
- کمپنی کی فعال ادارے کی صلاحیت برقرار رہے گی۔
- لسڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 میں دئے گئے ادارتی نظم و ضبط کے بہترین طور طریقوں سے کوئی قابل گرفت انحراف نہیں کیا گیا۔

- گزشتہ چھ سالوں کے اہم مالیاتی اور کارہاری اعداد و شمار رپورٹ کے ساتھ منسلک ہیں۔
- سال کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس ہوئے اور ہر ڈائریکٹر کے حاضری اجلاسوں کی تعداد درج ذیل ہے:

ڈائریکٹر کا نام	حاضری اجلاسوں کی تعداد
جناب محمد فرخ بشیر	4
جناب سعد اے شمس	2
جناب ایس محمد عمران	4
جناب حارث اے شمس	3
جناب احتشام اشرف	3
جناب نوید حمید	4
جناب زبیر احمد خان	4
محترمہ مہناز منظور	0
جناب عبدالرحیم	0

- 30 جون 2019 کو حصص داری کی ساخت سالانہ رپورٹ میں شامل کی گئی ہے۔
- سال کے اختتام پر عمومی مجموعی منافع اور کارہار کے ابتدائی مرحلے کی وجہ سے کمپنی اس پوزیشن میں نہیں ہے کہ منافع منقسمہ کا اعلان کرے۔

## مزاد

کمپنی کے ڈائریکٹرز اس موقع پر اپنے تمام مستفیدان کی حوصلہ افزائی اور مسلسل تعاون پر ان کے مشکور ہیں اور ہم امید کرتے ہیں کہ کمپنی سے آپ کا تعاون مستقبل میں بھی جاری رہے گا جس سے ہم مل جل کر کمپنی کے اہداف حاصل کرنے میں کامیاب ہو جائیں گے۔ مزید ہم کمپنی کی انتظامیہ اور معاون عملہ کی تسلی بخش کارکردگی اور فرائض کی انجام دہی میں خلوص پر انہیں ستائش پیش کرتے ہیں اور سال بھر تمام حکومتی اداروں، آڈیٹرز، ایس ای سی پی، پی ایس ایکس اور تجارتی بینکوں کے قابل قدر تعاون اور مدد پر ان کے انتہائی مشکور ہیں۔

فرخ بشیر

ڈائریکٹر

July 08, 2019

Page 21

نوید حامد

چیف ایگزیکٹو

July 08, 2019

**HALLMARK COMPANY LIMITED**  
**Pattern of Shareholding**  
**As at June 30, 2019**

Number of Shareholders	Shareholding			Number of Shares Held
	From		To	
193	1	-	100	19,300
94	101	-	500	29,270
18	501	-	1000	14,600
35	1001	-	5000	87,710
4	5001	-	10000	29,400
0	10001	-	20000	0
0	20001	-	30000	0
1	30001	-	40000	30,920
6	40001	-	50000	288,800
<b>351</b>				<b>500,000</b>

**Categories of Shareholders**

S.No.	Shareholder's Category	Number of Shareholders	Number of Shares	Percentage %
1	Directors /Chief Executive Office and their spous and minor children	10	208,000	41.60
2	NIT & ICP	1	200	0.04
3	General public	339	291,700	58.34
4	Others	1	100	0.02
		<b>351</b>	<b>500,000</b>	<b>100</b>

# HALLMARK COMPANY LIMITED

## Pattern of Shareholding

As at June 30, 2019

S. No.	Shareholder's Category	Number of Shareholders	Number of Shares Held	Category Wise No. of Shares	Percentage %
1	<b>Directors/Chief Executive Office</b>	10		208,000	41.6
	Mrs. Mehnaz Manzoor		49,500		
	Mr. Muhammad Adil		48,500		
	Mr. S. M. Imran		48,000		
	Mr. Abdul Rahim		47,000		
	Mr. Muhammad Farrukh Bashir		2,500		
	Mr. Saad A. Shamsi		2,500		
	Mr. Ahtesham Ashraf		2,500		
	Mr. Zubair Ahmed Khan		2,500		
	Mr. Naveed Hamid		2,500		
	Mr. Haris Aftab Shamsi		2,500		
2	<b>Banks, DFIs, NBFIs, Insurance, Modarabas, Mutual Funds &amp; Others.</b>	2		300	0.06
	Investment Corporation of Pakistan		200		
	Karachi Investment Trust Limited		100		
<b>Shareholders holding 5% or more voting rights</b>					
	<b>Total Paid up Capital</b>	<b>500,000</b>	<b>Shares</b>		
	<b>5% of the Paid Up Capital</b>	<b>25,000</b>	<b>Shares</b>		
	<b>Directors &amp; Associates</b>			<b>Holding</b>	<b>%</b>
	Mrs. Mehnaz Manzoor			49,500	9.9
	Mr. Muhammad Adil			48,500	9.7
	Mr. S. M. Imran			48,000	9.6
	Mr. Abdul Rahim			47,000	9.4
	<b>Others</b>				
	Mr. Shahab Ahmed			48,500	9.7
	Mr. Bilal Ahmed			47,300	9.5
	Mrs. Chaman Ara			30,920	6.2



## HALLMARK COMPANY LIMITED

KEY FINANCIAL DATA FOR LAST SIX YEARS						
	June, 2019	June, 2018	June, 2017	December, 2016	December, 2015	December, 2014
Total sales revenue	18,121,036	14,844,275	4,169,260	-	-	-
Cost of sales	(12,105,431)	(10,551,973)	(2,560,662)	-	-	-
Gross profit	6,015,605	4,292,302	1,608,598	-	-	-
Other income	215,500	1,780,000	1,165,000	1,898,238	300,000	300,000
Administration expenses	(2,934,607)	(2,541,520)	(450,515)	(985,405)	(125,000)	(144,192)
Other expenses	(1,301,175)	(1,270,260)	(395,148)	(275,000)	-	-
Profit before taxation	1,995,323	2,260,521	1,927,936	912,833	175,000	155,808
Taxation - net	(680,873)	(131,975)	(100,424)	-	-	-
Profit after taxation	1,314,450	2,128,546	1,827,511	912,833	175,000	155,808
Earning per share	2.63	4.26	3.66	1.28	0.35	0.31
Shareholders equity excluding loan	6,329,810	5,015,360	2,886,815	1,059,304	421,471	246,471
Non current assets	4,192,597	5,329,194	2,537,964	1,775,473	1,775,473	1,775,473
Cash and bank balances	587,269	280,954	498,507	192,691	487,373	212,373
Trade debts	1,296,906	1,003,564	1,095,446	-	-	-
Total debt - Financing	300,000	1,800,000	1,500,000	250,000	-	-
Creditor and other payable	1,219,179	1,358,387	799,371	500,000	500,000	500,000
Tax payable	359,177	15,980	44,693	-	-	-
Total Assets at book value	8,274,018	8,223,491	5,286,610	2,318,164	3,165,323	2,990,323

## **Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017**

**Name of Company: Hallmark Company Limited**

**Year ending: June 30, 2019**

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 07 as per the following:
  - i. Male: 06
  - ii. Female: 01
2. The composition of board is as follows:
  - i. Independent Directors: 02
  - ii. Other Non-executive Director: 04
  - iii. Executive Directors: 01
3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 and these Listed Companies (Code of Corporate Governance) Regulations, 2017.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of the Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2017 with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2017.
9. The Board shall arrange Directors' Training program in due course of time.
10. The board has approved appointment of CFO and Company Secretary including their remuneration and terms and conditions of employment and complied with relevant requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017.

