



**HALLMARK
COMPANY LIMITED**

HALLMARK COMPANY LIMITED

**CONDENSED INTERIM FINANCIAL
STATEMENTS (UN-AUDITED)**

**FOR THE HALF YEAR ENDED
DECEMBER 31, 2021**

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COMPANY INFORMATION

Chairman

Mr. Jawad Muhammad Rauf

Chief Executive

Mr. Irtaza Zafar Sheikh

Directors

Mr. Jawad Muhammad Rauf

Mr. Muhammad Ashfaq

Mr. Irtaza Zafar Sheikh

Ms. Medina Zafar Sheikh

Ms. Wanda Zafar Sheikh

Mr. Kamran Ahmed

Mr. Owais Ali Khan

Chairman

Independent Director

CEO / Director

Non-Executive Director

Non-Executive Director

Non-Executive Director

Non-Executive Director

Audit Committee

Mr. Muhammad Ashfaq

Mr. Jawad Muhammad Rauf

Ms. Wanda Zafar Sheikh

Chairman and Member

Member

Member

H.R. & Remuneration Committee

Mr. Jawad Muhammad Rauf

Mr. Wanda Zafar Sheikh

Ms. Medina Zafar Sheikh

Chairman and Member

Member

Member

Chief Financial Officer

Mr. Ejaz Rasool

Company Secretary

Mr. Muhammad Bilal

External Auditors

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

Legal Advisor

Mr. Bhagwan Das Advocate High court

Shares Registrar

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

Bankers

Habib Metropolitan Bank Limited

Registered Office of the Company

204, 2nd Floor,
Horizon Tower, Block 3,
Scheme No: 5, Clifton,
Karachi, Pakistan

Phone: 021-35155112

Email: hallmark@bizcorei.com

Web: www.hiclpk.com

DIRECTORS'REPORT

Dear Shareholders,

The Directors of your Company are pleased to present you the un-audited condensed interim financial information for the half-year ended on December 31, 2021. The Directors' report is prepared under section 227 of the Companies Act, 2017.

During the half-year ended December 31, 2021, public offer under the Listed Companies (Substantial Acquisition of controlling shares and takeovers) Regulations, 2017 (the Regulation) was completed by the Shareholder; the transfer process shares was completed also completed in December 2021.

Company's Performance

We are pleased to inform you that the management is able to generate a revenue of PKR 2.430 million from rendering of services and sales of goods. Due to the continued impact of COVID 19, on small-sized entities in Pakistan, the Company's operations were very limited, due to which the Company has faced the operational loss of Rs. 2.7 million.

Operational Results

A summary of the operational results is as follows:

	Six Month Ended Dec 31, 2021	Six Month Ended Dec 31, 2020
REVENUE	2,430,000	3,739,329
GROSS PROFIT	1,063,750	1,834,713
OPERATING (LOSS) / PROFIT	(2,707,341)	670,876
(LOSS) / PROFIT AFTER TAXATION	(4,866,767)	137,215
(LOSS) / EARNING PER SHARE	(9.73)	0.27

The Company has earned a Gross profit of Rs. 1.1 million with a net loss of Rs.4.87 million during the period under review, which was Rs. 1.8 and Rs. 137,215 respectively in the comparative period last year. Loss per share (LPS) for the period stood at Rs. (9.73)per share and Earning Per Share was Rs. 0.27 in the comparative last year.

Future Prospects

The Company has diversified its portfolio to information technology and related services. Our existing budget for 2022 is focused on achieving sustainable growth. The Company is looking to expand not only locally but globally. The I.T. sector is flourishing worldwide, and based on the current growth rate and profit margin in the I.T. sector, we expect that the return from business activities shall further increase.

Acknowledgement

We strongly believe that the Company's success can only be driven by the commitment and dedication of its management, employees and trust of our valued clients. We acknowledge the contribution of every member/ staff for their hardwork in delivering performance during such a critical situation. We do also recognise guidance and support provided by the SECP, PSX, Auditors and thank all our shareholders and customers for their support and confidence they reposed.


