



HALLMARK  
COMPANY LIMITED

*Eager to Grow*

***ANNUAL REPORT***  
***FOR THE YEAR ENDED***  
***JUNE 30, 2022***

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# VISION AND MISSION STATEMENTS

## OUR VISION

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

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

Quality services 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 services and products that exceed their expectations.

## OUR MISSION

The Company's aims to become one of the leading I.T. related services and I.T products in the market for clients 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 in everything we do.

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

## **COMPANY'S INFORMATION**

### **Chairman**

Ms. Wanda Dolores Fajardo

### **Chief Executive**

Mr. Irtaza Zafar Sheikh

### **Directors**

Ms. Wanda Dolores Fajardo	Chairman
Mr. Muhammad Ashfaq	Independent Director
Mr. Jawad Rauf	Independent Director
Mr. Irtaza Zafar Sheikh	CEO / Director
Ms. Medina Zafar Sheikh	Non-executive Director
Mr. Kamran Ahmed	Non-executive Director
Mr. Owais Ali Khan	Non-executive Director

### **Audit Committee**

Mr. Muhammad Ashfaq	Chairman and Member
Mr. Jawad Rauf	Member
Ms. Wanda Dolores Fajardo	Member

### **HR & Remuneration Committee**

Ms. Wanda Dolores Fajardo	Chairman and Member
Mr. Jawad Rauf	Member
Ms. Medina Zafar Sheikh	Member

### **Chief Financial Officer**

Mr. Ejaz Rasool

### **Company Secretary**

Mr. Muhammad Bilal

### **External Auditors**

S.M. Suhail & Co.  
Chartered Accountants

### **Legal Advisor**

Mr. Bhagwan Das  
Advocate High Court

### **Shares Registrar**

F.D. Registrar Services (SMC-Private) Limited

### **Bankers**

Habib Metropolitan Bank Limited

## **OFFICE OF THE COMPANY**

### **Registered Office Karachi**

Suite # 204, 2<sup>nd</sup> Floor,  
Horizon Tower, Block 3,  
Scheme No: 5, Clifton,  
Karachi, Pakistan.

Phone: +92 42-35788604, 021-35155112

Email: [CFO@hallmark.pk](mailto:CFO@hallmark.pk), [hallmark@bizcorei.com](mailto:hallmark@bizcorei.com)

Web: [www.hiclpk.com](http://www.hiclpk.com)

## NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 43<sup>rd</sup>, Annual General Meeting of the Shareholders of **HALLMARK COMPANY LIMITED** will be held on, Monday, **November 28, 2022, at 12:00 P.M.** at Suite # 505, 5th Floor, Horizon Tower, Block 3, Scheme No: 5, Clifton, Karachi, to transact the following business:

### ORDINARY BUSINESS

1. To confirm the minutes of the 42<sup>nd</sup> Annual General Meeting held on August 9, 2021.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2022, together with the Directors' and Auditors' Reports thereon.
3. To appoint Auditors for the year ending on June 30, 2023, and, fix their remuneration. The retiring Auditors, S.M. Suhail & Co., Chartered Accountants are eligible and, have provided their consent and the Directors have recommended their reappointment as statutory auditors of the Company.
4. To transact any other business with the permission of the Chairman.

By order of the Board

**Muhammad Bilal**  
**Company Secretary**

Karachi

Date: November 7, 2022

## NOTES:

- 1. A member is entitled to attend and vote** at the Annual General Meeting and 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 November 22, 2022, to November 28, 2022 (both days inclusive). Transfer requests received by our Shares Registrar, the F.D. Registrar Services (SMC-Private) Limited, located on, the 17<sup>th</sup> Floor, Trade Centre, I.I. Chundrigar Road, Karachi, till the close the business hours, on November 21, 2022, will be considered in time to attend and vote at the meeting and for the entitlement of Dividend (if any).
- 3. The Forms of proxy** to validate, 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** 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 a dividend may be withheld in terms of SECP's above-mentioned directive, Shareholders are, therefore, requested to submit a copy of updated/ valid CNIC, (if not already provided) to the Share Registrar.
- 6. Video Conference Facility** can be availed by members of the Company. In this regard, please submit to the registered office address of the Company, the following request 10 days before holding 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**, in 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 a demand for the 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 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 to the appointment of an executive officer as proxy and will exercise e-voting as per the Companies (e-voting) Regulations, 2016, and hereby demand 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**, to make payment of cash dividends more efficient, the e-dividend mechanism has been envisaged where shareholders can get the amount of dividends credited into their respective bank accounts electronically without any delay. In this way, the 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 the 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 a mandate form duly filled in and signed. The dividend mandate form is available on the website of the Company.

- 9. Electronic Transmission of Financial Statements** to the SECP, through notification No., SRO 787(I)/2014 dated September 8, 2014, has allowed companies to circulate Annual Financial Statements along with notice of the Annual General Meeting through email, instead of sending the same through the post, to those members who desire to avail of 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 the Standard Request Form available at the registered office of the Company.

- 10. Form of Proxy** is enclosed at the end of this annual report.

By Order of the Board

**Muhammad Bilal**  
**Company Secretary**

Karachi

Date: November 7, 2022

## 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 the effectiveness of its role in attaining the overall objectives of the Company.

Significant aspects of the performance of the Company have been shared with our valued shareholders, during the course of the financial year 2021-22. The Management of the Company is encouraged by the future prospects due to diversification to IT-related sectors and expects to continue to demonstrate satisfactory performance through its efforts and strategic directions provided by the Board.

## Business Acquisition

During the last year, the Company received a notice of public announcement of intention from acquirers, an Offer, to acquire more than 50% shares and control of the Company, beyond the thresholds prescribed under Section 111 of the Securities Act, 2015, read with Regulation 2017. On completion of the diligence process, the acquirer has completed the requirements under the Listed Companies (Substantial Acquisition of Voting Shares & Takeovers) Regulations, 2017, and more than 50% of shares have transferred to them, during the year under review.

Consequently, the management of the Company has been changed by way of an election in the meeting that was held during the current year, held on February 18, 2022, and the new officials including the Chief Executive, Directors, Chief Financial Officer, and the Company Secretary have been engaged in place of the old officials of the Company.

## Overview of Economy

The impact of political instability, worst-ever economic turbulence, continuous currency depreciation, growing inflation, and price uncertainty in international markets is badly damaging Pakistan's economy and placing us in deep trouble. In an environment where expectations are rising by the day, it is more important than ever that we maintain an unwavering commitment to governance and quality throughout our Company. That is why we are continually looking for methods to meet and surpass our stakeholders' expectations while improving our work's quality.

## Industry Review and Outlook

Pakistan's digital growth is evolving at a rapid rate. IT is one of Pakistan's fastest-growing industries, accounting for around 1% of the country's GDP (about 3.5 billion USD). It has more than doubled in the last four years, and analysts predict that it will, more than double again in the next two to four years, reaching \$7 billion. According to the State Bank of Pakistan, Pakistan's software exports are currently worth \$700 million (SBP). According to Pakistan Vision 2025 and Pakistan's Digital Policy 2018, the ICT industry is expected to be worth \$20 billion by 2025.

## Business Performance

Due to import procurement restrictions, the cost of IT items has increased dramatically, which is countered by raising selling prices to the greatest extent possible in order to sustain the demand available in the market, affecting the company's business. However, because IT services and goods have become a necessity for the majority of people, management believes that a rise in market selling price will retain the profit margin. In the long run, management does not expect the country's economic recession to have a substantial financial impact on the Company's financial condition, performance, or cash flows.

The challenge of being price competitive for a new trading Company is very difficult, especially 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 the overall functions of the Company, especially during the instability of the economy. The Company can still generate a sizeable gross profit margin of **73%** compared to last year's **62%**.

### **Diligence**

The Company has a diverse and competent Board of Directors, which adheres to the Company's vision and mission with the ultimate goal of serving the interests of shareholders. The Board of Directors leads and guides the Company through strategic planning, focusing on minimizing risk and maximizing value. The Company has implemented a strong governance framework that supports effective and prudent management, which is instrumental in achieving long-term success. The Board of Directors has reviewed the Annual Report and financial statements, which are fair, balanced, and comprehensive.

### **Governance**

The Board of Directors developed a Code of Conduct that specifies acceptable behavior and has been distributed throughout the Company, along with accompanying rules and procedures. Adequate controls and robust mechanisms are in place to guarantee an effective control environment and achieve compliance with the best corporate governance rules. The Board of Directors establishes high standards of honesty and integrity, which we believe are essential for the business's success.

### **Financial Management**

The Company remains focused on excellent fund management to achieve the Company's objectives. Our financial management strives to enhance profits. Throughout the year, trade and other receivables were efficiently handled to achieve corporate objectives that generated value for shareholders. It has been focused on receiving overdue dues from clients by the due date and avoiding sales on credit to individuals who are unsure about paying the whole amount on time. Throughout the year, management was heavily focused on cost-effectiveness and profit growth.

### **Internal Audit**

The internal audit function is led by an independent internal audit department within the company. The internal audit function is responsible for assessing and enhancing the efficacy of the Company's risk management, control, and governance processes. A company-wide independent appraisal activity examines and evaluates financial and operational concerns. The internal audit's goal is to create operational efficiency, ensure profitability and the interests of the company, and establish and enforce internal control.