11. CFO and CEO duly endorsed the financial statements before approval of the board. However, head of Internal Audit is not yet been appointed due to the heavy cost involved in his appointment as the business has recently commenced.

12. The board has formed committees comprising of members given below:

**Audit Committee**

Mr. Zubair Ahmed Khan	Chairman and Member
Mr. Ahtesham Ashraf	Member
Mrs. Mehnaz Manzoor	Member

**HR and Remuneration Committee**

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

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of quarterly meetings of the committee were as per following:

Audit Committee	4 meetings were held during FY 2019
HR and Remuneration Committee	4 meetings were held during FY 2019

15. The board has set up an effective internal audit function, which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Companies Act, 2017, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

On behalf of the Board of directors

---

**S. Muhammad Imran**  
**Chairman**

Karachi  
Dated: July 8<sup>th</sup>, 2019

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF HALLMARK COMPANY LIMITED**

**Review Report on the Statement of Compliance Contained in the Listed Companies  
(Code of Corporate Governance) Regulations, 2017**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **Hallmark Company Limited** (the Company) for the year ended June 30, 2019 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2019.

Further, we highlight below instance of non-compliance with the requirement of the Regulations as reflected in the note reference where it is stated in the Statement of Compliance:

<b>Note Reference</b>	<b>Description</b>
09	The Board has not arranged Director's Training Program for half of its directors on their Board
11	There was no appointment of head of Internal Audit during the year.

*S.M. Suhail & Co.*

S.M. Suhail & Co.  
Chartered Accountants  
Karachi.

Engagement Partner: S. M. Suhail, FCA

Our Ref: SMS-A-2572019  
Date: July 08, 2019

## INDEPENDENT AUDITORS' REPORT

**TO THE MEMBERS OF** **HALLMARK COMPANY LIMITED**  
**ON THE AUDIT OF THE** **FINANCIAL STATEMENTS OF JUNE 30, 2019**

### Opinion

We have audited the annexed financial statements of *Hallmark Company Limited* (the Company), which comprise the statement of financial position as at June 30, 2019, and the statement of profit or loss, statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the Key Audit Matters to be communicated in our report:

S. No.	Key audit matters	How the matters were addressed in our audit
1	<b>Value of stock in trade</b>	
	<p>The Company is claiming to face shortage of funds and in spite of this it has significant amount of stock of used computers and allied equipment. This increase in stock was observed in last quarter of the financial year therefore the risk of overstatement was significant.</p> <p>Due to the significance of the amount and degree of risk involved we considered this matter as key audit matter.</p>	<p>Our audit procedures which we performed include the following:</p> <p>Observing the physical inventory count at year end with special focus on physical condition and model of items to counter check need of write down in stock.</p> <p>Enquiring management for the reason of increase in purchases during the last quarter and verifying consistency and adequacy of the reason provided with other corroborative evidences.</p> <p>Evaluating the valuation method being used and examining the valuation and related documentation to recalculate the rate on test basis to work out the exact value of the stock.</p> <p>Obtaining management's assessment of net realizable value of the stock and comparing it with cost of the assets for recognition of stock at lower of cost or net realizable value.</p> <p>Examining of sale agreements with customers to assess need of immediate availability of stock in hand and at to compare realizable value.</p>

2.	Changes in intangible asset	
	<p>As referred in notes 2.3 and 7 to the accompanying financial statements, license for sale of ERP "Entrepreneur Resource Planning" has been surrendered by the Company to the provider in exchange of a new license of ERP to be used in operations of the Company. It involves transfer of significant amount of funds and further involved complex computation of gain/ loss on exchange of license.</p> <p>Due to the involvement of significant management's judgment in evaluating the availability of intangible for use during the year, and its related impact on profit or loss we considered this matter as key audit matter.</p>	<p>Our audit procedures which we performed include the following:</p> <p>Obtaining the exact date of decision for discontinuing the use of license and computing the amortization on the asset till date of discontinuation. We computed the gain on exchange of intangible based on the carrying value of the intangible at the date of discontinuation and the consideration received partially in cash and remaining in shape of another license.</p> <p>Examining the revised agreement of license and ascertaining the date of availability for use and computed amortization accordingly to reach carrying amount at the end of reporting period.</p> <p>Examining communication with ERP provider and verifying the consent over discount on the amount refunded. We also reviewed the related documentation to understand the terms involved in exchange.</p> <p>Enquiring management for the reason of discontinuing the sale license and verifying the consistency of the reason with the other corroborative evidences like revenue generated from license in past periods and cost incurred to generate that revenue.</p> <p>Obtaining management's assessment for need of impairment of intangible asset and verify the assessment basis whether it is correct or there is any need of impairment.</p> <p>Checked accuracy of the amount of amortization and gain on exchange recognized in statements with appropriateness of disclosures involved.</p>



3	<b>Adoption of IFRS-15 “Revenue from Contracts with Customers”</b>	
	<p>As referred in note 3.3 of the accompanying financial statements, the IFRS-15 “Revenue from Contracts with Customers” has been notified by the Securities and Exchange Commission of Pakistan (SECP) for adoption with effect from financial year beginning on or after July 1, 2018. IFRS-15 became applicable for financial reporting of revenue and related assets and liabilities in Pakistan and the Company has adopted IFRS-15 from July 1, 2018.</p> <p>The IFRS-15 replaced IAS-11 “Construction Contracts”, IAS-18 “Revenue”, and the other related interpretations. It provided five step model framework to recognize revenue. The framework is; identify contract, identify performance obligation, determine transaction price, allocate transaction price to each performance obligation and recognize revenue as and when the entity satisfies the performance obligation.</p> <p>We considered the adoption of IFRS-15 as a key audit matter because of the volume and significance of the revenue and probable impact of the change in accounting policy related to recognition criteria of revenue and related disclosures in the financial statements resulting from the adoption.</p>	<p>Our audit procedures which we performed include the following:</p> <p>We understand and assessed the adequacy of the procedures adopted by the management for identification of the required changes in the time and valuation of revenue recognition due to the application of the IFRS-15.</p> <p>We considered the application IFRS 15 specific to the Company in measurement and recognition of revenue and matched the management's adopted treatment with our understanding. We also compared the outcome of changed recognition criteria of revenue based on new requirement as compared to the previous criteria.</p> <p>We considered the adequacy and appropriateness of the additional disclosures presented for change in accounting policy in accordance with the IAS-8 “Accounting policies, changes in accounting estimates and errors”.</p>

### **Information Other than the Financial Statements and Auditor’s Report Thereon**

Management is responsible for other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Mr. S. M. Suhail, FCA.