Irtaza Zafar Sheikh
Chief Executive Officer


Jawad Muhammad Rauf
Chairman

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

ASSETS	<i>Note</i>	31-Dec-21	30-Jun-21
		<i>Rupees</i>	<i>Rupees</i>
		(Unaudited)	(Audited)
Non-Current Assets			
Property, plant and equipment	5	721,991	1,045,682
Intangibles	6	1,335,000	1,425,000
Deferred tax asset		-	92,115
Security deposit for rent		-	1,500,000
		<u>2,056,991</u>	<u>4,062,797</u>
Current Assets			
Trade receivable	7	985,000	4,204,925
Loan and advances		-	24,000
Cash and bank balance	8	175,931	952,751
		<u>1,160,931</u>	<u>5,181,676</u>
TOTAL ASSETS		<u><u>3,217,921</u></u>	<u><u>9,244,473</u></u>
EQUITY AND LIABILITIES			
Share Capital And Reserves			
Authorized Share Capital			
1,000,000 Ordinary Shares of Rs. 10/- each		<u>10,000,000</u>	<u>10,000,000</u>
Issued, subscribed and paid-up capital	9	5,000,000	5,000,000
Accumulated (loss)/ profits		<u>(2,914,732)</u>	<u>1,952,035</u>
		<u>2,085,268</u>	<u>6,952,035</u>
Non Current Liabilities			
Long term loans from related parties	10	-	1,403,125
Deferred tax liability		59,075	-
Current Liabilities			
Accrued and other payables		898,413	735,823
Unclaimed dividends		23,150	23,150
Provision for taxation - net		152,015	130,340
		<u>1,073,578</u>	<u>889,313</u>
Contingencies and commitments	11	-	-
TOTAL EQUITY AND LIABILITIES		<u><u>3,217,921</u></u>	<u><u>9,244,473</u></u>

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


 Chief Executive


 Director


 Chief Financial Officer

HALLMARK COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Notes	HALF YEAR ENDED		QUARTER ENDED	
		31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
		<i>(Amounts in Rupees)</i>		<i>(Amounts in Rupees)</i>	
Turnover					
Sale of goods		985,000	1,807,020	985,000	160,900
Rendering of Services		1,445,000	1,932,309	-	1,932,309
		<u>2,430,000</u>	<u>3,739,329</u>	<u>985,000</u>	<u>2,093,209</u>
Cost of sales and Services		(1,366,250)	(1,904,616)	(344,750)	(853,402)
Gross profit		1,063,750	1,834,713	640,250	1,239,807
Administrative expenses	12	(3,040,465)	(817,532)	(236,121)	(627,363)
Selling expenses	13	(730,626)	(346,305)	(80,945)	(156,750)
Operating (loss)/ profit		(2,707,341)	670,876	323,184	455,694
Other expenses	14	(1,954,729)	(521,763)	(318,340)	(341,763)
Financial charges		(31,830)	(12,569)	-	(12,569)
(Loss)/ profit before taxation		(4,693,900)	136,544	4,844	101,362
Taxation - net		(172,867)	671	-	343
(Loss)/ profit after taxation		(4,866,767)	137,215	4,844	101,704
Comprehensive Income					
(Loss)/ profit after taxation		(4,866,767)	137,215	4,844	101,704
Other comprehensive income		-	-	-	-
Total comprehensive (loss)/ income for the period		<u>(4,866,767)</u>	<u>137,215</u>	<u>4,844</u>	<u>101,704</u>
Basic and diluted (loss)/ Earning per share	15	(9.73)	0.27	0.01	0.20