### **Acknowledgment**

On behalf of the Board of Directors, I'd like to thank our stakeholders for their ongoing support and encouragement and to publicly express gratitude for the valuable services provided by the Company's workforce. I also recognize and appreciate our Chief Executive Officer and his team for their dedication and hard work.

**Wanda Dolores Fajardo**  
**Chairman**

Karachi

Date: November 7, 2022

## چیمبر مین کا جائزہ

بورڈ کی مجموعی کارکردگی اور کمپنی کے مجموعی مقاصد کے حصول میں اس کے کردار کی تاثیر سے متعلق ہالمارک کمپنی لمیٹڈ (کمپنی) کے ممبران کے سامنے یہ رپورٹ پیش کرتے ہوئے مجھے بے حد خوشی ہو رہی ہے۔ مالی سال 2021-22 کے دوران کمپنی کی کارکردگی کے اہم پہلوؤں کو ہمارے قابل قدر شیئرز ہولڈرز کے ساتھ شیئر کیا گیا ہے۔ آئی ٹی سے متعلقہ شعبوں میں تنوع کی وجہ سے مستقبل کے امکانات سے کمپنی کی انتظامیہ کی حوصلہ افزائی ہوتی ہے اور وہ بورڈ کی طرف سے فراہم کردہ اپنی کوششوں اور اسٹریٹجک ہدایات کے ذریعے تسلی بخش کارکردگی کا مظاہرہ جاری رکھنے کی توقع رکھتی ہے۔

## کاروبار کا حصول

پچھلے سال کے دوران، کمپنی کو حصول داروں کی طرف سے عوامی اعلان کا نوٹس موصول ہوا، ایک پیشکش، جو کہ سیکورٹیز ایکٹ، 2015 کے سیکشن 111 کے تحت مقرر کردہ حد سے آگے، کمپنی کے 50% سے زیادہ حصص اور کنٹرول حاصل کرنے کی ہے۔ ریگولیشن 2017۔ مستعدی کے عمل کی تکمیل پر، حصول کنندہ نے فہرست شدہ کمپنیز (ووٹنگ شیئرز اور ٹیک اور کار کا خاطر خواہ حصول) ریگولیشنز، 2017 کے تحت تقاضے پورے کر لیے ہیں، اور زیر نظر سال کے دوران 50% سے زیادہ شیئرز ان کو منتقل ہو چکے ہیں۔

نتیجتاً موجودہ سال کے دوران 18 فروری 2022 کو منعقد ہونے والی مینٹنگ میں انکیشن کے ذریعے کمپنی کی انتظامیہ کو تبدیل کر دیا گیا ہے، اور نئے عہدیداروں بشمول چیف ایگزیکٹو، ڈائریکٹرز، چیف فنانشل آفیسر، اور کمپنی کے پرانے عہدیداروں کی جگہ کمپنی سیکرٹری کو لگایا گیا ہے۔

## معیشت کا جائزہ

سیاسی عدم استحکام، بدترین معاشی بحران، کرنسی کی مسلسل گراوٹ، بڑھتی ہوئی مہنگائی اور بین الاقوامی منڈیوں میں قیمتوں کی غیر یقینی صورتحال کے اثرات پاکستان کی معیشت کو بری طرح نقصان پہنچا رہے ہیں اور ہمیں گہری پریشانی میں ڈال رہے ہیں۔ ایک ایسے ماحول میں جہاں توقعات روز بروز بڑھتی جا رہی ہیں، یہ پہلے سے کہیں زیادہ اہم ہے کہ ہم اپنی پوری کمپنی میں گورننس اور معیار کے لیے غیر متزلزل عزم کو برقرار رکھیں۔ یہی وجہ ہے کہ ہم اپنے کام کے معیار کو بہتر بناتے ہوئے اپنے اسٹیک ہولڈرز کی توقعات کو پورا کرنے کے طریقے تلاش کر رہے ہیں۔

## انڈسٹری کا جائزہ اور آؤٹ لک

پاکستان ڈیجیٹل انڈسٹری میں تیزی سے ترقی کر رہا ہے۔ آئی ٹی پاکستان کی سب سے تیزی سے ترقی کرنے والی صنعتوں میں سے ایک ہے، جو ملک کی GDP کا تقریباً 1% (تقریباً 5.3 بلین USD) ہے۔ پچھلے چار سالوں میں اس میں دگنی سے بھی زیادہ اضافہ ہوا ہے، اور تجزیہ کاروں نے پیش گوئی کی ہے کہ اگلے دو سے چار سالوں میں یہ دوبارہ دگنی سے بھی زیادہ ہو جائے گا، 7 بلین ڈالر تک پہنچ جائے گا۔ اسٹیٹ بینک آف پاکستان کے مطابق، پاکستان کی سافٹ ویئر کی برآمدات اس وقت 700 بلین ڈالر کی ہیں۔ پاکستان ویزن 2025 اور پاکستان کی ڈیجیٹل پالیسی 2018 کے مطابق 2025 تک آئی ٹی انڈسٹری کی مالیت 20 بلین ڈالر ہونے کی توقع ہے۔

## کاروبار کی کارکردگی

درآمدی خریداری کی پابندیوں کی وجہ سے، آئی ٹی اشیاء کی قیمتوں میں ڈرامائی طور پر اضافہ ہوا ہے، جس کا مقابلہ مارکیٹ میں دستیاب طلب کو برقرار رکھنے کے لیے فروخت کی قیمتوں کو ممکنہ حد تک بڑھا کر کیا جاتا ہے۔ جس سے کمپنی کا کاروبار متاثر ہوتا ہے۔ تاہم، چونکہ آئی ٹی خدمات اور سامان زیادہ تر لوگوں کے لیے ایک ضرورت بن چکے ہیں، انتظامیہ کا خیال ہے کہ مارکیٹ میں فروخت کی قیمت میں اضافہ منافع کے مارجن کو برقرار رکھے گا۔ طویل مدت میں، انتظامیہ کو ملک کی اقتصادی کساد بازاری کا کمپنی کی مالی حالت، کارکردگی، یا نقدی کے بہاؤ پر خاطر خواہ مالی اثر ہونے کی توقع نہیں ہے۔

نی ٹریڈنگ کمپنی کے لیے قیمت کا مقابلہ کرنے کا چیلنج بہت مشکل ہے، خاص طور پر جہاں کمپنی سے توقع کی جاتی ہے کہ وہ آپریشنز میں زندہ رہنے کے لیے اپنے ہر لین دین پر منافع کمائے۔ بورڈ نے کمپنی کے مجموعی کاموں میں توازن کو مؤثر طریقے سے منظم کیا ہے، خاص طور پر معیشت کے عدم استحکام کے دوران۔ کمپنی اب بھی پچھلے سال کے 62% کے مقابلے میں 73% کا قابل قدر مجموعی منافع مارجن پیدا کر سکتی

ہے۔

## مستعدی

کمپنی کے پاس ایک متنوع اور قابل بورڈ آف ڈائریکٹرز ہے، جو تخصص یافتگان کے مفادات کی خدمت کے حتمی مقصد کے ساتھ کمپنی کے وژن اور مشن پر قائم ہے۔ بورڈ آف ڈائریکٹرز سٹرٹیجک منصوبہ بندی کے ذریعے کمپنی کی رہنمائی کرتا ہے، خطرے کو کم کرنے اور زیادہ سے زیادہ قیمت پر توجہ مرکوز کرتا ہے۔ کمپنی نے ایک مضبوط گورننس فریم ورک نافذ کیا ہے جو موثر اور ہوشیار انتظام کی حمایت کرتا ہے، جو طویل مدتی کامیابی حاصل کرنے میں اہم کردار ادا کرتا ہے۔ بورڈ آف ڈائریکٹرز نے سالانہ رپورٹ اور مالیاتی گوشواروں کا جائزہ لیا ہے، جو منصفانہ، متوازن اور جامع ہیں۔

## گورننس

بورڈ آف ڈائریکٹرز نے ایک ضابطہ اخلاق تیار کیا ہے جو قابل قبول رویے کی وضاحت کرتا ہے اور اس کے ساتھ ساتھ قواعد و ضوابط کے ساتھ پوری کمپنی میں تقسیم کیا گیا ہے۔ مؤثر کنٹرول ماحول کی ضمانت اور کارپوریٹ گورننس کے بہترین قوانین کی تعمیل حاصل کرنے کے لیے مناسب کنٹرول اور مضبوط میکانزم موجود ہیں۔ بورڈ آف ڈائریکٹرز ایمانداری اور دیانتداری کے اعلیٰ معیارات قائم کرتا ہے، جو ہمارے خیال میں کاروبار کی کامیابی کے لیے ضروری ہیں۔