S. M. Suhail & Co.  
Chartered Accountants  
Karachi

Our Ref: SMS-A-2582019  
Date: July 08, 2019

**HALLMARK COMPANY LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2019**

<b>ASSETS</b>	<i>Note</i>	<b>2019 Rupees</b>	<b>2018 Rupees</b>
<b>Non Current Assets</b>			
Furniture, fixtures and office equipment	6	<b>907,597</b>	782,194
Intangibles	7	<b>1,785,000</b>	4,047,000
Advance for purchase of office		-	500,000
Security deposit for rent		<b>1,500,000</b>	-
		<b>4,192,597</b>	5,329,194
<b>Current Assets</b>			
Stock in trade	8	<b>2,044,149</b>	1,516,842
Trade debts - considered good		<b>1,296,906</b>	1,003,564
Loans and advances - unsecured, interest free		<b>153,097</b>	92,937
Cash and bank balance	9	<b>587,269</b>	280,954
		<b>4,081,421</b>	2,894,297
<b>TOTAL ASSETS</b>		<b>8,274,018</b>	8,223,491
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital And Reserves</b>			
Authorized Share Capital			
1,000,000 (2018: 1,000,000) Ordinary Shares of Rs. 10/- each		<b>10,000,000</b>	10,000,000
Issued, subscribed and paid-up capital	10	<b>5,000,000</b>	5,000,000
Accumulated profit		<b>1,329,810</b>	15,360
Capital contribution from Directors	11	<b>300,000</b>	1,800,000
		<b>6,629,810</b>	6,815,360
<b>Non Current Liabilities</b>			
Deferred tax liability	12	<b>65,852</b>	33,764
<b>Current Liabilities</b>			
Trade creditor		<b>314,504</b>	183,465
Contract liabilities		<b>411,174</b>	260,000
Accrued and other payable	13	<b>470,351</b>	891,772
Unclaimed dividends	14	<b>23,150</b>	23,150
Provision for taxation		<b>359,177</b>	15,980
		<b>1,578,356</b>	1,374,367
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,274,018</b>	8,223,491
Contingencies and commitments	15	-	-

*The annexed notes from 1 to 29 form an integral part of these financial information.*

\_\_\_\_\_  
**Chief Executive**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Chief Financial Officer**

**HALLMARK COMPANY LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<i><b>Note</b></i>	<i><b>2019</b></i> <i><b>Rupees</b></i>	<i><b>2018</b></i> <i><b>Rupees</b></i>
Sales	16	<b>18,121,036</b>	14,844,275
Cost of sales	17	<b>(12,105,431)</b>	(10,551,973)
Gross profit		<b>6,015,605</b>	4,292,302
Administrative and selling expenses	18	<b>(2,934,607)</b>	(2,541,520)
Operating profit		<b>3,080,998</b>	1,750,782
Other income	19	<b>215,500</b>	1,780,000
Other expenses	20	<b>(1,301,175)</b>	(1,270,260)
Profit before taxation		<b>1,995,323</b>	2,260,521
Taxation	21	<b>(680,873)</b>	(131,975)
Profit after taxation		<b>1,314,450</b>	2,128,546
Earning per share	22	<b>2.63</b>	4.26

*The annexed notes from 1 to 29 form an integral part of these financial information.*

\_\_\_\_\_  
**Chief Executive**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Chief Financial Officer**

**HALLMARK COMPANY LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>2019</b> <b><i>Rupees</i></b>	2018 <i>Rupees</i>
Profit after taxation	<b>1,314,450</b>	2,128,546
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b><u>1,314,450</u></b>	<u>2,128,546</u>

*The annexed notes from 1 to 29 form an integral part of these financial information.*

---

Chief Executive

---

Director

---

Chief Financial Officer

**HALLMARK COMPANY LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Issued, subscribed and paid-up capital</b>	<b>Accumulated profit/ (loss)</b>	<b>Capital contribution from Directors</b>	<b>Total</b>
	----- (Rupees) -----			
<b>Balance as at June 30, 2017</b>	<b>5,000,000</b>	<b>(2,113,186)</b>	<b>1,500,000</b>	<b>4,386,814</b>
Total comprehensive income for the year	-	2,128,546	-	2,128,546
Capital contribution received from directors	-	-	300,000	300,000
<b>Balance as at June 30, 2018</b>	<b>5,000,000</b>	<b>15,360</b>	<b>1,800,000</b>	<b>6,815,360</b>
Total comprehensive income for the year	-	1,314,450	-	1,314,450
Capital contribution returned to directors	-	-	(1,500,000)	(1,500,000)
<b>Balance as at June 30, 2019</b>	<b>5,000,000</b>	<b>1,329,810</b>	<b>300,000</b>	<b>6,629,810</b>

The annexed notes from 1 to 29 form an integral part of these financial information.

\_\_\_\_\_  
**Chief Executive**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Chief Financial Officer**



**HALLMARK COMPANY LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>2019</b> <i>Rupees</i>	2018 <i>Rupees</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	<b>1,995,323</b>	2,260,521
<b>Adjustments for:</b>		
Depreciation	<b>84,638</b>	90,769
Amortization	<b>263,500</b>	213,000
Gain on intangible	<b>(215,500)</b>	-
Gain on sale of land	-	(1,230,000)
Operating Profit Before Working Capital Changes	<b>2,127,961</b>	1,334,291
<b>Changes in working capital</b>		
<b>(Increase)/ decrease in current assets:</b>		
Stock in trade	<b>(527,307)</b>	(512,149)
Trade receivable	<b>(293,342)</b>	91,882
Other receivable	<b>(60,160)</b>	57,063
<b>Increase / (decrease) in current liabilities:</b>		
Trade creditor	<b>131,039</b>	(312,413)
Contract liabilities	<b>151,174</b>	205,000
Other payable	<b>(421,421)</b>	666,429
Total Changes In Working Capital	<b>1,107,943</b>	1,530,103
Taxes paid	<b>(305,588)</b>	(182,656)
Net Cash Inflow From Operating Activities	<b>802,355</b>	1,347,447
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of land	-	2,895,000
Payment for procurement of fixed assets	<b>(210,040)</b>	-
Refund from intangible	<b>2,214,000</b>	-
Proceeds from/ (payment) for advance for office premises	<b>500,000</b>	(500,000)
Payment for security deposit	<b>(1,500,000)</b>	-
Paid for intangible	-	(4,260,000)
Net Cash Inflow/ (Outflow) From Investing Activities	<b>1,003,960</b>	(1,865,000)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of capital contribution	<b>(1,500,000)</b>	-
Receipts of capital contribution from director	-	300,000
Net Cash (Outflow)/ Inflow From Financing Activities	<b>(1,500,000)</b>	300,000
Net increase/ (decrease) in cash and cash equivalents	<b>306,315</b>	(217,553)
Cash and cash equivalents at the beginning of the year	<b>280,954</b>	498,507
<b>Cash and cash equivalents at the end of the year</b>	<b>587,269</b>	280,954

