

---

HALLMARK COMPANY LIMITED

CONDENSED INTERIM FINANCIAL  
INFORMATION

---

FOR THE PERIOD OF NINE MONTHS ENDED  
MARCH 31, 2018

## TABLE OF CONTENTS

| <b>Contents</b>                                      | <b>Page No.</b> |
|--|-----------------|
| Company Information                                  | 2               |
| Directors' Report                                    | 3               |
| Directors' Report in Urdu                            | 5               |
| Condensed Interim Balance Sheet                      | 7               |
| Condensed Interim Profit and Loss Account            | 8               |
| Condensed Interim Statement of Comprehensive Income  | 9               |
| Condensed Interim Statement of Changes in Equity     | 10              |
| Condensed Interim Statement of Cash Flows            | 11              |
| Notes to the Condensed Interim Financial Information | 12              |

## COMPANY INFORMATION

### Chairman

S. Muhammad Imran

### Chief Executive

Mr. Naveed Hamid

### Directors

|                             |                      |
|-----------------------------|----------------------|
| Mr. Naveed Hamid            | Chief Executive      |
| Mr. Muhammad Farrukh Bashir | Executive Director   |
| Mr. Saad Aftab Shamsi       | Independent Director |
| Mr. Haris A. Shamsi         | Non executive        |
| Mr. Ahtesham Ashraf         | Non executive        |
| Mr. S. Muhammad Imran       | Non executive        |
| Mr. Zubair Ahmed Khan       | Independent director |

### Audit Committee

|                       |          |
|-----------------------|----------|
| Mr. Zubair Ahmed Khan | Chairman |
| Mr. Ahtesham Ashraf   | Member   |
| Mr. Haris A. Shamsi   | Member   |

### HR Committee

|                             |          |
|-----------------------------|----------|
| Mr. Saad Aftab Shamsi       | Chairman |
| Mr. Muhammad Farrukh Bashir | Member   |
| Mr. Ahtesham Ashraf         | Member   |

### Legal Advisor

Sayeed A. Sheikh & Co., Advocates

### External Auditors

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

### Registrar

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

### Bankers

Habib Metropolitan Bank Limited  
Habib Bank Limited  
National Bank of Pakistan  
Muslim Commercial Bank Limited

## OFFICE OF THE COMPANY

### Registered Office Karachi

Suite # 1001, Uni Centre, 10<sup>th</sup> Floor,  
I.I. Chundrigar Road,  
Karachi. Pakistan.  
Phone: 021-32414419  
Fax: 021-32416288  
Email: hallmark@bizcorei.com

## DIRECTORS' REPORT

Dear Shareholders,

The Directors of Hallmark Company Limited are pleased to present their review, together with the unaudited condensed Interim Financial Information of the Company for the nine months period ended March 31, 2018.

### Company's Performance

We are pleased to inform you that the Company performed well during the period under review and the current performance is favorable to the budgeted projections. The Company not only achieved its target but has performed a far better and has already achieved the projected earnings per share with a complete further quarter in hand.

We are continuously working hard not only to sustain this growth but to perform further than this in the current market situation.

### Operational Results

Brief summary of the operational results is as follows:

|                       | Projection for<br>Nine months<br>ended on<br>March 31, 2018<br>(Rs.) | Actual of nine<br>Months ended<br>March 31, 2018<br>(Rs.) | Nine Months<br>ended<br>March 31, 2017<br>(Rs.) |
|-----------------------|--|---|---|
| Revenue               | 10,293,750   | 10,644,361  | 663,870   |
| Gross Profit          | 2,573,438  | 2,557,027   | 260,284   |
| Other Income          | -  | 450,000   | 450,000   |
| Profit After Taxation | 1,004,246  | 1,346,104   | 814,318   |
| Earnings per Share    | 1.41   | 2.69  | 1.63  |

Due to the commencement of new operations, the Company has earned a gross profit of Rs. 2.56 million whereas, administrative expenses have also been increased by Rs. 1.17 million which were inevitable. The Company has maintained the gross profit margin within range of 20% to 25% on transactions and striving to increase further, depending on the market condition and business volume. Accumulated loss has been reduced to Rs. 0.77 million from Rs. 2.1 million.

Other income in previous comparative period and in current period consists of rent income which remained the same at Rs. 50,000 per month.

The earnings per share for the period under review came out to be Rs. 2.69 per share which is Rs. 1.28 more than the anticipations.

Directors of the Company have provided financial assistance at every step and to meet the operational expenses further, a loan of Rs. 2.65 million was provided to the Company by the Directors during the current period of nine months.

## **Future Outlook**

Our 2018 budget is focused on achieving steady growth. This growth is going to be attributed to the following factors:

- We are heading towards and working for restoration of trading status of the Company's securities in the Pakistan Stock Exchange so that investors' reliance could be earned for increasing the paid up capital upto 200 million.
- The Company is going to merge Lakhwani Securities (SMC Pvt.) Limited. This would increase the paid up capital upto Rs. 40 million. As result of increased paid up capital, the Company would have sufficient funds to meet the operating expenses and expand its business activities, which shall increase the future revenues.
- 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.
- Soon after the merger, the company shall qualify for PSX SME Board for recognition. On recognition as SME the company shall be exempted from compliance of Listing of Companies & Securities Regulation of PSX Regulation including the Code of Corporate Governance (CCG).