## مالی انتظامیہ

کمپنی کے مقاصد کو حاصل کرنے کے لیے کمپنی بہترین فنڈ مینجمنٹ پر مرکوز ہے۔ ہمارا مالیاتی انتظام منافع کو بڑھانے کی کوشش کرتا ہے۔ پورے سال کے دوران، تجارت اور دیگر قابل وصول اشیاء کو کارپوریٹ مقاصد کے حصول کے لیے مؤثر طریقے سے سنبھالا گیا جس سے شیئرز ہولڈرز کے لیے قدر پیدا ہوئی۔ اس کی توجہ کلائنٹس سے مقررہ تاریخ تک واجب الادا رقم وصول کرنے اور ان افراد کو کریڈٹ پرفورمنس سے گریز کرنے پر مرکوز کی گئی ہے جو وقت پر پوری رقم ادا کرنے کے بارے میں یقین نہیں رکھتے ہیں۔ پورے سال کے دوران، انتظامیہ نے لاگت کی تاخیر اور منافع میں اضافے پر بہت زیادہ توجہ مرکوز رکھی۔

## اندرونی آڈٹ

انٹرنل آڈٹ فنکشن کی قیادت کمپنی کے اندر ایک آزاد اندرونی آڈٹ ڈیپارٹمنٹ کرتا ہے۔ اندرونی آڈٹ فنکشن کمپنی کے رسک مینجمنٹ، کنٹرول اور گورننس کے عمل کی افادیت کا اندازہ لگانے اور بڑھانے کے لیے ذمہ دار ہے۔ ایک کمپنی کی وسیع آزاد تشخیصی سرگرمی مالی اور آپریشنل خدشات کی جانچ اور جائزہ لیتی ہے۔ اندرونی آڈٹ کا مقصد آپریشنل کارکردگی پیدا کرنا، منافع اور کمپنی کے مفادات کو یقین بنانا اور اندرونی کنٹرول قائم کرنا اور نافذ کرنا ہے۔

## اعتراف

بورڈ آف ڈائریکٹرز کی جانب سے، میں اپنے اسٹیک ہولڈرز کا ان کی مسلسل حمایت اور حوصلہ افزائی کے لیے شکر ادا کرنا چاہتی ہوں اور عوامی طور پر کمپنی کی افرادی قوت کی جانب سے فراہم کردہ قیمتی خدمات کے لیے اظہار تشکر کرنا چاہتی ہوں۔ میں اپنے چیف ایگزیکٹو آفیسر اور ان کی ٹیم کو ان کی لگن اور محنت کی تعریف کرتی ہوں۔

محترمہ وانڈا ڈولورس فخر ڈو  
چیئر مین

کراچی

تاریخ: 7 نومبر 2022

## DIRECTORS REPORT TO THE MEMBERS

The Directors of the Company are pleased to present the 43<sup>rd</sup>, Annual Report with the Financial Statements of the Company for the year ended on June 30, 2022.

### Company's Performance

The Company has successfully completed this year despite having a challenging business environment due to the impact of rising inflation, exchange rate hike, import ban, and political instability on the economy. The year under review is relatively tough and it is apparent from the financial results of the Company. During this year it has incurred a net loss after tax of Rs. 3,491,934 as compared to last year's profit earned of Rs. 239,393.

During the year, the Company has not been engaged in the business of the sale of computers and allied equipment, due to the suspension of this activity last year. The Company has managed to earn revenue through its service business of IT and earned a significant revenue of Rs. 5,930,000 during the year, the Board and the management are quite confident that the IT services started from the previous year will bring a new wave in the sustainability and profitability of the Company.

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

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

### Operating Results

	Activities for current year (Rs.) 30 June 2022	Activities for last year (Rs.) 30 June 2021
Revenue	5,930,000	8,689,329
Gross Profit	4,324,030	5,406,388
Operating (Loss)/ Profit	(3,367,804)	337,173
(Loss)/ Profit After Taxation	(3,491,934)	239,393
(Loss)/ Earnings per Share	(6.98)	0.48

With the decrease in revenue related to services, as compared to last year, the gross profit margins have increased during the year to **73%** which is **11%** more than the previous year. An operating loss of Rs. 3,367,804 was incurred during the year due to significant bad debts. Our management is dedicated to performing their duties and minimizing loss for the Company. The management is committed to providing returns on the capital in the future.

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

### Outlook

Our 2023 budget is focused on increasing the working capital of the Company with a significantly higher amount through the injection of further equity and achieving increased growth which we shall hopefully achieve. This shall be going to attributed to the following factors:

- The Company has engaged in IT and IT-enabled services and, trading of used personal computers, laptops, and notebooks, and has a large market available to access but, due to financial constraints and limited liquidity it has restricted its operations to limited markets. The injection of capital will let the Company concentrate on those unaddressed markets to increase its volume of profit.
- Through an increase in the volume of service revenue, the Company shall be able to increase its gross profit margin and earnings per share.
- 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 a further return.

### **Acquired control of the Company**

During the last year, the Company received a notice of public announcement of intention from acquirers, an Offer, to acquire more than 50% shares and control of the Company, beyond the thresholds prescribed under Section 111 of the Securities Act, 2015, read with Regulation 2017. On completion of the diligence process, the acquirer has completed the requirements under the Listed Companies (Substantial Acquisition of Voting Shares & Takeovers) Regulations, 2017, and more than 50% of shares have transferred to them, during the year under review.

Consequently, the management of the Company has been changed by way of an election in the meeting that was held during the current year, held on February 18, 2022, and the new officials including the Chief Executive, Directors, Chief Financial Officer, and the Company Secretary have been engaged in place of the old officials of the Company.

### **Dividend**

As the Company was not able to earn any profit during the year, and it needs funds for future growth, thus the situation does not permit presently, to consider payment of dividends. 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.

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

The Board has developed a mechanism for 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 is 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 the performance of the business at each quarter to improve the same.

In compliance with the provisions of Listed Companies (Code of Corporate Governance) Regulations, 2019, Directors' orientation arrangement to the Board is thereby the Company which is performed periodically. However, as there are two Directors on the Board who are also members of the ICAP, and making compliance with CPD requirements of ICAP, that gives an edge to the Company.

## Statutory Auditors

The present auditors M/s. S.M. Suhail & Co., Chartered Accountants shall retire and are eligible to reappoint as auditors of the Company. As recommended by the Audit Committee of the Company, the Board of Directors has recommended S.M. Suhail & Co., Chartered Accountants for re-appointment as auditors of the Company for the year ending on June 30, 2023, in the forthcoming AGM.

## Corporate Social Responsibility

In developing countries like Pakistan, companies consider and understand Corporate Social Responsibility that 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 on 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 toward society through the 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 a paperless environment has been adopted as strictly as possible. The policies are adopted as a step towards environmental protection.

## Compliance with Corporate Governance Environment

The requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 set out by the Securities and Exchange Commission of Pakistan, relevant for the year ended June 30, 2022, 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 an Audit Committee as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019. The existing Chairman of the Committee is FCA, a member of ICAP, an independent director and the Committee comprises three members as detailed below:

Mr. Muhammad Ashfaq, FCA	Chairman, and Member
Ms. Wanda Dolores Fajardo	Member
Mr. Jawad Rauf, ACA	Member

The Audit Committees have met in-person/ online 4 times during the year and the number of meetings attended by each member is given hereunder:

<b>Name Of Member Meetings Attended</b>	<b>Designation</b>	<b>Meetings Attended</b>
Mr. Muhammad Ashfaq	Chairman and Member	4
Mr. Jawad Rauf	Member	3
Ms. Wanda Dolores Fajardo	Member	3

The leave of absence was granted to the Members who could not attend the meeting due to their preoccupation.

### **HR and Remuneration Committee**

The Company has an HR & Remuneration Committee as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019. The Committee comprises three members and details of the members are as follows:

Ms. Wanda Dolores Fajardo	Chairman, and Member
Ms. Medina Zafar Sheikh	Member
Mr. Jawad Rauf	Member

The Chairman of the Committee is an independent director. This Committee has met 4 times in-person/ online during the year and the number of meetings attended by each member is given hereunder:

<b>Name Of Member Meetings Attended</b>	<b>Status</b>	<b>Meetings Attended</b>
Ms. Wanda Dolores Fajardo	Member	3
Mr. Jawad Rauf	Member	3
Ms. Medina Zafar Sheikh	Member	3

The leave of absence was granted to the Members who could not attend the meeting due to their preoccupation.

### **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 the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment, except for changes in accounting policy as mentioned in notes to the financial statements.
- d) The International Accounting and Financial Reporting Standards, as applicable to the Company in Pakistan, have been followed in the 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 shall continue as a going concern, and there is no plan or indication contrary to the 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, 2019.
- h) The key operating and financial data for the last six years is annexed herewith in this report.

During the year, four meetings of the Board of directors were held and the number of meetings attended in-person/ online by each director is given hereunder:

<b>NAME OF DIRECTOR</b>	<b>DESIGNATION</b>	<b>MEETINGS ATTENDED</b>
Ms. Wanda Dolores Fajardo	Director	3
Mr. Jawad Rauf	Director	3
Mr. Muhammad Ashfaq	Director	4
Mr. Irtaza Zafar Sheikh	Director	3
Ms. Medina Zafar Sheikh	Director	3
Ms. Areej Rafiq (Resigned)	Director	2
Mr. Kamran Ahmed	Director	2
Mr. Owais Ali Khan	Director	3

- i) The pattern of shareholding in the Company, as of June 30, 2022, has been included in this annual report.
- j) Information about taxes and levies is given in the notes forming part of the financial statements.