*The annexed notes from 1 to 29 form an integral part of these financial information.*

\_\_\_\_\_  
**Chief Executive**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Chief Financial Officer**

**HALLMARK COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 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. The Company is listed on Pakistan Stock Exchange.

With promulgation of Insurance Ordinance, 2000 requirement of minimum paid up capital was introduced. The Company did not find itself in a position to increase its paid up capital to the required minimum level of Rs. 350 million and had ceased to underwrite insurance business w.e.f. January 01, 2003 and subsequently the Company voluntarily got its insurance license revoked on November 22, 2016.

After revocation of insurance license the Company's principal business activity comprises of engaging in trading of used laptops, used personal computer and, development and sale of software and provision of allied services. The Company has commenced its new trading business activities in financial year 2017 and successfully carrying its business activities.

**Geographical location and address of business units**

**Address**

Suite 1001, Uni Centre, I.I. Chundrigar Road, Karachi.

**Purpose**

Registered office

**2 SIGNIFICANT TRANSACTIONS AND EVENTS THAT EFFECTED THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE**

**2.1 Compliance of Regulatory Bodies**

During the current year under review, the Company has successfully able to induct its ordinary shares into Central Depository System and consequently the name of the Company has also been shifted to normal counter of the Pakistan Stock Exchange and now trading in shares of the Company has commenced.

**2.2 Merger Process**

As the process of merger is taking too long to approve therefore, the Board of directors are considering other means of injecting funds into the company through capital.

**2.3 Alteration in Software License**

The software license initially procured for generating revenue has been replaced by the software developer by single user license at the request of the Company and any inventory of PINs outstanding at date of conversion has been acquired by the developer at carrying amount. For details refer note 7.

**3 BASIS OF PREPARATION**

**3.1 STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions and directives issued under the Companies Act, 2017. Where provisions and directives issued under the Companies Act, 2017 are differ, from the IFRSs, the provisions and directives issued under the Companies Act, 2017 shall prevail.

**3.2 BASIS OF MEASUREMENT**

These financial statements have been prepared under historical cost convention and on an accrual basis of accounting, except for cash flow information reported in statement of cash flows.

**HALLMARK COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**3.3 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES**

The Company has adopted International Financial Reporting Standard - 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 are not expected to have a material effect on the company's financial statements.

During the year, 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:

**3.3.1 IFRS 15 'Revenue from Contracts with Customers'**

The adoption of IFRS 15 has replaced IAS 18 "Revenue", IAS 11 "Construction Contracts" and related interpretations. Previously the Company was recognizing and measuring its revenue based on the requirements of IAS 18 which requires that the revenue shall be recognized at the time when significant risk and rewards incidental to the ownership of goods is transferred to the buyer and in case of services, stage of completion as at the end of reporting period shall be followed. It further required that the revenue shall only be recognized if future economic benefit associated with goods and services is probable to flow to the entity and the amount of revenue can be measured reliably. There were different recognition criteria for goods and services. IFRS 15 provides a model of framework comprises of 5 steps. It recognizes that there shall always be a contract to generate revenue either express or implied. The five step model of IFRS 15 comprises of 1) identifying contract with customer; 2) identifying performance obligation; 3) determining transaction price; 4) allocating transaction price to each performance obligation; and 5) recognizing revenue as and when the performance obligation is satisfied. The five step model is equally applicable to both services and goods, further IFRS 15 requires special attention towards identification of every performance obligation separately and allocation of transaction price over every identified performance obligation.

The Company is engaged in trading of used imported computer and I.T. equipments, development and sale of software and provision of allied services. Generally the contracts which the Company enters into with its customers include single performance obligation. Management has concluded that revenue from sale of goods and services be recognized 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 and rewards 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 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 financial statements of the Company.

**3.4 Standards, interpretations, amendments to published approved accounting standards that are effective in the current year**

In addition to IFRS 15 "Revenue from contracts with customers", there are certain new and amended standards, interpretations and amendments, that are mandatory for the accounting periods beginning on or after July 1, 2018. These amendments do not have any significant effect on these financial statements.

IFRS-12	Disclosure of Interests in Other Entities (Amendments regarding the application of the consolidation exception)
IAS-7	Statement of Cash Flows - Disclosure initiative
IAS-12	Income Taxes - Recognition of deferred tax assets for unrealized losses

**HALLMARK COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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

The following standards, amendments and interpretations of approved accounting standards will be effective for the Company, for the accounting periods beginning on or after 01 July 2019:

		Annual period beginning on or after
IFRS-3	Business Combinations - Re-measurement of previously held	January 1, 2019
	Amendments to clarify the definition of business	January 1, 2020
IFRS-9	Financial Instruments (Original issue)	July 1, 2019
IFRS-11	Joint Arrangements - Re-measurement of previously held interest	January 1, 2019
	(Amendments)	
IFRS-16	Leases (Original issue)	January 1, 2019
IAS-12	Income Taxes - Income tax consequences of dividends	January 1, 2019
IAS-19	Employees Benefits - Plan Amendment, Curtailment or Settlement	January 1, 2019
	(Amendment)	
IAS-23	Borrowing Cost - borrowing costs eligible for capitalization	January 1, 2019
IAS-28	Investments in Associates and Joint Ventures - Clarifying certain	January 1, 2019
	fair value measurement, Long term Interest in Associates and	
	Joint Ventures (Amendments)	
IFRIC-23	Uncertainty over Income Tax Treatment	January 1, 2019
IAS-1 &	Amendments regarding the definition of concept of material	January 1, 2020
IAS - 8		
IFRS-2	Amendments to clarify the definition of a business	January 1, 2020
Conceptual Framework	Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8 ,	January 1, 2020
	IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22,	
	and SIC 32 to update these pronouncements with regard to	
	references to and quotes from the framework or to indicate	
	where they refer to a different version of the Conceptual	
	Framework	

The management anticipates that adoption of above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation/disclosures. The management is in the process of assessing the impact of changes laid down by the IFRS 9 on its financial statements.