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


 Chief Executive


 Director


 Chief Financial Officer

HALLMARK COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Issued, Subscribed and Paid-up Capital	Accumulated Profits	Total
	----- (Rupees) -----		
Balance as at June 30, 2020	5,000,000	1,712,641	6,712,641
Total comprehensive income for the half year period	-	137,215	137,215
Balance as at December 31, 2020	<u>5,000,000</u>	<u>1,849,856</u>	<u>6,849,856</u>
Total comprehensive income for the half year period	-	102,179	102,179
Balance as at June 30, 2021	<u>5,000,000</u>	<u>1,952,035</u>	<u>6,952,035</u>
Total comprehensive loss for the half year period	-	(4,866,767)	(4,866,767)
Balance as at December 31, 2021	<u><u>5,000,000</u></u>	<u><u>(2,914,732)</u></u>	<u><u>2,085,268</u></u>

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


 Chief Executive


 Director


 Chief Financial Officer

HALLMARK COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	01-Jul-21 to 31-Dec-21 <i>Rupees</i> (Unaudited)	01-Jul-20 to 31-Dec-20 <i>Rupees</i> (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(4,693,900)	136,544
Adjustments for:		
Loss on disposal	77,389	-
Depreciation	82,102	52,207
Written off	1,475,000	-
Finance cost	31,830	12,569
Amortization	90,000	90,000
Operating (Loss)/ profit Before Working Capital Changes	<u>(2,937,579)</u>	<u>291,320</u>
Changes in working capital		
(Increase)/ decrease in current assets:		
Stock in trade	-	248,081
Trade receivables	1,744,925	(1,694,503)
Loan to Employees	24,000	220,352
Increase/ (decrease) in current liabilities:		
Trade creditors	-	(130,270)
Accrued and Other payables	162,590	(212,642)
Cash (used in) generated from operations	<u>(1,006,065)</u>	<u>(1,277,662)</u>
Taxes paid	-	(238,125)
Net Cash (Outflow) From Operating Activities	<u>(1,006,065)</u>	<u>(1,515,787)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds for security deposit	1,500,000	
Proceed from sale of fixed assets	164,200	-
Net Cash Inflow From Investing Activities	<u>1,664,200</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Financial charges paid	(31,830)	
Loan refund/received Shareholder	(1,403,125)	1,403,125
Net Cash (Outflow)/ Inflow From Financing Activities	<u>(1,434,955)</u>	<u>1,403,125</u>
Net (Decrease) in cash and cash equivalents	<u>(776,820)</u>	<u>(112,662)</u>
Cash and cash equivalents at the beginning of the period	<u>952,751</u>	<u>221,477</u>
Cash and cash equivalents at the end of the period	<u><u>175,931</u></u>	<u><u>108,815</u></u>

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


 Chief Executive


 Director


 Chief Financial Officer

HALLMARK COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

1 LEGAL STATUS AND BUSINESS ACTIVITIES OF THE COMPANY

The Hallmark Company Limited (HCL) was incorporated as a Public Limited Company on 31 October, 1981 under the repealed Companies Act, 1913 (now the Companies Act, 2017), and subsequently obtained registration under the repealed Insurance Act, 1938, (now the Insurance Ordinance, 2000) as an insurer. Subsequently, on application from the Company, the insurance license of the Company was got revoked from the SECP Insurance Division, vide the S.R.O.1079(I)/2016 dated 22 November, 2016. Consequently, the principal activity was changed, and the Company engaged in trading of computer and allied I.T. equipment, and products. The registered head office of the Company is situated at Plot # 38/ A, Opposite the Intellect School, Ground Floor, Korangi Creek, Karachi Korangi Sindh 75400.

1.1 SIGNIFICANT EVENTS

During the period under review, the acquirer has completed the requirements under the Listed Companies (Substantial Acquisition of Voting Shares & Takeovers) Regulations, 2017, and major shares were transferred to the acquirer. Consequently the management of the Company has been changed by way of election in the AGM that was held subsequently on February 18, 2022 and the new officials including Chief Executive, Directors, Chief Financial Officer and the Company Secretary have been engaged in place of the old officials of the Company.

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

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

2.2 These condensed interim financial statements are un-audited but subject to limited scope review by the auditors and are being submitted to the shareholders as required under Section 237 of the Companies Act, 2017. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2021.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed interim financial information are same as those applied by the company in its annual financial statements for the year ended on June 30, 2021.