### **Acknowledgments**

Directors of your company take this opportunity to express their deep sense of gratitude to 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 the Government Institutions, statutory auditors S.M. Suhail & Co. Chartered Accountants, the SECP, the PSX, the AOB, the CDC, and its bank, for their valuable support and cooperation throughout the year.

**Irtaza Zafar Sheikh**  
Chief Executive

**Wanda Dolores Fajardo**  
Chairman

**November 07, 2022**

## ڈائریکٹرز کی اراکین کو رپورٹ

کمپنی کے ڈائریکٹرز 30 جون 2022 کو ختم ہونے والے سال کے لیے کمپنی کے مالیاتی گوشواروں کے ساتھ 43 ویں سالانہ رپورٹ پیش کرتے ہوئے خوش ہیں۔

## کمپنی کی کارکردگی

بڑھتی ہوئی افراط زر، شرح مبادلہ میں اضافے، درآمدات پر پابندی اور معیشت پر سیاسی عدم استحکام کے اثرات کی وجہ سے مشکل کاروباری ماحول کے باوجود کمپنی نے اس سال کامیابی سے مکمل کیا ہے۔ زیر نظر سال نسبتاً مشکل ہے اور یہ کمپنی کے مالیاتی نتائج سے ظاہر ہے۔ اس سال پچھلے سال کے منافع 239,393 روپے کے مقابلے میں ٹیکس کے بعد 3,491,934 روپے کا خالص نقصان ہوا ہے۔

سال کے دوران، کمپنی کمپیوٹرز اور اس سے متعلقہ آلات کی فروخت کے کاروبار میں مصروف نہیں رہی، جس کی وجہ گزشتہ سال اس سرگرمی کی معطلی تھی۔ کمپنی نے IT کے اپنے سروس بزنس کے ذریعے ریونیو حاصل کرنے کا انتظام کیا ہے اور 5,930,000 روپے کی نمایاں آمدنی حاصل کی ہے۔ سال کے دوران بورڈ اور انتظامیہ کو پورا یقین ہے کہ پچھلے سال سے شروع کی گئی آئی ٹی خدمات کمپنی کی پائیداری اور منافع میں ایک نئی اہرائے گی۔

ہم مسلسل محنت کر رہے ہیں نہ صرف اس ترقی کو برقرار رکھنے کے لیے بلکہ مارکیٹ کی اس موجودہ صورتحال سے مزید بہتر کارکردگی کا مظاہرہ کرنے کے لیے۔

سال کے لیے کمپنی کے آپریٹنگ نتائج کا خلاصہ درج ذیل ہے:

## آپریٹنگ نتائج

پچھلے سال کی سرگرمیاں 30 جون 2021	رواں سال کی سرگرمیاں 30 جون 2022	
8,689,329	5,930,000	آمدنی
5,406,388	4,324,030	کل منافع
337,173	(3,367,804)	آپریٹنگ نقصان/منافع
239,393	(3,491,934)	ٹیکس کے بعد منافع/نقصان
0.48	(6.98)	فی شیئر آمدنی

خدمات سے متعلق آمدنی میں کمی کے ساتھ گزشتہ سال کے مقابلے میں، سال کے دوران مجموعی منافع کا مارجن بڑھ کر 73% ہو گیا ہے جو کہ پچھلے سال کے مقابلے میں 11% زیادہ ہے۔ 3,367,804 روپے کا آپریٹنگ نقصان خراب قرضوں کی وجہ سے سال کے دوران ہوا۔ ہماری انتظامیہ اپنے فرائض کی انجام دہی اور کمپنی کے نقصان کو کم کرنے کے لیے وقف ہے۔ انتظامیہ مستقبل میں سرمائے پر منافع فراہم کرنے کے لیے پرعزم ہے۔

کاروبار کے آغاز اور مسلسل منافع کے باوجود، کمپنی کے ڈائریکٹرز بھی اپنی رضامندی سے کمپنی سے کوئی معاوضہ وصول نہیں کر رہے ہیں۔ اس سے کمپنی کے لیے اہم اخراجات بچ گئے ہیں۔

## آؤٹ لک

ہمارا 2023 کا بجٹ مزید ایکویٹی کے انجیکشن کے ذریعے نمایاں طور پر زیادہ رقم کے ساتھ کمپنی کے ورکنگ کپینٹل کو بڑھانے اور بڑھتی ہوئی نمو حاصل کرنے پر مرکوز ہے جسے ہم امید کرتے ہوئے حاصل کریں گے۔ یہ مندرجہ ذیل عوامل سے منسوب کیا جائے گا:

◆ کمپنی نے IT اور IT سے چلنے والی خدمات اور استعمال شدہ پرسنل کمپیوٹرز، لپ ٹاپس، اور نوٹ بکس کی تجارت میں مصروف ہے، اور اس بینک رسائی کے لیے ایک بڑی مارکیٹ دستیاب ہے لیکن، مالی مجبوروں اور محدود لیکویڈیٹی کی وجہ سے اس نے اپنے کام کو محدود مارکیٹوں تک محدود کر دیا ہے۔ سرمائے کا انجیکشن کمپنی کو اپنے منافع کے حجم کو بڑھانے کے لیے ان غیر ایڈریس شدہ مارکیٹوں پر توجہ مرکوز کرنے دے گا۔

◆ سروس ریونیو کے حجم میں اضافے کے ذریعے، کمپنی اپنے مجموعی منافع کے مارجن اور فی حصص کی آمدنی میں اضافہ کر سکے گی۔

◆ ہم انفارمیشن ٹیکنالوجی کے علاوہ دیگر شعبوں میں بھی سرمایہ کاری کرنے کا ارادہ رکھتے ہیں، تاکہ وہاں سے منافع کمایا جاسکے اور کسی ایک شعبے میں کمپنی کے انحصار کو کم کیا جاسکے۔

◆ لگائے گئے سرمائے کو ابتدائی طور پر محفوظ سرمایہ کاری میں لگایا جائے گا جو غالباً اعلیٰ کریڈٹ ریٹنگ کی قرض کی ضمانتیں ہیں تاکہ کوئی ورکنگ کپینٹل مزید منافع پیدا کیے بغیر نہ رہ جائے۔

## کمپنی کا کنٹرول

پچھلے سال کے دوران، کمپنی کو حصول داروں کی طرف سے عوامی اعلان کانٹریکٹس موصول ہوا، ایک پیشکش، جو کہ سیکورٹیز ایکٹ، 2015 کے سیکشن 111 کے تحت مقرر کردہ حد سے آگے، کمپنی کے 50% سے زیادہ حصص اور کنٹرول حاصل کرنے کی ہے۔ ریگولیشن 2017۔ مستعدی کے عمل کی تکمیل پر، حصول کنندہ نے فہرست شدہ کمپنیز (ووٹنگ شیئرز اور ٹیک اور کا خاطر خواہ حصول) ریگولیشنز، 2017 کے تحت تقاضے پورے کر لیے ہیں، اور زیر نظر سال کے دوران 50% سے زیادہ شیئرز ان کو منتقل ہو چکے ہیں۔

نتیجتاً، موجودہ سال کے دوران 18 فروری 2022 کو منعقد ہونے والی میٹنگ میں ایکشن کے ذریعے کمپنی کی انتظامیہ کو تبدیل کر دیا گیا ہے، اور نئے عہدیداروں بشمول چیف ایگزیکٹو، ڈائریکٹرز، چیف فنانشل آفیسر، اور کمپنی کے پرانے عہدیداروں کی جگہ کمپنی سیکرٹری کو لگا دیا گیا ہے۔

## ڈیویڈنڈ

چونکہ کمپنی سال کے دوران کوئی منافع کمانے کے قابل نہیں تھی، اور اسے مستقبل میں نمو کے لیے فنڈز کی ضرورت ہے، اس لیے موجودہ صورت حال اس بات کی اجازت نہیں دیتی کہ ڈیویڈنڈ کی ادائیگی پر غور کیا جائے۔ اس لیے بورڈ کی جانب سے سال کے لیے کسی منافع کی - غارش نہیں کی جارہی ہے۔ تاہم، جیسا کہ پہلے بتایا گیا ہے کہ ہم اس کی طرف بڑھ رہے ہیں اور بہت جلد اپنے اگلے منافع کا اعلان کرنے کی توقع کر رہے ہیں۔

## بورڈ کی کارکردگی اور ڈائریکٹرز کے تربیتی پروگرام کا جائزہ

بورڈ نے سالانہ کارکردگی کی جانچ کے لیے ایک طریقہ کار تیار کیا ہے۔ بورڈ کا ہر رکن بورڈ کے تمام اجلاسوں میں اپنی فعال شرکت کو یقینی بناتا ہے۔ اسٹریٹجک معاملات پر تفصیلی بات چیت کی جاتی ہے اور انتظامیہ کو واضح ہدایات فراہم کی جاتی ہیں، جس کی بورڈ اور اس کی کمیٹیاں باقاعدگی سے نگرانی کرتی ہیں۔ بورڈ اس بات کو یقینی بناتا ہے کہ کمپنی کارپوریٹ گورننس کے بہترین مکمل طریقوں کو اپنائے۔

بورڈ نے ہر سہ ماہی میں کاروبار کی کارکردگی کا جائزہ لینے کا بھی منصوبہ بنایا ہے تاکہ اسے بہتر بنایا جاسکے۔

لنڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کی دفعات کے مطابق، بورڈ کے لیے ڈائریکٹرز کی واقفیت کا انتظام اس طرح کمپنی ہے جو وقتاً فوقتاً انجام دیا جاتا ہے۔ تاہم، چونکہ بورڈ میں دو ڈائریکٹرز ہیں جو ICAP کے ممبر بھی ہیں، اور ICAP کی CPD ضروریات کی تعمیل کرتے ہیں، جس سے کمپنی کو ایک برتری حاصل ہوتی ہے۔

## قانونی آڈیٹرز

موجودہ آڈیٹرز ایس ایم سہیل اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو جائیں گے اور کمپنی کے آڈیٹرز کے طور پر دوبارہ تقرری کے اہل ہیں۔ جیسا کہ کمپنی کی آڈٹ کمیٹی نے سفارش کی ہے، بورڈ آف ڈائریکٹرز نے ایس ایم سہیل اینڈ کمپنی، آئندہ AGM میں 30 جون 2023 کو ختم ہونے والے سال کے لیے کمپنی کے آڈیٹرز کے طور پر دوبارہ تقرری کے لیے اہل ہیں۔

## کارپوریٹ سماجی ذمہ داری

پاکستان جیسے ترقی پذیر ممالک میں، کمپنیاں کارپوریٹ سماجی ذمہ داری پر غور کرتی ہیں اور سمجھتی ہیں کہ سماجی مسائل کو زیادہ سے زیادہ موثر طریقے سے حل کرنے کے لیے مل کر کام کرنے کی شدید ضرورت ہے۔ کمپنی سماجی ذمہ داریوں پر توجہ مرکوز کرنے کے لیے اپنے ملازمین اور دیگر تمام اسٹیک ہولڈرز کے ساتھ مل کر کام کرنے کی اہمیت کو اہمیت دیتی ہے۔ ہمارے معاشرے میں جن بنیادی ضروریات کو پورا کرنے کی ضرورت ہے ان میں تعلیم، صحت اور حفاظت، خواتین کو بااختیار بنانا، معاشی مواقع، حقوق کی مساوات، قانون کا نفاذ، ماحولیاتی تحفظ، اور کمیونٹی گرانٹس شامل ہیں۔

فی الحال، قلیل وسائل کی وجہ سے، کمپنی مالیاتی ذرائع سے حصہ لینے سے قاصر ہے۔ تاہم، کمپنی نے درج ذیل اقدامات کے ذریعے معاشرے کے تئیں اپنی ذمہ داری کو تسلیم کیا ہے اور اسے ادا کیا ہے:

صرف ان کمپنیوں کی مصنوعات میں ڈیل کرنا جو زرعی سٹار کے طور پر تصدیق شدہ ہیں اور صرف وہی مصنوعات فروخت کی جاتی ہیں جو ری سائیکل اور توانائی کی بچت کے قابل ہوں۔ تعمیل کے لیے مصنوعات پراسرٹیکیشن کاسٹنگ سے مشاہدہ کیا جاتا ہے۔ نیز، کاغذ کے بغیر ماحول کی پالیسی کو ہر ممکن حد تک سختی سے اپنایا گیا ہے۔ پالیسیاں ماحولیاتی تحفظ کی جانب ایک قدم کے طور پر اپنائی جاتی ہیں۔

## کارپوریٹ گورننس ماحولیات کے ساتھ تعمیل

30 جون 2022 کو ختم ہونے والے سال کے لیے متعلقہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے ذریعہ مرتب کردہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے تقاضوں کی زیادہ تر تعمیل کی گئی ہے۔ اس سلسلے میں ایک بیان اس سالانہ رپورٹ کا حصہ ہے۔

## اخلاقیات اور کاروباری طریقوں کا بیان

بورڈ نے اخلاقیات اور کاروباری طریقوں کے بیان کو اپنایا ہے، جہاں بھی قابل عمل ہو، اور پوری کمپنی میں اس کے نفاذ کو بہتر بنانا جاری رکھے گا۔

## آڈٹ کمیٹی

کمپنی کے پاس ایک آڈٹ کمیٹی ہے جیسا کہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کی ضرورت ہے۔ کمیٹی کا موجودہ چیئر مین ایف سی اے، آئی سی اے پی کارکن، ایک آزاد ڈائریکٹر ہے اور کمیٹی تین ممبران پر مشتمل ہے جس کی تفصیل ذیل میں دی گئی ہے:

چیئر مین، اور ممبر

ممبر

ممبر

جناب محمد اشفاق، ایف سی اے

محترمہ وانڈا ڈولورس فخر ڈو

جناب جواد رؤف

آڈٹ کمیٹی نے سال کے دوران 4 بار ذاتی طور پر/آن لائن ملاقاتیں کی ہیں اور ہر ممبر کی طرف سے شرکت کرنے والے اجلاسوں کی تعداد ذیل میں دی گئی ہے:

اجلاس میں شرکت کرنے والے ممبران کے نام	عہدہ	اجلاسوں میں شرکت کی تعداد
جناب محمد اشفاق، ایف سی اے	چیئر مین، اور ممبر	4
جناب جوادرؤف	ممبر	3
محترمہ وانڈا ڈولورس فخر ڈو	ممبر	2

غیر حاضری کی چھٹی ان اراکین کو دی گئی جو مصروفیات کی وجہ سے اجلاس میں شریک نہ ہو سکے۔

## HR اور معاوضہ کمیٹی

کمپنی کے پاس HR اور معاوضے کی کمیٹی ہے جیسا کہ لہذا کمیٹی (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کی ضرورت ہے۔ کمیٹی تین ممبران پر مشتمل ہے اور ممبران کی تفصیلات درج ذیل ہیں:

محترمہ وانڈا ڈولورس فخر ڈو	چیئر مین، اور ممبر
محترمہ مڈینہ ظفر شیخ	ممبر
جناب جوادرؤف	ممبر

کمیٹی کا چیئر مین ایک آزاد ازیکیٹر ہے۔ اس کمیٹی نے سال کے دوران 4 بار ذاتی طور پر/آن لائن ملاقات کی ہے اور ہر رکن کی طرف سے شرکت کرنے والے اجلاسوں کی تعداد ذیل میں دی گئی ہے:

اجلاس میں شرکت کرنے والے ممبران کے نام	عہدہ	اجلاسوں میں شرکت کی تعداد
محترمہ وانڈا ڈولورس فخر ڈو	ممبر	3
جناب جوادرؤف	ممبر	3
محترمہ مڈینہ ظفر شیخ	ممبر	3

غیر حاضری کی چھٹی ان اراکین کو دی گئی جو مصروفیات کی وجہ سے اجلاس میں شریک نہ ہو سکے۔

## کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

(الف) کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی بیانات، اس کی مالی حالت، اس کے کاموں کے نتائج، نقد بہاؤ، اور ایکویٹی میں ہونے والی تبدیلیوں کو کافی حد تک پیش کرتے ہیں۔

(ب) کمپنی کی طرف سے کھاتوں کی مناسب کتابیں رکھی گئی ہیں۔

(پ) مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشندانہ فیصلے پر مبنی ہیں، سوائے اکاؤنٹنگ پالیسی میں تبدیلیوں کے جیسا کہ مالیاتی بیانات کے نوٹس میں ذکر کیا گیا ہے۔

(ت) ان مالیاتی بیانات کی تیاری میں بین الاقوامی اکاؤنٹنگ اور مالیاتی رپورٹنگ کے معیارات، جیسا کہ پاکستان میں کمپنی پر لاگو ہوتا ہے، کی پیروی کی گئی ہے۔

(ث) اندرونی کنٹرول کا نظام ڈیزائن میں درست ہے اور اسے مؤثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔

(ش) کمپنی جاری تشویش کے طور پر جاری رکھے گی، اور جاری تشویش کے خلاف کوئی منصوبہ یا اشارہ نہیں ہے۔

(ج) کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی رخصتی نہیں ہوئی ہے، جیسا کہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 میں تفصیل سے بتایا گیا ہے۔

(چ) پچھلے چھ سالوں کے اہم آپریٹنگ اور مالیاتی ڈیٹا کو اس رپورٹ میں شامل کیا گیا ہے۔

سال کے دوران، بورڈ آف ڈائریکٹرز کی چار میٹنگیں ہوئیں اور ہر ڈائریکٹر کی طرف سے ذاتی طور پر/آن لائن میٹنگز کی تعداد یہاں دی گئی ہے:

ڈائریکٹر کا نام	عہدہ	اجلاسوں میں شرکت کی تعداد
محترمہ وانڈا ڈولورس فخر ڈو	ڈائریکٹر	3
جناب جوادر رؤف	ڈائریکٹر	3
جناب محمد شفاق، ایف سی اے	ڈائریکٹر	4
جناب ارغنی ظفر شیخ	ڈائریکٹر	3
محترمہ مدینہ ظفر شیخ	ڈائریکٹر	3
محترمہ عروج رفیق	ڈائریکٹر	2
جناب کامران احمد	ڈائریکٹر	2
جناب اویس علی خان	ڈائریکٹر	3