**3.4.2 Further, the following standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan**

IFRS-1	First-time adoption of International Financial Reporting Standards
IFRS-14	Regulatory Deferral Accounts - Original issue
IFRS-17	Insurance Contracts

The following interpretations issued by the IASB have been waived off by the SECP

IFRIC-4	Determining whether an arrangement contains lease
IFRIC-12	Service concession arrangements

**4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of these financial statements in conformity with approved accounting standards as applicable in Pakistan, requires management to make estimates, assumptions and use judgments that effect the reported amounts of assets and liabilities and income and expenses. It also requires managements to exercise judgment in application of its accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on, an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and applied prospectively.

Areas where assumptions and estimates are significant to the financial statements are:

- useful life of depreciable assets
- provision for doubtful debts
- provision for taxation and
- provision for obsolete stock

**HALLMARK COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**5 SIGNIFICANT ACCOUNTING POLICIES**

The principle accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

**5.1 Property, Plant and Equipment**

These are stated at historical cost less accumulated depreciation and accumulated impairment loss, if any. Depreciation is charged to statement of profit or loss over the useful life of the assets applying the reducing balance method at the rates specified in the relevant note to these financial statements. Depreciation on additions is charged from the date when it is available for use upto the date of disposal or transfer to the group held for sale whichever is earlier.

An asset's carrying amount is written down immediately to its recoverable amount if the recoverable amount is assessed lower than the carrying amount.

Where major components of an item of property, plant and equipment have different useful lives, they are accounted for as a separate group, under the property, plant and equipment.

Subsequent costs, if any are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will follow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of profit or loss, during the financial year in which they are incurred.

Disposal of asset is recognized when significant risk and rewards incidental to ownership have been transferred to buyers. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are taken to the statement of profit or loss.

**5.2 Intangibles**

Intangibles are initially recognized at cost only when there is technical feasibility exists and future inflow of economic benefits are probable. It is amortized at the rates mention in relevant note on straight line basis.

Subsequently, these are measured at cost less amortization and impairment losses, if any.

Amortization is charged to the statement of profit or loss from the date when it is made available for use till the date of disposal or transfer.

**5.3 Stock in Trade**

Stock-in-trade is valued at the lower of weighted average cost and estimated net realizable value.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value signifies the estimated selling price in the ordinary course of business less net estimated costs of completion and selling expenses.

Items in transit, if any, are valued at cost comprising of invoice value plus other charges incurred thereon up to the reporting date.

**5.4 Trade Debts and Other Receivables**

Trade debts and other receivables are recognized at original invoice amount less provision for doubtful debts, if any. A provision for doubtful debts is established when there is an objective evidence that the Company will not be able to collect amounts due, according to the original terms of receivables. Bad Debts are written off when identified.

**5.5 Cash and Cash Equivalents**

For the purpose of statement of cash flows, cash and cash equivalents comprise cash in hand, bank deposits and highly liquid short term investments.

**5.6 Trade Creditor and Other Payable**

Liabilities for trade and other payables are carried at their fair value of the consideration to be paid in the future for goods and services received whether or not billed to the Company.

**HALLMARK COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**5.7 Impairment**

**5.7.1 Financial Assets**

A financial assets are assessed at each reporting date to determine whether there is any objective evidence that financial assets or a group of financial assets is impaired. These are considered to be impaired, only if, there is an objective evidence of impairment as a result of one or more events that has any adverse impact over estimated future cash flows, that can be reliably estimated.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses on financial assets that are being carried at amortized cost are recognized in statement of profit or loss.

**5.7.2 Non Financial Assets**

The carrying amount of the Company's non-financial assets other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, or when annual impairment testing of an asset is required, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss, if any. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted at present value of money and the risk specific to the asset. The fair value less cost to sell is based on available data on binding sales transactions, conducted at arms length.

A previously recognized impairment loss is reversed if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss is recognized or on subsequent assessment it has been identified that the carrying value of the asset falls short of recoverable amount assessed. The reversal is limited so that the carrying amount of the assets does not exceeds its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

**5.8 Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

**5.9 Dividend**

Dividend distribution to the Company's shareholders is recognized as liability at the time of their approval.

**5.10 Taxation**

**Current**

Provision for taxation is based on the taxable income for the year at current tax rates after taking into account tax credits and tax rebates, if any, computed in accordance with the enacted tax laws and based on minimum tax @1.25% of turnover, Alternate Corporate Tax @ 17% of accounting profit or normal corporate tax @29% of taxable income whichever is higher. Taxable income is computed in accordance with the provisions of the Income Tax Ordinance, 2001.

**Deferred**

Deferred tax, is a tax attributable to the temporary differences, that is, difference between the carrying amount of assets or liability and its corresponding tax base.

The company accounts for deferred taxation using the balance sheet method. Deferred tax liability is recognized for future taxable temporary differences and deferred tax asset is recognized for future deductible temporary differences, including unutilized tax losses, to the extent when it is probable that future taxable profits will be available to offset the deferred tax asset.

**HALLMARK COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**5.11 Revenue Recognition**

Revenue comprises of the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities.

The Company recognizes revenue at the point of time or over the period of time, whichever is applicable, as and when the related performance obligation of the Company is satisfied, amount of revenue can be reliably measured and it is more than probable that future economic benefits will flow to the Company. Generally the performance obligation is deemed to be satisfied when following specific criteria has been met:

- in case of services, when these are rendered and
- in case of goods when these are dispatched to the customers.

Rental income is recognized on accrual basis for the months in which free possession of land is available to the tenant.

**5.12 Financial Instruments**

**Financial assets**

The company's principal financial assets are cash and bank balances, trade debtors and other receivables. These are stated at their cost which approximates their fair value.

**Financial liabilities**

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities include creditors, loans and other liabilities. These are stated at the amount required to offset them presently which is also its fair value.

**Offsetting of Financial assets and liabilities**

A financial asset and a financial liability are offset, and the net amount is reported in the financial statements if the company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

**5.13 Related Party Transaction**

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the Board of Directors, it is in the interest of the Company to do so.

**5.14 Earning Per Share**

Basic earning per share is calculated by dividing profit or loss attributable to shareholders of the Company divided by weighted average number of ordinary shares outstanding during the year. Diluted earning per share is calculated by adjusting the profit or loss attributable to shareholders and the weighted average number of outstanding shares during the year for the effects of dilutive ordinary potential shares.

**5.15 Functional and Presentation Currency**

These financial statements are presented in Pakistani Rupees, which is also the functional currency of the Company.