4 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these condensed interim financial statements are in conformity with approved accounting standards which requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed interim financial statement, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended on June 30, 2021.

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HALLMARK COMPANY LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	HALF YEAR ENDED		QUARTER ENDED	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	(Amounts in Rupees)		(Amounts in Rupees)	
12 ADMINISTRATIVE EXPENSES				
Salaries	165,375	317,818	33,075	251,800
Printing and stationary	20,321	32,549	9,267	-
Advertisement	78,225	12,540	-	-
Travelling and conveyance	108,650	5,875	-	-
Entertainment	63,826	1,543	2,036	-
Security expenses	650,366	-	27,000	-
Rent and utilities expense	1,346,600	300,000	48,000	300,000
Legal and professional charges	335,000	5,000	35,000	5,000
Depreciation expense	82,102	52,207	36,743	25,563
Amortization	90,000	90,000	45,000	45,000
Miscellaneous expenses	100,000	-	-	-
	<u>3,040,465</u>	<u>817,532</u>	<u>236,121</u>	<u>627,363</u>
13 SELLING EXPENSES				
Salaries	359,625	250,934	71,925	107,700
Printing and stationary	12,402	19,854	5,656	-
Advertisement	96,775	64,517	-	49,050
Travelling and conveyance	156,350	8,454	-	-
Entertainment	105,474	2,546	3,364	-
	<u>730,626</u>	<u>346,305</u>	<u>80,945</u>	<u>156,750</u>
14 OTHER EXPENSES				
Fee and subscription	202,340	346,763	118,340	166,763
Auditors remuneration	200,000	175,000	200,000	175,000
Other loss - sale on asset	77,389	-	-	-
Receivable balance written off	1,475,000	-	-	-
	<u>1,954,729</u>	<u>521,763</u>	<u>318,340</u>	<u>341,763</u>
14.1	During the first quarter the agreement with 360 Digital LLC is terminated by HCL as per clause 9.1 & 9.2 of the said agreement and the amount of receivable is adjusted against the loan from related party (Note 17), and the balance amount of Rs.1,301,800/- is written off. And Rs.173,200/- is written off being non-recoverable form various parties.			
15 BASIC AND DILUTED EARNING PER SHARE				
(Loss)/ profit after taxation	(4,866,767)	137,215	4,844	101,704
Weighted average number of Ordinary shares	500,000	500,000	500,000	500,000
(Loss)/ Earning per share	<u>(9.73)</u>	<u>0.27</u>	<u>0.01</u>	<u>0.20</u>

There is no dilutive impact on loss/ earning per share.

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HALLMARK COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

16 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS & EXECUTIVES

The 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. Details of transactions made with related parties during the period are as follows:

Relationship with the company	Nature of Transaction	HALF YEAR ENDED		QUARTER ENDED	
		31-Dec-21 (Amounts in Rupees)	31-Dec-20	31-Dec-21 (Amounts in Rupees)	31-Dec-20
Key management personnel	Loan from related party Mr. Azneem Bilwani	<u>(1,403,125)</u>	<u>1,403,125</u>	<u>-</u>	<u>1,403,125</u>
Associated company by nature of common ownership and directorship	360 Digital Marketing LLC Rendering of services	<u>1,445,000</u>	<u>1,932,309</u>	<u>-</u>	<u>1,932,309</u>
	Receivable balance written off	<u>1,301,800</u>	<u>-</u>	<u>-</u>	<u>-</u>

18 FINANCIAL RISK MANAGEMENT

The company's financial risk management objective and policies are consistent with that disclosed in the financial statements as at, and for the year ended June 30, 2021.

19 DATE OF AUTHORISATION

These condensed interim financial information were authorized for issue in accordance with a resolution of the Board of Directors on February 28, 2022.

20 GENERAL

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


 Chief Executive


 Director


 Chief Financial Officer