## **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 quarter, the PSX has conveyed to the Company its appreciations towards the compliances made for its revival. Further the SECP after observing the substantial efforts for the revival of the Company and successfully bringing it back to financial track by its directors has dropped the proceedings initiated against the Company.

Now, only the matter related to restoration of CDS registration status is left, which is going to be completed shortly.

## **Enlistment with CDC**

The Company has complied with all the necessary requirements for induction of its Securities with the Central Depository Company Limited (CDC) however due to Non-issuance of Insurance license previously; the CDC, on order of SECP, has suspended the Company from CDS. The Directors of the Company are now hopeful that the securities will be enlisted with the CDC amicably soon. The proceedings which resulted the suspension has been drop by the SECP through an order dated April 4, 2018. Therefore, the CDC pending matters shall now be completed in couple of weeks.

## **Acknowledgement**

Directors of your Company take this opportunity to express their deep sense of gratitude for all the stakeholders for their encouragement and continued support and look forward to your continued collaboration with the Company as we move forward to meet and exceed our targets for the year.

---

**Naveed Hamid**  
**Chief Executive**

## مستقبل کی حکمت عملی:

ہمارا 2018 کا بجٹ ترقی کو مستحکم کرنے پر مرکوز ہے۔ یہ ترقی مندرجہ ذیل عوامل پر منسوب ہے۔

(۱) ڈائریکٹرز پاکستان اسٹاک ایکسچینج میں کمپنی کی سیکورٹیز کی ٹریڈنگ کی حیثیت کی بحالی کے لئے کام کر رہے ہیں۔ تاکہ سرمایہ کاروں کے اعتماد کو بحال کیا جاسکے اور پیڈ اپ سرمایہ میں 200 ملین تک کا اضافہ کیا جاسکے۔

(۲) آپ کی کمپنی لاکھوانی سیکورٹیز (ایس ایم سی پرائیوٹ) لمیٹڈ کو ضم کرنے جارہی ہے یہ 40 ملین روپے تک ادا شدہ سرمایہ میں اضافہ کرے گا۔ اس نئے سرمائے کے نتیجے میں کمپنی کو کاروباری اخراجات کو پورا کرنے اور اپنی کاروباری سرگرمیاں بڑھانے کے لئے کافی فنڈز حاصل ہو جائیں گے جو مستقبل میں آمدنی میں اضافے کا باعث ہوگا۔

(۳) کاروباری حجم میں اضافے کے ذریعے، کمپنی نی یونٹ الاگت کو کم کرنے کے قابل ہوگی اور بالآخر مارکیٹ میں موجودہ مجموعی منافع حاصل کر پائے گی۔

(۴) انضمام کے فوری بعد کمپنی پاکستان اسٹاک ایکسچینج کے ایس ایم ای بورڈ پر اندراج کے مستحق ہو جائیگی۔ ایس ایم ای بورڈ پر اندراج کے بعد کمپنی لسٹنگ آف میگزین سیکورٹیز ریگولیشنز کے اصولوں بشمول کوڈ آف کارپوریٹ گورننس سے مستثنیٰ ہوگی۔

## انضباطی اداروں کی تعمیل:

ہمیں یہ بتاتے ہوئے خوشی محسوس ہو رہی ہے کہ کمپنی نے تمام تر خامیاں اسی کی جو کہ انضباطی اداروں نے بتائیں تھیں ان سب کی تعمیل کر کے انہیں ختم کر لیا ہے۔ اداروں میں سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ایم سی پی) اور پاکستان اسٹاک ایکسچینج شامل ہیں۔ اس چوتھائی سال میں پاکستان اسٹاک ایکسچینج نے کمپنی کی طرف سے کی گئی تعمیل کو سراہا ہے اور ایس ایم سی پی نے کمپنی کی بے انتہا کوشش کو جو کہ کاروباری بحالی کے لیے تھی کو مد نظر رکھتے ہوئے کمپنی پر سے عدم تعمیل کا کیس ختم کر دیا ہے۔

## سی ڈی سی کے ساتھ اندراج:

سینٹرل ڈیپازٹری کمپنی لمیٹڈ (سی ڈی سی) کے ساتھ کمپنی نے اپنی سیکورٹیز کو اندراج کرنے کے لئے تمام ضروری امور کا اطلاق کیا ہے تاہم انشورنس لائسنس کے غیر فعال ہونے کی وجہ سے (بوجہ کم پیڈ اپ سرمایہ) سی ڈی سی نے ایس ایم سی پی کے جانب سے حکم پر آپ کی کمپنی کی سیکورٹیز کو سی ڈی ایس پر معطل کر دیا تھا۔ کمپنی کے ڈائریکٹرز اب پُر امید ہیں کہ اسکی سیکورٹیز کا اندراج سی ڈی ایس میں باآسانی ہو جائے گا۔ کیونکہ ایس ایم سی پی نے زیر سماعت معاملہ جو کہ اندراج نہ ہونے کا باعث تھا کو 14 اپریل 2018 کو اپنے آرڈر کے ذریعے ختم کر دیا ہے لہذا اب چند ہی ہفتوں میں سی ڈی سی کا زیر التواء معاملہ بھی حل ہو جائے گا۔