(ح) 30 جون 2022 تک کمپنی میں شیئرز ہولڈنگ کا نمونہ اس سالانہ رپورٹ میں شامل کیا گیا ہے۔

(خ) ٹیکس اور لیویز کے بارے میں معلومات مالی بیانات کا حصہ بننے والے نوٹوں میں دی گئی ہیں۔

## اعترافات

آپ کی کمپنی کے ڈائریکٹرز اس موقع سے فائدہ اٹھاتے ہوئے تمام اسٹیک ہولڈرز کے لیے ان کی حوصلہ افزائی اور مسلسل حمایت کے لیے اظہار تشکر کرتے ہیں اور کمپنی کے ساتھ آپ کے مسلسل تعاون کے منتظر ہیں کیونکہ ہم مل کر اپنے اہداف کو پورا کرنے اور اس پر عمل کرنے کے لیے آگے بڑھ رہے ہیں۔

مزید برآں، ہم کمپنی کی انتظامیہ اور معاون عملے کی تسلی بخش کارکردگی اور ڈیوٹی سے لگن کے لیے ان کی تعریف کرتے ہیں، اور ہم تمام سرکاری اداروں، قانونی آڈیٹرز ایس ایم سی ایل اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس، ایس ای سی پی، پی ایس ایکس، اے او بی، سی ڈی سی، اور اس کے پیسک کے، سال بھر میں ان کی قیمتی مدد اور تعاون کے لیے شکرگزار ہیں۔

وائٹا ڈولورس فخر ڈو

چیئر مین

ارتضیٰ ظفر شیخ

چیف ایگزیکٹو

7 نومبر 2022

## HALLMARK COMPANY LIMITED

<b>KEY FINANCIAL DATA FOR LAST SIX YEARS</b>						
	June, 2022	June, 2021	June, 2020	June, 2019	June, 2018	June, 2017
Total sales revenue	5,930,000	8,689,329	15,874,970	18,121,036	14,844,275	4,169,260
Cost of sales	(1,605,970)	(3,282,941)	(11,397,532)	(12,105,431)	(10,551,973)	(2,560,662)
Gross profit	4,324,030	5,406,388	4,477,438	6,015,605	4,292,302	1,608,598
Other income / (loss)	(77,389)	-	-	215,500	1,780,000	1,165,000
Administration & Selling expenses	(7,380,275)	(4,435,999)	(3,285,755)	(2,934,607)	(2,541,520)	(450,515)
Other expenses	(234,170)	(633,216)	(803,002)	(1,301,175)	(1,270,260)	(395,148)
Profit before taxation	(3,367,804)	337,173	388,681	1,995,323	2,260,521	1,927,936
Taxation - net	(124,130)	(97,780)	(5,848)	(680,873)	(131,975)	(100,424)
Profit after taxation	(3,491,934)	239,394	382,833	1,314,450	2,128,546	1,827,511
Earning / (loss) per share	(6.98)	0.48	0.77	2.63	4.26	3.66
Shareholders equity excluding loan	3,460,100	6,952,035	6,712,641	6,329,810	5,015,360	2,886,815
Non current assets	1,886,241	4,062,797	4,009,685	4,192,597	5,329,194	2,537,964
Cash and bank balances	175,931	952,751	221,477	587,269	280,954	498,507
Trade debts	4,485,000	4,204,925	1,578,052	1,296,906	1,003,564	1,095,446
Total debt - Financing	-	-	-	300,000	1,800,000	1,500,000
Creditor and other payable	3,017,137	758,974	549,938	1,219,179	1,358,387	799,371
Tax payable	59,300	130,340	238,125	359,177	15,980	44,693
Loan from a related Party	-	1,403,125	-	-	-	-
Total Assets at book value	6,547,172	9,244,473	7,500,704	8,274,018	8,223,491	5,286,610

## HALLMARK COMPANY LIMITED

<b>VERTICAL ANALYSIS</b>						
	June, 2022	June, 2021	June, 2020	June, 2019	June, 2018	June, 2017
<b>Balance Sheet</b>	.....%					
Furniture and fixture	10%	11%	11%	11%	10%	17%
Other non current assets	19%	33%	42%	40%	55%	31%
Current assets	71%	56%	47%	49%	35%	52%
Total assets	100%	100%	100%	100%	100%	100%
Non current liabilities	0%	61%	0%	4%	2%	6%
Current liabilities	100%	39%	100%	96%	98%	94%
Total Liabilities	100%	100%	100%	100%	100%	100%
<b>Profit and Loss</b>						
Sale of goods	100%	100%	100%	100%	100%	100%
Cost of sales	-27%	-38%	-72%	-67%	-71%	-61%
Gross profit	73%	62%	28%	33%	29%	39%
Administrative and selling expense	-124%	-51%	-24%	-16%	-17%	-11%
Operating profit	-52%	11%	4%	17%	12%	28%
Other income	-1%	0%	0%	1%	12%	28%
Other expenses	-4%	-7%	-2%	-7%	-9%	-9%
Profit before taxation	-57%	4%	2%	11%	15%	46%
Taxation	-1%	-1%	0%	-4%	-1%	-2%
Profit after taxation	-58%	3%	2%	7%	14%	44%

## HALLMARK COMPANY LIMITED

<b>HORIZONTAL ANALYSIS</b>						
	<b>June, 2022</b>	<b>June, 2021</b>	<b>June, 2020</b>	<b>June, 2019</b>	<b>June, 2018</b>	<b>June, 2017</b>
<b>Balance Sheet</b>	.....Change from preceeding year..... %					
Furniture and fixture	-39%	24%	-7%	16%	-10%	-11%
Other non current assets	-59%	-5%	-4%	-28%	173%	108%
Current assets	-10%	48%	-14%	41%	5%	406%
Total assets	-29%	23%	-9%	1%	56%	128%
Non current liabilities	-99%	100%	-100%	95%	-39%	100%
Current liabilities	246%	13%	-50%	15%	63%	-16%
Total Liabilities	35%	191%	-52%	17%	56%	-11%
Total Net assets	-50%	4%	1%	-3%	55%	235%
Issued subscribed and paid up capital	0%	0%	0%	0%	0%	0%
Accumulated losses	-179%	14%	29%	8558%	-101%	-46%
Director's equity contribution	0%	0%	-100%	-83%	20%	500%
<b>Profit and Loss</b>						
Sale of goods	-32%	-45%	-12%	22%	256%	100%
Cost of sales	-51%	-71%	-6%	15%	312%	100%
Gross profit	-20%	21%	-26%	40%	167%	100%
Administrative and selling expense	66%	17%	29%	15%	464%	-54%
Operating profit	-415%	40%	-78%	76%	51%	-218%
Other income	0%	0%	-100%	-88%	53%	-39%
Other expenses	-63%	109%	-77%	2%	221%	44%
Profit before taxation	-1099%	-13%	-81%	-12%	17%	202%
Taxation	27%	1572%	-99%	416%	31%	100%
Profit after taxation	-1559%	-37%	-71%	-38%	16%	187%

## **HALLMARK COMPANY LIMITED**

### **STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019**

#### **FOR THE YEAR ENDED JUNE 30, 2022**

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

1. The total numbers of directors are Seven (7) as per the following combination:  
There are 5 Male Directors and 2 Female Directors in the Company.
2. The composition of the board is as follows:
  - i. Independent Directors: Mr. Muhammad Ashfaq  
Mr. Jawad Rauf
  - ii. Other Non-executive Director: Ms. Wanda Dolores Fajardo  
Ms. Medina Zafar Sheikh  
Mr. Kamran Ahmed  
Mr. Owais Ali Khan
  - iii. Executive Director: Mr. Irtaza Zafar Sheikh
3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this company.
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 vision and mission statements, 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 the Board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019.
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, 2019 with respect to frequency, recording, and circulating minutes of the meeting of the Board.
8. The Board of Directors has a formal policy and transparent procedures for the remuneration of Directors in accordance with the Companies Act, 2017, and the Listed Companies (Code of Corporate Governance) Regulations, 2019.
9. In accordance with the criteria specified in the Listed Companies (Code of Corporate Governance) Regulations, 2019, all directors of the Company are exempt from the requirement of the Director Training Program.

10. The board has approved the appointment of the CFO and the 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, 2019.
11. The CFO and the CEO duly endorsed the financial statements before approval of the Board. However, the 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. Muhammad Ashfaq, FCA	Chairman, and Member
Ms Wanda Dolores Fajardo	Member

**HR and Remuneration Committee**

Ms. Wanda Dolores Fajardo	Chairman, and Member
Ms. Medina Zafar Sheikh	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 was as per following:

Audit Committee	6 meetings were held during FY 2022
HR and Remuneration Committee	6 meetings were held during FY 2022
15. The board has set up an effective internal audit function, which is considered suitably qualified and experienced for the purpose and is 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 the Audit Oversight Board of Pakistan, that they and their partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan, and that they and the partners of the firm involved in the audit are not a close relative (spouses, parent dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary and Director of the Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these 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 requirements of regulations 3, 6, 7, 8, 27, 32, 33, and 36 of the Regulations have been complied with.

On behalf of the Board of directors.