**HALLMARK COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**6 FURNITURE FIXTURES AND OFFICE EQUIPMENTS**

Description	Furniture and fixtures	Office equipment	Generator	Computer and allied equipment	Total
-------------	------------------------	------------------	-----------	-------------------------------	-------

(-----Rupees-----)

**2019**

**COST**

Balance at beginning of the year	2,761,543	753,290	45,700	35,440	3,595,973
Additions during the year	-	75,840	-	134,200	210,040
Balance at end of year	2,761,543	829,130	45,700	169,640	3,806,013

**DEPRECIATION**

Accumulated depreciation at beginning of the year	2,247,836	530,274	12,385	23,284	2,813,779
Charge for the year	51,371	22,934	3,332	7,002	84,638
Balance at end of year	2,299,207	553,207	15,716	30,286	2,898,416

**NET BOOK VALUE - 2019**

462,336	275,923	29,984	139,354	907,597
---------	---------	--------	---------	---------

**Depreciation rate**

10%	10%	10%	30%
-----	-----	-----	-----

**2018**

**COST**

Balance at beginning of the year	2,761,543	753,290	45,700	35,440	3,595,973
Additions / transfers during the year	-	-	-	-	-
Balance at end of year	2,761,543	753,290	45,700	35,440	3,595,973

**DEPRECIATION**

Accumulated depreciation at beginning of the year	2,190,758	505,494	8,683	18,074	2,723,009
Charge for the year	57,079	24,780	3,702	5,210	90,769
Balance at end of year	2,247,836	530,274	12,385	23,284	2,813,779

**NET BOOK VALUE - 2018**

513,707	223,016	33,315	12,156	782,194
---------	---------	--------	--------	---------

**Depreciation rate**

10%	10%	10%	30%
-----	-----	-----	-----

**6.1 Reconciliation of carrying values**

Items	WDV at July 1, 2018	Additions during the year	Depreciation Charged for the year	WDV at June 30, 2019
-------	---------------------	---------------------------	-----------------------------------	----------------------

**2019**

(-----Rupees-----)

Furniture and fixtures	513,707	-	(51,371)	462,336
Office equipment	223,016	75,840	(22,934)	275,923
Generator	33,315	-	(3,332)	29,984
Computer and allied equipment	12,156	134,200	(7,002)	139,354
<b>Total</b>	<b>782,194</b>	<b>210,040</b>	<b>(84,638)</b>	<b>907,597</b>

**2018**

Furniture and fixtures	570,785	-	(57,079)	513,707
Office equipment	247,796	-	(24,780)	223,016
Generator	37,017	-	(3,702)	33,315
Computer and allied equipment	17,366	-	(5,210)	12,156
<b>Total</b>	<b>872,964</b>	<b>-</b>	<b>(90,769)</b>	<b>782,194</b>



**HALLMARK COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

		<b>2019</b> <b>Rupees</b>	2018 <i>Rupees</i>
<b>7 INTANGIBLES</b>			
ERP Open ended Multi user license	7.1	-	4,047,000
ERP Single user license	7.2	<b>1,785,000</b>	-
		<b>1,785,000</b>	<b>4,047,000</b>
<b>7.1 ERP Open ended Multi user license</b>			
Carrying amount/ Cost		<b>4,047,000</b>	4,260,000
Less: Amortization charged		<b>(248,500)</b>	(213,000)
		<b>3,798,500</b>	4,047,000
Less: Adjustment on exchange of license		<b>(3,798,500)</b>	-
Carrying value at end of year		<b>-</b>	<b>4,047,000</b>
<b>7.2 ERP Single user license</b>			
Cost		<b>1,800,000</b>	-
Less: Amortization charged		<b>(15,000)</b>	-
Carrying value at end of year		<b>1,785,000</b>	-
<p>Intended use of the software has been altered during the year on the basis of the lower rate of return from the sale of right to use the software to its customers. Consequently, the management with mutual consent of the software provider has amended the open end multi-user agreement to the single user, and the differential amount of cost has been refunded by the software developer to the Company after deduction of 10% of the refundable amount prior to deduction.</p>			
<b>8 STOCK IN TRADE</b>			
Stock of used computers and accessories		<b>2,044,149</b>	1,120,842
Security ID for authorized		-	396,000
		<b>2,044,149</b>	<b>1,516,842</b>
<b>9 CASH AND BANK BALANCE</b>			
Cash in hand		<b>95,430</b>	70,493
Cash at bank - Current		<b>491,839</b>	210,461
		<b>587,269</b>	<b>280,954</b>
<b>10 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>			
500,000 (2018: 500,000) Ordinary Shares of Rs. 10/- each fully paid in cash		<b>5,000,000</b>	5,000,000
<b>11 CAPITAL CONTRIBUTION FROM DIRECTORS</b>			
Unsecured	11.1	<b>300,000</b>	1,800,000

**HALLMARK COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

- 11.1** This capital contribution is in the nature of loan and is unsecured, interest free and repayable at the discretion of the Company on availability of the 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.
- 11.2** The amount was given by Directors at favorable terms to provide support financially, to the Company, because presently the Company is not in position to pay any markup in addition to its other necessary expenses. Also repayment of this contribution shall further effect the liquidity position of the Company.

		<b>2019</b> <i>Rupees</i>	2018 <i>Rupees</i>
<b>12 DEFERRED TAX LIABILITY</b>			
On accelerated depreciation		<b>64,052</b>	33,764
On accelerated amortization		<b>1,800</b>	-
		<b>65,852</b>	33,764
<b>13 ACCRUED AND OTHER PAYABLE</b>			
Audit fee payable		<b>175,000</b>	250,000
Workers' profit participation fund	13.1	<b>93,675</b>	-
Consultancy charges		-	600,000
Salaries payable		<b>169,540</b>	-
Accrued charges		<b>32,136</b>	41,772
		<b>470,351</b>	891,772
<b>13.1 Workers' profit participation fund</b>			
Participation charged for the year		<b>93,675</b>	10,260
Less: Paid during the year		-	(10,260)
		<b>93,675</b>	-
<b>14 UNCLAIMED DIVIDENDS</b>			
For the year ended 31-12-1998		<b>5,150</b>	5,150
For the year ended 31-12-1995		<b>18,000</b>	18,000
		<b>23,150</b>	23,150
<b>15 CONTINGENCIES AND COMMITMENTS</b>			
There were no contingencies or commitment as at year end (2018: Nil)			
<b>16 SALES</b>			
Sale of used computers and accessories		<b>17,156,955</b>	14,245,875
Advisory		<b>964,081</b>	598,400
		<b>18,121,036</b>	14,844,275