## اعتراف/تسلیم شدہ:

آپ کی کمپنی کے ڈائریکٹرز تہہ دل سے آپ کی حوصلہ افزائی اور مسلسل حمایت کو سراہتے ہیں۔ جیسے جیسے ہم سال کے اہم سبب میل کی طرف بڑھ رہے ہیں ہم کمپنی کے ساتھ آپ کے مسلسل اشتراک اور تعاون کے طلب گار رہیں گے۔

نوید حامد

چیف ایگزیکٹو

## ڈائریکٹرز رپورٹ

معزز حصص یافتگان:

ہالمارک کمپنی لمیٹڈ کے ڈائریکٹرز باسرت، 31 مارچ 2018 کو ختم ہونے والے گزشتہ 9 ماہ کی کارکردگی رپورٹ بمع عبوری مالیاتی گوشوارے پیش کرتے ہیں۔

کمپنی کی کارکردگی:

کمپنی نے موجودہ دورانیے میں بہترین کارکردگی دکھائی اور موجودہ کارکردگی بجٹ کے تخمینوں کو عبور کر رہی ہے۔ کمپنی نے نہ صرف اپنا ہدف حاصل کیا بلکہ اس سے بہتر کارکردگی کا مظاہرہ کیا۔ اور ایک چوتھائی سال پہلے ہی (بجٹ) فی حصص منافع کو عبور کر لیا۔ ہم مسلسل اس ترقی کو ناقص برقرار رکھنے کیلئے کوشاں ہیں بلکہ موجودہ بازار کی صورت حال میں اس کو اور بہتر کرنے کے لئے مسلسل محنت کر رہے ہیں۔

کاروباری کارکردگی:

کاروباری نتائج کا مختصر خلاصہ مندرجہ ذیل ہے۔

| اختتامی نو ماہ<br>برائے<br>31 مارچ 2018<br>(بجٹ) | اختتامی نو ماہ<br>برائے<br>31 مارچ 2018 | اختتامی نو ماہ<br>برائے<br>31 مارچ 2017 |                           |
|--|---|---|---------------------------|
| 10,293,750                                       | 10,644,361                              | 663,870                                 | آمدنی                     |
| 2,573,438  | 2,557,027                               | 260,284                                 | کل منافع                  |
| -  | 450,000                                 | 450,000                                 | دیگر آمدنی                |
| 1,004,426  | 1,346,104                               | 814,318                                 | بعد از ٹیکس منافع / نقصان |
| 1.41   | 2.69                                    | 1.63                                    | اشتراک پر منافع / نقصان   |

نئے کاروبار کے آغاز کی وجہ سے کمپنی کا مجموعی منافع مبلغ 2.56 ملین روپے رہا جبکہ انتظامی اخراجات میں مبلغ 1.17 ملین روپے کا اضافہ رہا۔ کمپنی نے 20 سے 25 فیصد تک مجموعی منافع حاصل کیا ہے۔ جو کہ مارکیٹ کے حجم کے لحاظ سے اور زیادہ بڑھے گا۔ کمپنی کا مجموعی نقصان کاروبار شروع ہو جانے کی وجہ سے 2.1 ملین روپے سے کم ہو کر 0.77 ملین روپے رہ گیا ہے۔

پچھلے موازنہ اور موجودہ مدت میں دیگر کاروباری آمدنی میں کرائے کی آمدنی شامل ہے جو کہ بنا کسی تبدیلی کے 50,000 روپے ماہانہ ہے۔ زیر جائزہ مدت میں فی شیئر آمدنی مبلغ 2.69 روپے ہے جو 1.28 روپے بجٹ سے زیادہ ہے۔

کمپنی کے ڈائریکٹرز نے ہر قدم پر مالی معاونت فراہم کی ہے اور آپریشنل اخراجات کو پورا کرنے کے لئے 2.65 ملین روپے کا قرض ڈائریکٹرز کی طرف سے ان 9 ماہ کی مدت میں کمپنی کو فراہم کیا ہے۔