**Wanda Dolores Fajardo**  
**Chairman**

Karachi  
Date: November 7, 2022



**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF HALLMARK COMPANY LIMITED  
FOR THE YEAR ENDED JUNE 30, 2022**

**REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN THE LISTED  
COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **HALLMARK COMPANY LIMITED** (the Company) for the year ended June 30, 2022, in accordance with the requirements of regulation 36 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. We are only required and have ensured compliance with this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention that 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, 2022.

Further, we highlight below instances 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>
<b>2</b>	As per the regulations, at least 1/3 <sup>rd</sup> of the Board should comprise of Executive Director, which wasn't the case for the Company.
<b>11</b>	There was no appointment of the head of Internal Audit during the year.

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

Engagement Partner: S.M. Suhail, FCA.

Ref: SMS-A-02792023  
Date: November 7, 2022

UDIN: CR202210197znr0ys38J

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF *HALLMARK COMPANY LIMITED* ON THE AUDIT OF THE FINANCIAL STATEMENTS AS OF JUNE 30, 2022

### 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, 2022, the statement of profit or loss and other 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 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 and other 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, 2022, and of the profit and other comprehensive income, its changes in equity and 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 the 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>Revenue recognition of services</b>	
	<p>Refer to note 17 in the financial statements</p> <p>Service revenue formed a significant part of the Company's total revenue during the year. As of June 30, 2022, the total revenue from services is amounting to Rs. 5.9 million.</p>	<p>We have reviewed and understood the requirements of the IFRS 15 related to service revenue. Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>- Considered the management's process to record the revenue from service during a point in time or over the period in accordance with the requirements of the IFRS 15.</li> <li>- We have obtained details of the service revenue recorded during the year and obtained the related contract to assess the relative terms of the contract.</li> <li>- Verified the supporting documents and recording of the service revenue.</li> <li>- Obtain details of the trade receivables from the service revenue and their aging and reviewed the payments and dues.</li> </ul>

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

Management is responsible for the other information. The other information comprises the information included in the Annual Report for the year ended June 30, 2021, but does not include the financial statements, our auditor's report thereon, and the review report issued on the statement of compliance with the Code of Corporate Governance.

Our opinion on the financial statements does not cover the other information and we 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 a 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.

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

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

Our objective is 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, the 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, expenditures 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

Ref: SMS-A-02802023  
Date: November 7, 2022

UDIN: AR202210197gD9PCWvIx

**HALLMARK COMPANY LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2022**

<b>ASSETS</b>	<i>Note</i>	<b>2022</b> <i>Rupees</i>	<b>2021</b> <i>Rupees</i>
<b>Non-Current Assets</b>			
Property, plant and equipment	<i>6</i>	<b>641,241</b>	1,045,682
Intangible assets	<i>7</i>	<b>1,245,000</b>	1,425,000
Deferred tax asset	<i>13</i>	-	92,115
Security deposit for rent		-	1,500,000
		<b>1,886,241</b>	4,062,797
<b>Current Assets</b>			
Trade debts	<i>8</i>	<b>4,485,000</b>	4,204,925
Loans and advances	<i>9</i>	-	24,000
Cash and bank balances	<i>10</i>	<b>175,931</b>	952,751
		<b>4,660,931</b>	5,181,676
<b>TOTAL ASSETS</b>		<b>6,547,172</b>	9,244,473
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital And Reserves</b>			
Authorized Share Capital			
1,000,000 (2021: 1,000,000) Ordinary Shares of 10/- each	Rs.	<b>10,000,000</b>	10,000,000
Issued, subscribed and paid-up capital	<i>11</i>	<b>5,000,000</b>	5,000,000
Accumulated (loss) / profits		<b>(1,539,900)</b>	1,952,035
		<b>3,460,100</b>	6,952,035
<b>Non Current Liabilities</b>			
Long term loans from related parties	<i>12</i>	-	1,403,125
Deferred tax liability	<i>13</i>	<b>10,635</b>	-
<b>Current Liabilities</b>			
Accrued and other liabilities	<i>14</i>	<b>2,993,987</b>	735,823
Unclaimed dividend	<i>15</i>	<b>23,150</b>	23,150
Provision for taxation		<b>59,300</b>	130,340
		<b>3,076,437</b>	889,313
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,547,172</b>	9,244,473
Contingencies and commitments	<i>16</i>	-	-

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

**Chief Executive**

**Director**

**Chief Financial Officer**

**HALLMARK COMPANY LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND**  
**OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<i>Note</i>	<b>2022</b> <b>Rupees</b>	2021 Rupees
Revenue from contracts with customers	<i>17</i>	<b>5,930,000</b>	8,689,329
Cost of sales and services	<i>18</i>	<b>(1,605,970)</b>	(3,282,941)
Gross profit		<b>4,324,030</b>	5,406,388
Administrative expenses	<i>19</i>	<b>(4,914,583)</b>	(2,752,511)
Selling expenses	<i>20</i>	<b>(2,465,692)</b>	(1,683,488)
Other Expenses		<b>(202,340)</b>	(558,026)
Finance cost		<b>(31,830)</b>	(75,190)
		<b>(7,614,445)</b>	(5,069,214)
Other income / (loss)			
Loss on disposal of fixed assets		<b>(77,389)</b>	-
		<b>(77,389)</b>	-
(Loss) / profit before taxation		<b>(3,367,804)</b>	337,174
Taxation	<i>21</i>	<b>(124,130)</b>	(97,780)
(Loss) / profit after taxation		<b>(3,491,934)</b>	239,393
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>(3,491,934)</b>	239,393
(Loss)/ earnings per share	<i>22</i>	<b>(6.98)</b>	0.48

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

**Chief Executive**

**Director**

**Chief Financial Officer**

**HALLMARK COMPANY LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>2022</b> <i>Rupees</i>	2021 <i>Rupees</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / profit before taxation	<b>(3,367,804)</b>	337,174
<b>Adjustments for:</b>		
Depreciation	<b>162,851</b>	114,447
Amortization	<b>180,000</b>	180,000
Finance cost	<b>31,830</b>	75,190
Loss on disposal of fixed assets	<b>77,389</b>	-
Bad debt expense	<b>1,475,000</b>	-
Operating Profit Before Working Capital Changes	<b>(1,440,734)</b>	706,810
<b>Changes in working capital</b>		
<b>(Increase)/ decrease in current assets:</b>		
Inventory	-	854,990
Trade debts	<b>(280,075)</b>	(2,626,873)
Other receivable	<b>24,000</b>	812,500
<b>Increase / (decrease) in current liabilities:</b>		
Trade creditor	-	(156,050)
Other payable	<b>2,226,334</b>	289,895
Total Changes In Working Capital	<b>529,525</b>	(118,728)
Taxes paid	<b>(92,419)</b>	(238,124)
Net Cash Outflow From Operating Activities	<b>437,106</b>	(356,852)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for procurement of Computer Equipment	-	(315,000)
Disposal proceeds	<b>164,200</b>	-
Security deposit for rent	<b>25,000</b>	-
Net Cash Inflow / (Outflow) From Investing Activities	<b>189,200</b>	(315,000)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Received of loan from shareholder	-	1,403,125
Repayment of capital contribution	<b>(1,403,125)</b>	-
Net Cash Inflow / Outflow From Financing Activities	<b>(1,403,125)</b>	1,403,125
Net increase / decrease in cash and cash equivalents	<b>(776,819)</b>	731,273
Cash and cash equivalents at the beginning of the year	<b>952,750</b>	221,477
<b>Cash and cash equivalents at the end of the year</b>	<b>175,931</b>	952,750

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

**Chief Executive**

**Director**

**Chief Financial Officer**

**HALLMARK COMPANY LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Capital and Reserves</b>	<b>Revenue reserves</b>	<b>Total Equity</b>
	<b>Issued subscribed and paid up capital</b>	<b>Accumulated profits / (loss)</b>	
	----- <i>(Rupees)</i> -----		
<b>Balance as at June 30, 2020</b>	<b>5,000,000</b>	<b>1,712,641</b>	<b>6,712,641</b>
Total comprehensive income for the year	-	239,393	239,393
<b>Balance as at June 30, 2021</b>	<b>5,000,000</b>	<b>1,952,035</b>	<b>6,952,035</b>
Total comprehensive loss for the year	-	(3,491,934)	(3,491,934)
<b>Balance as at June 30, 2022</b>	<b>5,000,000</b>	<b>(1,539,900)</b>	<b>3,460,100</b>

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

**Chief Executive**

**Director**

**Chief Financial Officer**

**HALLMARK COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**1 CORPORATE INFORMATION, OPERATIONS AND LEGAL STATUS**

**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. Currently the Company is mainly engaged in I.T. Enabled services export.

**1.1 Geographical location and address of business units - Address Purpose**  
204, 2nd Floor, Horizon Tower, Block-3, Scheme No. 5, Clifton, Karachi, Pakistan. Registered office

**1.2 Significant events**

During last year, the Company received a notice of public announcement of intention from acquirers, an offer, to acquire more than 50% shares and control of the Company, beyond the thresholds prescribed under Section 111 of the Securities Act, 2015, read with Regulation 2017. On completion of the diligence process, the acquirer has completed the requirements under the Listed Companies (Substantial Acquisition of Voting Shares & Takeovers) Regulations, 2017, and more than 50% of shares have transferred to them, during the year under review.