**HALLMARK COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**17 COST OF SALES**

Opening stock	<b>1,516,842</b>	1,004,693
Purchase of imported (used) computer	<b>11,816,115</b>	10,519,849
Transportation	<b>329,292</b>	203,482
Packaging, inspection and handling	<b>487,331</b>	340,791
	<b>14,149,580</b>	12,068,815
Less: Closing Stock	<b>(2,044,149)</b>	(1,516,842)
	<b>12,105,431</b>	10,551,973

**18 ADMINISTRATIVE AND SELLING EXPENSES**

	<b>2019</b>	<b>2018</b>
	<i>Rupees</i>	<i>Rupees</i>
Salaries	<b>1,893,345</b>	1,524,000
Printing and stationary	<b>125,762</b>	213,578
Advertisement	<b>94,520</b>	72,361
Rent and utilities	<b>121,992</b>	87,710
Travelling and conveyance	<b>125,739</b>	119,560
Entertainment	<b>127,800</b>	112,930
Legal and professional charges	<b>75,000</b>	60,000
Depreciation expense	<b>84,638</b>	90,769
Amortization	<b>263,500</b>	213,000
Miscellaneous expenses	<b>22,312</b>	47,612
	<b>2,934,607</b>	2,541,520

**19 OTHER INCOME**

Rental income from investment property	-	550,000
Gain on sale of investment property	-	1,230,000
Gain on exchange of license	<b>215,500</b>	-
	<b>215,500</b>	1,780,000

**20 OTHER EXPENSES**

Listing fee Stock Exchange	<b>117,500</b>	100,000
Auditor's remuneration	<b>490,000</b>	350,000
Professional charges	<b>600,000</b>	810,000
Workers Welfare Fund	<b>93,675</b>	10,260
	<b>1,301,175</b>	1,270,260

**20.1 Auditor's remuneration**

Annual audit	<b>350,000</b>	250,000
Review of half yearly financial statements	<b>140,000</b>	100,000
	<b>490,000</b>	350,000

**21 TAXATION**

Current	<b>500,737</b>	153,943
Prior	<b>148,048</b>	-
	<b>648,786</b>	153,943
Deferred		
Current charge/ (reversal)	<b>32,088</b>	(21,968)
Prior	-	-
	<b>32,088</b>	(21,968)
	<b>680,873</b>	131,975

**HALLMARK COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**2019**  
**Rupees**

**21.1 Relationship between tax expense and accounting profit**

Accounting profit before tax	<b>1,995,323</b>
Tax on accounting profit @ 29%	<b>578,644</b>
Effect of prior year tax	<b>148,048</b>
Effect of tax rate difference	<b>(1,125)</b>
Effect of tax credits	<b>(44,693)</b>
	<b>680,873</b>
Average tax rate	<b>34.12%</b>

As the applicable tax in comparative year was turnover tax therefore no reconciliation of accounting profit with taxable income is disclosed.

**21.2** The management has provided sufficient tax provision in financial statements in accordance with Income Tax Ordinance, 2001. Following is the comparison of tax provision as per financial statements vis a vis tax assessment for last three years.

	As per Accounts	As per Assessment
Accounting year ended June 30, 2018	153,943	301,991
Accounting year ended June 30, 2017	44,693	44,693
Accounting year ended June 30, 2016	-	-

	<b>2019</b> <b>Rupees</b>	2018 Rupees
<b>22 EARNING PER SHARE</b>		
Profit after taxation	<b>1,314,450</b>	2,128,546
Weighted average number of Ordinary shares	<b>500,000</b>	500,000
Basic earning per share	<b>2.63</b>	4.26

Diluted earnings per share has not been presented as the Company do not have any convertible instruments in issue as at June 30, 2019 and June 30, 2018, which could have any effect on the earnings per share.

**23 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS & OTHER EXECUTIVES**

Although, the commercial activities have 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. There is no employee of the Company who meets the criteria of the Executives, as defined in the Companies Act, 2017.

**24 TRANSACTIONS WITH RELATED PARTIES**

The Company has related party relationship with its associated companies including under common directorship, its directors and executive officers. Transactions with related parties essentially pertains to payment and receipts of capital contribution in nature of loan and salaries and other benefits, if any. These transactions are carried at arm's length basis or the terms decided in accordance with the approval of the Board of Directors of the Company.

**HALLMARK COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers all members of their management team, including Chief Executive Officer, and Directors to be its Key Management Personnel.

			<b>2019</b> <b>Rupees</b>	2018 <i>Rupees</i>
<b>Transaction</b>	<b>Relationship</b>	<b>Basis of relationship</b>		
Capital contribution (returned)/ received	Directors	Directorship holding 19.3% shares	<b>(1,500,000)</b>	300,000
<b>Account Balances</b>				
Capital contribution	Directors	Directorship holding 19.3% shares	<b>300,000</b>	1,800,000

There were no transaction with key management personnel, associated undertakings and other related parties during the year except as disclosed above. The balances outstanding are strictly in accordance with the terms as disclosed in note 11 of these financial statements.

## **25 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**

### **Financial risk management objectives**

The Company finances its operations mainly through its own working capital and from long term markup free finances from directors with a view to maintaining an appropriate mix between various sources of finance to minimize the risk.

Company's activities exposes it to a variety of financial risks:

- Market risk (including fair value interest rate risk, fuel price risk and currency risk)
- Credit risk
- Liquidity risk

The Board of directors has overall responsibility to establish and oversight the Company's risk management framework and plan and implement risk management policies. The Company's overall risk management plan focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. Risk measured and managed by the company are explained in notes 24.1 to 24.4, of these notes.

### **25.1 Credit risk**

Credit risk represents the risk of loss that would be recognized at the reporting date if counter parties failed to perform as contracted. The carrying amount of financial assets represents the maximum credit exposure with quality of financial assets and other detail are as follows:

			<b>2019</b> <b>Rupees</b>	2018 <i>Rupees</i>
Trade receivable			<b>1,296,906</b>	1,003,564
Other receivable			<b>153,097</b>	92,937
Deposits with				
Habib Metropolitan Bank	PACRA	A1+	<b>491,839</b>	210,461
			<b>1,306,962</b>	1,306,962

**HALLMARK COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**24.1.1 Quality of financial assets**

Aging analysis of the trade debts is as follows:

	<b>Gross Amount</b>	
Neither past due nor impaired	<b>910,500</b>	815,842
Past due but not impaired		
31 to 60 days	<b>195,730</b>	166,825
61 to 180 days	<b>190,676</b>	20,897
181 to 360 days	-	-
360 days and above	-	-
	<b><u>1,296,906</u></b>	<b><u>1,003,564</u></b>

Based on the past experience the management believes that no impairment needs to be charged for past due amount as there are reasonable grounds to believe that the amount will be recovered in small course of time.

Other receivable comprises of loan to employees which are highly probable to be received.