**HALLMARK COMPANY LIMITED**  
**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)**  
**AS AT MARCH 31, 2018**

| <b>ASSETS</b>                              | <i>Note</i> | <b>31-Mar-18</b><br><i>Rupees</i><br><b>(Unaudited)</b> | 30-Jun-17<br><i>Rupees</i><br><b>(Audited)</b> |
|--|-------------|---|--|
| <b>Non Current Assets</b>                  |             |   |  |
| Furniture, fixtures and office equipment   | 4           | <b>939,220</b>  | 872,964  |
| Intangibles                                | 5           | <b>4,153,500</b>  | -  |
| Investment property                        |             | <b>1,665,000</b>  | 1,665,000                                      |
| Deferred tax - asset                       |             | <b>249,176</b>  | -  |
|  |             | <b>7,006,896</b>  | 2,537,964                                      |
| <b>Current Assets</b>                      |             |   |  |
| Stock in trade                             | 6           | <b>378,640</b>  | 1,004,693                                      |
| Trade debts - considered good              |             | <b>1,069,469</b>  | 1,095,446                                      |
| Loan to employees                          |             | <b>237,937</b>  | 150,000  |
| Cash and bank balance                      | 7           | <b>111,605</b>  | 498,507  |
|  |             | <b>1,797,651</b>  | 2,748,646                                      |
| <b>TOTAL ASSETS</b>                        |             | <b>8,804,547</b>  | 5,286,610                                      |
| <b>EQUITY AND LIABILITIES</b>              |             |   |  |
| <b>Share Capital And Reserves</b>          |             |   |  |
| Authorized Share Capital                   |             |   |  |
| 1,000,000 Ordinary Shares of Rs. 10/- each |             | <b>10,000,000</b>                                       | 10,000,000                                     |
| Issued, subscribed and paid-up capital     | 8           | <b>5,000,000</b>  | 5,000,000                                      |
| Accumulated (loss)                         |             | <b>(767,081)</b>  | (2,113,185)                                    |
| Loan from directors                        | 9           | <b>4,150,000</b>  | 1,500,000                                      |
|  |             | <b>8,382,919</b>  | 4,386,815                                      |
| <b>Non Current Liabilities</b>             |             |   |  |
| Deferred tax liability                     |             | -   | 55,732   |
| <b>Current Liabilities</b>                 |             |   |  |
| Trade creditors                            |             | <b>163,470</b>  | 495,878  |
| Advance from customers                     |             | <b>125,000</b>  | 55,000   |
| Accrued and other payables                 |             | <b>39,264</b>   | 225,343  |
| Unclaimed dividends                        |             | <b>23,150</b>   | 23,150   |
| Provision for taxation                     |             | <b>70,744</b>   | 44,693   |
|  |             | <b>421,628</b>  | 844,063  |
| Contingencies and commitments              | 10          | -   | -  |
| <b>TOTAL EQUITY AND LIABILITIES</b>        |             | <b>8,804,547</b>  | 5,286,610                                      |

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

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

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

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

**HALLMARK COMPANY LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2018**

|                                     | Note | Nine Months Ended                |           | Quarter Ended                    |           |
|-------------------------------------|------|----------------------------------|-----------|----------------------------------|-----------|
|                                     |      | 31-Mar-18<br>(Amounts in Rupees) | 31-Mar-17 | 31-Mar-18<br>(Amounts in Rupees) | 31-Mar-17 |
| Turnover                            |      |                                  |           |                                  |           |
| Sale of goods                       |      | <b>10,056,611</b>                | 573,870   | <b>3,701,129</b>                 | 573,870   |
| Advisory                            |      | <b>587,750</b>                   | 90,000    | <b>219,440</b>                   | 90,000    |
|                                     |      | <b>10,644,361</b>                | 663,870   | <b>3,920,569</b>                 | 663,870   |
| Cost of sales                       | 11   | <b>(8,087,334)</b>               | (403,586) | <b>(2,956,823)</b>               | (403,586) |
| Gross profit                        |      | <b>2,557,027</b>                 | 260,284   | <b>963,746</b>                   | 260,284   |
| Administrative and selling expenses | 12   | <b>(1,756,887)</b>               | (585,966) | <b>(674,799)</b>                 | (226,667) |
| Operating profit/ (loss)            |      | <b>800,140</b>                   | (325,682) | <b>288,947</b>                   | 33,617    |
| Other income                        | 13   | <b>450,000</b>                   | 1,315,000 | <b>150,000</b>                   | 1,015,000 |
| Other expenses                      | 14   | <b>(102,500)</b>                 | (175,000) | <b>(17,500)</b>                  | -         |
| Profit before taxation              |      | <b>1,147,640</b>                 | 814,318   | <b>421,447</b>                   | 1,048,617 |
| Taxation                            |      | <b>198,464</b>                   | -         | <b>101,283</b>                   | -         |
| Profit after taxation               |      | <b>1,346,104</b>                 | 814,318   | <b>522,730</b>                   | 1,048,617 |
| Earning per share                   | 15   | <b>2.69</b>                      | 1.63      | <b>1.05</b>                      | 2.10      |

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

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

\_\_\_\_\_  
**Director**  
**Page 8**

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

**HALLMARK COMPANY LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2018**

|  | <b>Nine Months Ended</b>   |           | <b>Quarter Ended</b>       |           |
|--|----------------------------|-----------|----------------------------|-----------|
|  | <b>31-Mar-18</b>           | 31-Mar-17 | <b>31-Mar-18</b>           | 31-Mar-17 |
|  | <i>(Amounts in Rupees)</i> |           | <i>(Amounts in Rupees)</i> |           |
| Profit after taxation                            | <b>1,346,104</b>           | 814,318   | <b>522,730</b>             | 1,048,617 |
| Other comprehensive income                       | -                          | -         | -                          | -         |
| <b>Total comprehensive income for the period</b> | <b>1,346,104</b>           | 814,318   | <b>522,730</b>             | 1,048,617 |

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

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

\_\_\_\_\_  
**Director**  
**Page 9**

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

**HALLMARK COMPANY LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2018**

|   | <b>01-Jul-17 to<br/>31-Mar-18</b> | 01-Jul-16 to<br>31-Mar-17 |
|---|-----------------------------------|---------------------------|
|   | <i>Rupees</i>                     | <i>Rupees</i>             |
|   | <b>(Unaudited)</b>                | Unaudited)                |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>               |                                   |                           |
| Profit before taxation                                    | <b>1,147,640</b>                  | 814,318                   |
| <b>Adjustments for:</b>                                   |                                   |                           |
| Depreciation  | <b>73,744</b>                     | 141,889                   |
| Amortization  | <b>106,500</b>                    |                           |
| Revaluation increase in investment property               | -                                 | (865,000)                 |
| Operating Profit Before Working Capital Changes           | <b>1,327,884</b>                  | 91,207                    |
| <b>Changes in working capital</b>                         |                                   |                           |
| <b>(Increase)/ decrease in current assets:</b>            |                                   |                           |
| Stock in trade  | <b>626,053</b>                    | (688,693)                 |
| Trade receivables   | <b>25,977</b>                     | (445,446)                 |
| Other receivables   | <b>(87,937)</b>                   | -                         |
| <b>Increase / (decrease) in current liabilities:</b>      |                                   |                           |
| Trade creditors   | <b>(332,408)</b>                  | 386,840                   |
| Advance from customers                                    | <b>70,000</b>                     | 55,000                    |
| Accrued expenses  | <b>(186,079)</b>                  | (573,162)                 |
| <b>Total Changes In Working Capital</b>                   | <b>1,443,490</b>                  | (1,174,254)               |
| Taxes paid  | <b>(80,393)</b>                   | -                         |
| Net Cash Inflow/ (Outflow) From Operating Activities      | <b>1,363,098</b>                  | (1,174,254)               |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>               |                                   |                           |
| Fixed capital expenditure - Intangible                    | <b>(4,260,000)</b>                | (154,890)                 |
| Fixed capital expenditure - Tangible                      | <b>(140,000)</b>                  | -                         |
| Net Cash (Outflow) From Investing Activities              | <b>(4,400,000)</b>                | (154,890)                 |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>               |                                   |                           |
| Loan from director  | <b>2,650,000</b>                  | 1,000,000                 |
| Net Cash Inflow From Financing Activities                 | <b>2,650,000</b>                  | 1,000,000                 |
| Net (decrease) in cash and cash equivalents               | <b>(386,902)</b>                  | (329,144)                 |
| Cash and cash equivalents at the beginning of the period  | <b>498,507</b>                    | 780,125                   |
| <b>Cash and cash equivalents at the end of the period</b> | <b>111,605</b>                    | <b>450,981</b>            |

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

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

\_\_\_\_\_  
**Director**  
**Page 10**

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

**HALLMARK COMPANY LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2018**

|  | Issued,<br>subscribed<br>and paid-up<br>capital | Accumulated<br>(loss) | Loan from<br>directors | Total            |
|--|---|-----------------------|------------------------|------------------|
|  | ----- (Rupees) -----                            |                       |                        |                  |
| <b>Balance as at July 1, 2016</b>                        | <b>5,000,000</b>                                | <b>(3,706,397)</b>    | -                      | <b>1,293,603</b> |
| Total comprehensive income for the<br>nine months period | -   | 814,318               | -                      | 814,318          |
| Loan received from directors                             | -   | -                     | 1,000,000              | 1,000,000        |
| <b>Balance as at March 31, 2017</b>                      | <b>5,000,000</b>                                | <b>(2,892,079)</b>    | <b>1,000,000</b>       | <b>3,107,921</b> |
| <b>Balance as at July 1, 2017</b>                        | <b>5,000,000</b>                                | <b>(2,113,185)</b>    | <b>1,500,000</b>       | <b>3,107,921</b> |
| Total comprehensive income for the<br>nine months period | -   | 1,346,104             | -                      | 1,346,104        |
| Loan received from directors                             | -   | -                     | 2,650,000              | 2,650,000        |
| <b>Balance as at March 31, 2018</b>                      | <b>5,000,000</b>                                | <b>(767,081)</b>      | <b>4,150,000</b>       | <b>7,104,025</b> |

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

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

\_\_\_\_\_  
**Director**  
**Page 11**

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

**HALLMARK COMPANY LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2018**

**1 LEGAL STATUS AND BUSINESS ACTIVITIES OF THE COMPANY**

- 1.1 **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 insurer. The registered office of the Company is situated in Karachi.
- 1.2 Initially, the Company was engaged in general insurance business comprising of fire, marine, motor, engineering etc. With the promulgation of the Insurance Ordinance 2000, the requirement of minimum paid up capital for an insurer was enhanced to Rs. 350 million. The Company did not find itself in a position to increase its paid up capital to the required minimum level and had ceased to underwrite insurance business w.e.f. January 01, 2003.

**1.3 Revocation of Insurance license**

During the financial year ended on December 31, 2016, it was resolved in the Annual General Meeting held on April 30, 2016, that the Company will surrender the insurance license and remove the Company's name from the insurance ambit and to diversify the nature of business instead of insurance business. Thereafter the insurance license of the company was revoked by the SECP Insurance Division through S.R.O.1079(I)/2016 dated 22 November, 2016 in pursuant to sub section (1) of Section 10 of the Insurance Ordinance, 2000 (XXXIX of 2000). Now the principal activity of the company is to engage in trading of computer and allied I.T. equipment, development and sale of software and provision of allied services.

**1.4 Recommencement of Business**

The Company has commenced its new trading business activities. The accumulated losses of the company as at balance sheet date reduced during the period to Rs. 0.868 million (June 30, 2017: Rs. 2.113 million) and its current ratio has further been improved and presently current assets of the Company are more than 3 times of its current liabilities. Further the directors have inserted Rs. 4.150 million to support the Company in its working capital needs.