Deposits with Habib Metropolitan Bank Limited is provided credit ranking of A1+ for short term deposits and AA+ for long term deposit by Pakistan Credit Rating Agency (PACRA).

**25.2 Market risk**

Market risk is the that fair value of cash flows from financial instruments of the Company will fluctuate because of changes in market prices. Market risk comprises of currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

**24.2.1 Currency Risk**

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future economic transactions or receivables and payables that exist due to transaction in foreign exchange.

There is no foreign currency risk arises on the financial instruments of the Company.

**Sensitivity Analysis**

The Company does not hold any asset or liability in foreign currency at reporting date. Therefore, any change in exchange rate of PKR against foreign currency would not affect statement of profit or loss.

**24.2.2 Interest rate risk**

Interest rate risk represents the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the date of the statement of financial position the interest rate profile of the Company's interest-bearing financial instrument is NIL.

**Sensitivity Analysis**

**Fair value sensitivity analysis for fixed rate instruments**

The Company does not account for any fixed rate financial assets and liabilities at fair value through statement of profit or loss. Therefore any change in interest rate at the reporting date does not affect statement of profit or loss.

**HALLMARK COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**Cash flow sensitivity analysis for variable rate instruments**

The Company does not hold any variable rate financial assets or liabilities. Therefore a change in interest rates at the reporting date would not affect cash flows.

**24.2.3 Other price risk**

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of change in market price excluding the impact of changes due to interest rate or currency risk. The company does not hold any financial asset or financial liability which is traceable in open market therefore it is not exposed to any other price risk.

**25.3 Liquidity risk**

Liquidity risk is the risk for a Company, where it will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Following are the carrying amount and maturities of the Company's financial liabilities.

2019			
-----Rupees-----			
Non Interest Bearing	Carrying amount	Upto one year	After one year
Capital contribution	300,000	-	300,000
Trade creditors	314,504	314,504	-
Unclaimed dividends	23,150	23,150	-
Accrued expenses	470,351	470,351	-
<b>Total financial liabilities</b>	<b>1,108,005</b>	<b>808,005</b>	<b>300,000</b>
2018			
-----Rupees-----			
Non Interest Bearing	Carrying amount	Upto one year	After one year
Capital contribution	1,800,000	-	1,800,000
Trade creditors	183,465	183,465	-
Unclaimed dividends	23,150	23,150	-
Accrued expenses	891,772	891,772	-
<b>Total financial liabilities</b>	<b>2,898,387</b>	<b>1,098,387</b>	<b>1,800,000</b>

**25.4 Fair value of financial assets and liabilities**

The carrying values of financial assets and financial liabilities reported in statement of financial position approximate their fair values.

**HALLMARK COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**26 CAPITAL RISK MANAGEMENT**

The Company's objective when managing capital is to ensure the Company's ability not only to continue as a going concern but also to meet its requirements for expansion and enhancement of its business, maximize return of shareholders and optimize benefits for other stakeholders to maintain an optimal capital structure and to reduce the cost of capital. The gearing ratio as at the end of reporting date is as follows:

	<b>2019</b>	2018
	<b><i>Rupees</i></b>	<i>Rupees</i>
Total borrowing	<b>300,000</b>	1,800,000
Cash and bank balances	<b>(587,269)</b>	(280,954)
	<b>(287,269)</b>	1,519,046
Total equity	<b>6,329,810</b>	5,015,360
Total capital	<b>6,042,541</b>	6,534,406
Gearing ratio	<b>0%</b>	23%

The Company finances its operations mainly through equity and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk.

**27 Corresponding figures**

Advance from customers amounting to Rs. 260,000 has been reclassified to "Contract liabilities" according to the presentation requirements of IFRS 15 "Revenue from Contracts with Customers".

**28 NUMBER OF EMPLOYEES**

Number of employee as at June 30, 2019 was 6 (2018: 6).

Average number of employees during the period was 6 (2018: 4)

**29 GENERAL**

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

29.2 These financial statements were authorized for issue in accordance with a resolution of the Board of Directors on July 8, 2019.

\_\_\_\_\_  
**Chief Executive**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Chief Financial Officer**



www.jamapunji.pk



**Be aware, Be alert,  
Be safe**

**Learn about investing at  
www.jamapunji.pk**

**Key features:**

- Licensed Entities Verification
- Scam meter\*
- Jamapunji games\*
- Tax credit calculator\*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered

- Stock trading simulator  
(based on live feed from KSE)
- Knowledge center
- Risk profiler\*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

jamapunji.pk

@jamapunji\_pk

\*Mobile apps are also available for download for android and ios devices

## HALLMARK COMPANY LIMITED

Regd. Office: Office # 1001, 10th Floor, Uni Centre, I.I Chundrigar Road, Karachi, Pakistan.  
Tel: 021-32414419, 021-37011105 Fax: 021-32416288

### Form of Proxy

I/We \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ being member(s) of **HALLMARK COMPANY LIMITED** and  
holder of \_\_\_\_\_ Ordinary Shares as per Share Register Folio/ CDC Account No. \_\_\_\_\_  
\_\_\_\_\_ holding CNIC/ Passport No. \_\_\_\_\_ hereby, appoint Mr./  
Ms. \_\_\_\_\_ Folio/ CDC Account No. \_\_\_\_\_ CNIC/ Passport  
No. \_\_\_\_\_ who is also a member of the Company as my/ our proxy to  
attend and vote for me/us and on my/ our behalf at the 40<sup>th</sup> Annual General Meeting of the  
Company to be held on Monday, **July 30, 2019 at 11:00AM** and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

**Rs. 5.00  
Revenue  
Stamp**

Witnesses:

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Address: \_\_\_\_\_

CNIC/ Passport No. \_\_\_\_\_

CNIC/ Passport No. \_\_\_\_\_

### **IMPORTANT**

1. This form of proxy, duly completed and signed, must be deposited at the Company's Registered Office not later than 48 hours before meeting.
2. This form should be signed by the Members or by his/ her attorney duly authorized in writing. If the member is a Corporation, its common seal should be affixed to the instrument.
3. A member entitled to attend and vote at the meeting may appoint any other member as his/ her proxy to attend and vote on his/ her behalf except that a corporation may appoint a person who is not a member.

### **For CDC Account Holders/ Corporate Entities**

In addition to the above, following requirements have to be met:

1. The proxy form shall be witnessed by two persons whose names, address and CNIC/ Passport No. shall be mentioned on the form.
2. Attested copies of CNIC/ Passport of the beneficial owner and the proxy shall be furnished with the proxy form.
3. The proxy shall produce his/ her original CNIC/ Passport at the time of the meeting.
4. In case of corporate entity, the Board of Directors' resolution/ power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form of the Company.