**1.5 Investment for Business**

The Company has purchased copy right of certain accounting and ERP software for trading of its right to use. Activity of sale of software license will further enhance the Company's financial position. These conditions are better in contrast with the previous years. These improvements indicate a certainty on the Company's ability to continue as a going concern. The Company also had submitted a revival plan before the SECP Karachi and Islamabad and have commenced its operations completely. Therefore, the management is confident that the Company shall continue as a going concern.

**1.6 Compliance of Regulatory Bodies**

During the current period of nine months under review, all the compliances related to restoration of Company's securities to normal counter of Pakistan Stock Exchange (the PSX) for the purpose of its trading through the PSX Board, has been fulfilled by the Company. In this respect the PSX has acknowledge the fact through written communication to the Company, further the Securities and Exchange Commission of Pakistan (the SECP) has dropped the on going proceedings against the Company. Now the only the matter of restoration of Company's securities in CDS is remained to achieve. The Company is in communication with the Central Depository Company of Pakistan (the CDC) for restoration of CDS eligibility status.

**1.7 Merger Status**

Further during the period under review, to meet the requirement of minimum paidup capital of Pakistan Stock Exchange, the members in Annual General Meeting of the Company have approved an Scheme of Merger for Amalgamation of Lakhwani Securities (SMC Pvt.) Limited with and into the Company. According to the Scheme as result of merger, the paid up capital of the Company shall raise upto Rs. 40 million and it shall continue with its present status and activities, further the Lakhwani Securities (SMC Pvt.) Limited shall cease to exists without being wound up.

**HALLMARK COMPANY LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2018**

After approval of the merger the application has been processed to Securities and Exchange Commission of Pakistan and on its guidance the matter is placed before the High Court of Sindh. Petition for merger has been filed in the Sindh High Court to order the merger as pleaded. The petition is under process and the merger shall be concluded after the Court's order.

**2 BASIS OF PREPARATION**

These condensed interim financial statements are unaudited and are being circulated to the shareholders in accordance with the listing regulations of Pakistan Stock Exchange and section 245 of the repealed Companies Ordinance, 1984 now section 237 of Companies Act, 2017 and being prepared in condensed form in accordance with the requirements of approved accounting standards as applicable in Pakistan for interim financial reporting. They do not include all of the information required for the full financial statements, and should be read in conjunction with the annual financial statements for the transitional period of six months ended on June 30, 2017.

**3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in these condensed interim financial statements are same as those applied by the company in its financial statements for the transitional period of six months ended on June 30, 2017.

**3.1 ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of these condensed interim financial statements are in conformity with approved accounting standards which requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed interim financial statement, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the transitional period of six months ended on June 30, 2017.

**3.2 FINANCIAL RISK MANAGEMENT**

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the audited annual financial statements as at and for the six months period ended 30 June 2017.

**3.3 FUNCTIONAL AND PRESENTATION CURRENCY**

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

**HALLMARK COMPANY LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2018**

|  | <b>31-Mar-18</b>         |                | <b>30-Jun-17</b>        |                       |
|--|--------------------------|----------------|-------------------------|-----------------------|
|  | <i>Rupees</i>            |                | <i>Rupees</i>           |                       |
|  | <b>(Unaudited)</b>       |                | <b>(Audited)</b>        |                       |
| <b>4 FURNITURE, FIXTURES AND OFFICE EQUIPMENT</b>  |                          |                |                         |                       |
| Furniture and fixture  |                          |                | 527,976                 | 570,785               |
| Office equipments  |                          |                | 268,545                 | 247,796               |
| Generator  |                          |                | 34,241                  | 37,017                |
| Computer and allied equipments   |                          |                | <u>108,459</u>          | <u>17,366</u>         |
|  |                          |                | <u><b>939,220</b></u>   | <u><b>872,964</b></u> |
|  | <b>Nine Months Ended</b> |                | <b>Quarter Ended</b>    |                       |
|  | <b>31-Mar-18</b>         | 31-Mar-17      | <b>31-Mar-18</b>        | 31-Mar-17             |
| Depreciation expense charged   | <u><b>73,744</b></u>     | <u>116,261</u> | <u><b>28,359</b></u>    | <u>116,261</u>        |
| <b>5 INTANGIBLES</b>   |                          |                |                         |                       |
| Software license   |                          |                |                         |                       |
| Cost   |                          |                | <b>4,260,000</b>        | -                     |
| Less: Accumulated amortization @ 10%   |                          |                | <u><b>(106,500)</b></u> | <u>-</u>              |
|  |                          |                | <u><b>4,153,500</b></u> | <u>-</u>              |
| <p>The selling right of softwares were purchased during the current period for the purpose of selling license to users and generation revenue. This will also serve as continuous and permanent source of income through periodical renewal and maintenance services.</p> <p>Intangibles are capitalized at cost only when there is technical feasibility and future inflow of economic benefits are probable. It is amortized at the rate of 10% per annum on straight line</p> |                          |                |                         |                       |
| <b>6 STOCK IN TRADE</b>  |                          |                |                         |                       |
| Finished goods   |                          |                | <u><b>378,640</b></u>   | <u>1,004,693</u>      |
| <b>7 CURRENT AND OTHER ACCOUNTS</b>  |                          |                |                         |                       |
| Cash in hand   |                          |                | <b>37,559</b>           | 122,062               |
| Cash at bank   |                          |                |                         |                       |
| Current  |                          |                | <u><b>74,046</b></u>    | <u>26,445</u>         |
| Deposit  |                          |                | <u>-</u>                | <u>350,000</u>        |
|  |                          |                | <u><b>74,046</b></u>    | <u>376,445</u>        |
|  |                          |                | <u><b>111,605</b></u>   | <u>498,507</u>        |
| <b>8 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>  |                          |                |                         |                       |
| 500,000 Ordinary Shares of Rs. 10/- each fully paid in cash  |                          |                | <u><b>5,000,000</b></u> | <u>5,000,000</u>      |
| <b>8.1</b> On completion of merger process through Honorable High Court, the paid up capital of the Company shall be raised to the extent of Rs. 45 million.   |                          |                |                         |                       |
| <b>9 LOAN FROM DIRECTORS</b>   |                          |                |                         |                       |
| Unsecured  |                          |                | <u><b>4,150,000</b></u> | <u>1,500,000</u>      |

The above loan is unsecured and interest free and repayable at the discretion of the Company on availability of funds. The loan was provided by the Directors by way of payment for purchase of stock and expenses of the Company, as the bank account was not operative at that time.

**HALLMARK COMPANY LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2018**

**10 CONTINGENCIES AND COMMITMENT**

**10.1 Commitment**

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

**10.2 Contingencies**

The management is under negotiation with the Company's corporate consultants for agreeing on the amount of their remuneration for the services rendered in current and prior years in respect of corporate matters of the Company. The financial impact cannot reliably be ascertained at present.

|   | Nine Months Ended          |                  | Quarter Ended              |                  |
|---|----------------------------|------------------|----------------------------|------------------|
|   | 31-Mar-18                  | 31-Mar-17        | 31-Mar-18                  | 31-Mar-17        |
|   | <i>(Amounts in Rupees)</i> |                  | <i>(Amounts in Rupees)</i> |                  |
| <b>11 COST OF SALES</b>                       |                            |                  |                            |                  |
| Opening stock                                 | <b>1,004,693</b>           | -                | <b>256,380</b>             | -                |
| Purchase of goods                             | <b>6,965,781</b>           | 1,008,053        | <b>2,865,932</b>           | 1,008,053        |
| Transportation                                | <b>145,044</b>             | 23,785           | <b>69,171</b>              | 23,785           |
| Packaging/ inspection and handling            | <b>350,456</b>             | 60,441           | <b>143,980</b>             | 60,441           |
|   | <b>8,465,974</b>           | <i>1,092,279</i> | <b>3,335,463</b>           | <i>1,092,279</i> |
| Less: Closing stock                           | <b>(378,640)</b>           | (688,693)        | <b>(378,640)</b>           | (688,693)        |
|   | <b>8,087,334</b>           | <u>403,586</u>   | <b>2,956,823</b>           | <u>403,586</u>   |
| <b>12 ADMINISTRATIVE AND SELLING EXPENSES</b> |                            |                  |                            |                  |
| Salaries                                      | <b>1,008,000</b>           | 216,400          | <b>336,000</b>             | 44,400           |
| Surcharge stock exchange                      | -                          | 50,000           | -                          | 25,000           |
| Printing and stationary                       | <b>187,473</b>             | 21,710           | <b>50,723</b>              | 21,710           |
| Advertisement                                 | <b>72,361</b>              | 18,000           | <b>19,477</b>              | 18,000           |
| Travelling and conveyance                     | <b>106,452</b>             | 17,780           | <b>42,894</b>              | 17,780           |
| Entertainment                                 | <b>90,396</b>              | 39,294           | <b>40,226</b>              | 27,584           |
| Stationery expenses                           | <b>41,111</b>              | 21,674           | <b>17,490</b>              | 17,346           |
| Legal and professional charges                | <b>27,000</b>              | 39,500           | <b>9,000</b>               | 9,500            |
| Depreciation expense                          | <b>73,744</b>              | 141,888          | <b>28,359</b>              | 25,627           |
| Amortization                                  | <b>106,500</b>             | -                | <b>106,500</b>             | -                |
| Miscellaneous expenses                        | <b>43,850</b>              | 19,720           | <b>24,130</b>              | 19,720           |
|   | <b>1,756,887</b>           | <u>585,966</u>   | <b>674,799</b>             | <u>226,667</u>   |
| <b>13 OTHER INCOME</b>                        |                            |                  |                            |                  |
| Rental income from investment property        | <b>450,000</b>             | 450,000          | <b>150,000</b>             | 150,000          |
| Revaluation increase on investment property   | -                          | 865,000          | -                          | 865,000          |
|   | <b>450,000</b>             | <u>1,315,000</u> | <b>150,000</b>             | <u>1,015,000</u> |
| <b>14 OTHER EXPENSES</b>                      |                            |                  |                            |                  |
| Listing fee - Pakistan Stock Exchange         | <b>50,000</b>              | 100,000          | -                          | -                |
| Auditors' remuneration                        | <b>52,500</b>              | 75,000           | <b>17,500</b>              | -                |
|   | <b>102,500</b>             | <u>175,000</u>   | <b>17,500</b>              | <u>-</u>         |

**HALLMARK COMPANY LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2018**

|   | Nine Months Ended          |           | Quarter Ended              |           |
|---|----------------------------|-----------|----------------------------|-----------|
|   | 31-Mar-18                  | 31-Mar-17 | 31-Mar-18                  | 31-Mar-17 |
|   | <i>(Amounts in Rupees)</i> |           | <i>(Amounts in Rupees)</i> |           |
| <b>15 BASIC AND DILUTED EARNING PER SHARE</b> |                            |           |                            |           |
| Profit after taxation                         | <b>1,346,104</b>           | 814,318   | <b>522,730</b>             | 1,048,617 |
| Weighted average number of Ordinary shares    | <b>500,000</b>             | 500,000   | <b>500,000</b>             | 500,000   |
| Earning per share                             | <b>2.69</b>                | 1.63      | <b>1.05</b>                | 2.10      |

There is no dilutive impact on earning per share.

**16 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS & EXECUTIVES**

The commercial activity has been commenced but remuneration of Directors and Chief Executive have not yet been decided therefore, arrears of remuneration shall be paid and charged in the period in which the decision is made.

**17 TRANSACTIONS WITH RELATED PARTIES**

The related parties comprise associated undertakings and key management personnel. The transactions between the Company and the related parties are carried out at arms length. Amounts due from and to related parties and key management personnel, if any, are shown under receivables and payables. Remuneration of key management personnel is disclosed in note-16. Details of transactions made with related parties during the year are as follows:

|                                       |                  |         |                  |         |
|---------------------------------------|------------------|---------|------------------|---------|
| Loan received from directors (note 9) | <b>2,650,000</b> | 250,000 | <b>2,650,000</b> | 250,000 |
|---------------------------------------|------------------|---------|------------------|---------|

**HALLMARK COMPANY LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2018**

**18 POSITION AFTER MERGER**

Had the merger been completed at nine months period ended on March 31, 2018, the condensed interim financial position of the Company would have been flowing:

| <b>CONDENSED INTERIM BALANCE SHEET</b>     |                    |                  |
|--|--------------------|------------------|
| <b>AS AT MARCH 31, 2018</b>                |                    |                  |
|  | <b>31-Mar-18</b>   | 30-Jun-17        |
|  | <i>Rupees</i>      | <i>Rupees</i>    |
| <b>ASSETS</b>                              | <b>(Unaudited)</b> | <b>(Audited)</b> |
| <b>Non Current Assets</b>                  |                    |                  |
| Furniture, fixtures and office equipment   | 939,220            | 872,964          |
| Intangibles                                | 4,153,500          | -                |
| Equity investment                          | 28,650,000         | -                |
| Goodwill                                   | 14,657,000         | -                |
| Investment Property                        | 1,665,000          | 1,665,000        |
| Deferred tax asset                         | 249,176            | -                |
|  | <b>50,313,896</b>  | 2,537,964        |
| <b>Current Assets</b>                      |                    |                  |
| Stock in trade                             | 378,640            | 1,004,693        |
| Trade debts - considered good              | 1,069,469          | 1,095,446        |
| Loan to employees                          | 237,937            | 150,000          |
| Cash and bank balance                      | 2,166,468          | 498,507          |
|  | <b>3,852,514</b>   | 2,748,646        |
| <b>TOTAL ASSETS</b>                        | <b>54,166,410</b>  | 5,286,610        |
| <b>EQUITY AND LIABILITIES</b>              |                    |                  |
| <b>Share Capital And Reserves</b>          |                    |                  |
| Authorized Share Capital                   |                    |                  |
| 1,000,000 Ordinary Shares of Rs. 10/- each | 40,000,000         | 10,000,000       |
| Issued, subscribed and paid-up capital     | 40,000,000         | 5,000,000        |
| Accumulated loss                           | (767,081)          | (2,113,185)      |
| Loan from directors                        | 4,150,000          | 1,500,000        |
|  | <b>43,382,919</b>  | 4,386,815        |
| <b>Non Current Liabilities</b>             |                    |                  |
| Deferred tax liability                     | -                  | 55,732           |
| <b>Current Liabilities</b>                 |                    |                  |
| Trade and other payable                    | 10,385,333         | 495,878          |
| Advance from customers                     | 125,000            | 55,000           |
| Accrued and other payables                 | 179,264            | 225,343          |
| Unclaimed dividends                        | 23,150             | 23,150           |
| Provision for taxation                     | 70,744             | 44,693           |
|  | <b>10,783,491</b>  | 844,063          |
| Contingencies and commitments              | -                  | -                |
| <b>TOTAL EQUITY AND LIABILITIES</b>        | <b>54,166,410</b>  | 5,286,610        |

The above financial position has been reached by considering the impact of merger over only paid up capital and corresponding assets and liabilities. The impact of activities performed by the Lakhwani Securities (SMC Pvt.) Limited during the period before order for merger has not been considered nor the impact of deferment of liabilities has been considered.

**HALLMARK COMPANY LIMITED  
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

**19 AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue in accordance with a resolution of the Board of Directors on April 30, 2018.

**20 GENERAL**

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

---

**Chief Executive**

---

**Director**

---

**Chief Financial Officer**