Consequently, the management of the Company has been changed by way of an election in the meeting that was held during the current year, on February 18, 2022, and the new officials including the Chief Executive, Directors, Chief Financial Officer, and the Company Secretary have been engaged in place of the old officials of the Company.

**2 BASIS OF PREPARATION**

**2.1 Statement Of Compliance**

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

**2.2 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.

**2.3 Functional and Presentation Currency**

These financial statements are prepared and 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, 2022**

**3 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED ACCOUNTING AND REPORTING STANDARDS**

**3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2022**

New accounting standards, amendments and interpretations mandatory for the first time for the financial year beginning July 1, 2021:

	<b>Effective date (Annual periods beginning on or</b>
a) IFRS 16 Leases - Rent Concessions	June 1, 2020

**3.2 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2022**

The following standards, amendments and interpretations are not effective for the year ended June 30, 2022. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have a significant impact on the financial statements other than certain additional disclosures.

	<b>Effective date (Annual periods beginning on or after)</b>
a) Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current.	January 1, 2023
b) Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 1, 2023
c) Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates.	January 1, 2023
d) Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction.	January 1, 2023
e) Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 1, 2022
f) Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a Contract.	January 1, 2022

**3.3 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**

a) IFRS-1	First-time adoption of International Financial Reporting Standards
b) IFRS-17	Insurance Contracts

**HALLMARK COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**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, liabilities, income and expenses. These also require managements to exercise judgments 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 and intangible assets
- provision for doubtful debts
- provision for taxation
- provision for obsolete stock and

**5 SIGNIFICANT ACCOUNTING POLICIES**

The principal 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**

**5.1.1 Owned**

These are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Depreciation is charged to the 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 up to 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 Intangible Asset**

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 mentioned in relevant note on the straight line basis.

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.

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**5.3 Inventory**

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 expected credit losses using provision matrix method.

**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.

**5.7 Impairment**

**5.7.1 Financial Assets**

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 are 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.

For Trade receivables company is using provision matrix model for its calculation of the provisions, the provision rates are based on days past due for customer segments i-e Trading and Service amount of ECL is recognized in profit and loss account on an annual basis.

The provision matrix is based in the company's historical observed default rates The Company's historical credit loss may not be representative of customer's actual default in the future.

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**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 is recognised as a liability in the period in which it is declared. Appropriations of profit are reflected in the statement of changes in equity in the period in which such appropriations are

**5.10 Taxation**

**Current**

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation on income. The change for current tax also includes prior year adjustments where considered necessary, arising due to assessments finalized during the year.

**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.

Deferred tax is accounted for using the statement of financial position liability method in respect of all temporary timing differences arising from difference between the carrying amount of the assets and, liabilities in the financial statements and corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are recognized for all taxable temporary differences and, deferred tax assets are recognized for all deductible temporary differences to the extent where it is probable that, taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

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**5.11 Revenue Recognition**

Revenue comprises of the fair value of the consideration received or receivable for the sale of goods and rendering of 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 to the customer/ client, and
- in case of goods, when these are dispatched to the customers.

**5.12 Financial assets and liabilities**

**5.12.1 Amortized cost**

Assets that are held for collection of contractual cash flows where those cash flow represents solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognized directly in statement of profit or loss.

**Impairment**

The Company recognize an allowance for expected credit loss on all financial assets carried at amortized cost irrespective whether a loss event has occurred. For trade debts, the Company applies IFRS 9 simplified approach to measure the expected credit losses (loss allowance) which uses a life time expected loss allowance while general 3-stage approach for other financial assets (deposits, other receivables and cash and bank balances) i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition, and if otherwise, ECL to measure at life time expected credit losses.

The Company measures, at each reporting date, the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. Where the credit risk on a financial instrument has not increased significantly since the initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Company recognizes the amount of expected credit losses (or reversal), that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized, in the statement of profit or loss.

**5.12.2 Financial liabilities**

Financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortized cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in statement of profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortized cost using the effective yield method.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in statement of profit or loss.

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**5.12.3 Offsetting of financial assets and financial liabilities**

A financial asset and financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis or to realize the asset and discharge the liability simultaneously. Corresponding income on assets and charge on liability is also offset.

**5.13 Earnings 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.

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**6 PROPERTY, PLANT AND EQUIPMENT**

Description	Furniture and fixtures	Office equipment	Generator	Computer and allied equipment	Total
(-----Rupees-----)					
Depreciation rate	10%	10%	10%	30%	
<b>FOR THE YEAR 30 JUNE 2022</b>					
<b>COST</b>					
Balance at beginning of the year	2,807,243	829,130	45,700	499,640	4,181,713
Additions during the year	-	-	-	-	-
Disposal during the year	-	(829,130)	(45,700)	-	(874,830)
Balance as at the year end	2,807,243	-	-	499,640	3,306,883
<b>DEPRECIATION</b>					
Accumulated depreciation at beginning of the year	2,393,678	605,633	21,413	115,307	3,136,031
Charge for the year	41,357	5,587	607	115,300	162,851
Reversal of Accumulated depreciation	-	(611,220)	(22,021)	-	(633,241)
Balance as at the year end	2,435,035	-	-	230,607	2,665,641
<b>CARRYING VALUE 30 JUNE 2022</b>	<b>372,208</b>	<b>-</b>	<b>-</b>	<b>269,033</b>	<b>641,241</b>
<b>CARRYING VALUE 30 JUNE 2021</b>	<b>413,565</b>	<b>223,497</b>	<b>24,287</b>	<b>384,333</b>	<b>1,045,682</b>

Description	Furniture and fixtures	Office equipment	Generator	Computer and allied equipment	Total
(-----Rupees-----)					
Depreciation rate	10%	10%	10%	30%	
<b>FOR THE YEAR 30 JUNE 2021</b>					
<b>COST</b>					
Balance at beginning of the year	2,807,243	829,130	45,700	184,640	3,866,713
Additions during the year	-	-	-	315,000	315,000
Disposal during the year	-	-	-	-	-
Balance as at the year end	2,807,243	829,130	45,700	499,640	4,181,713
<b>DEPRECIATION</b>					
Accumulated depreciation at beginning of the year	2,347,726	580,800	18,715	74,342	3,021,583
Charge for the year	45,952	24,833	2,698	40,965	114,448
Reversal of Accumulated depreciation	-	-	-	-	-
Balance as at the year end	2,393,678	605,633	21,413	115,307	3,136,031
<b>CARRYING VALUE 30 JUNE 2021</b>	<b>413,565</b>	<b>223,497</b>	<b>24,287</b>	<b>384,333</b>	<b>1,045,682</b>
<b>CARRYING VALUE 30 JUNE 2020</b>	<b>459,517</b>	<b>248,330</b>	<b>26,985</b>	<b>110,298</b>	<b>845,130</b>

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		<b>2022</b>	2021
		<i>Rupees</i>	<i>Rupees</i>
<b>7 INTANGIBLE ASSETS</b>			
<b>ERP Single user license</b>			
<b>COST</b>			
Balance at beginning of the year		<b>1,800,000</b>	1,800,000
<b>AMORTIZATION</b>			
Accumulated amortization at beginning of the year		<b>375,000</b>	195,000
Charge for the year		<b>180,000</b>	180,000
Balance as at the year end		<b>555,000</b>	375,000
<b>CARRYING VALUE 30 JUNE 2022</b>		<b>1,245,000</b>	1,425,000
<b>7.1</b>	The amortization expense is being charged over 10 years at straight line basis.		
<b>8 TRADE DEBTS</b>			
Trade Debts	8.1	<b>4,485,000</b>	4,204,925
		<b>4,485,000</b>	4,204,925
<b>8.1</b>	Include Rs. Nil amount of related Party. In June 30, 2021 Rs. 2,704,925 receivable from related party, <i>360 Digital Marketing LLC</i> .		
<b>8.2</b>	During the first quarter of the financial year, the agreement with a related party, <i>360 Digital Marketing LLC</i> , was terminated and the balance of receivable was settled, refer Note 20.1. Further the said party is no more a related party effective from March 2022, refer Note 24 for detail.		
<b>8.3</b>	Company is using provision matrix method for calculation of expected credit losses (ECL) but no expected credit loss arrived yet, that could be charged to the statement of profit or loss.		
<b>9 LOANS AND ADVANCES</b>			
Other Advances		-	24,000
		-	24,000
<b>10 CASH AND BANK BALANCES</b>			
Cash in hand		<b>152,015</b>	928,824
Cash at bank - Current		<b>23,916</b>	23,927
		<b>175,931</b>	952,751
<b>11 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>			
500,000 (2021: 500,000) Ordinary Shares of Rs. 10/- each fully paid in cash		<b>5,000,000</b>	5,000,000
<b>12 LONG TERM LOANS FROM RELATED PARTIES</b>			

The loan has been settled down against the receivable relating to the 360 Digital Marketing LLC. a company having common management. For further details please refer note 8.2 and 20.1.

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		<b>2022</b>	2021
		<i>Rupees</i>	<i>Rupees</i>
<b>13 DEFERRED TAX (ASSETS)/ LIABILITY</b>			
<b>Relating to deductible temporary difference</b>			
On accelerated depreciation		<b>68,429</b>	105,381
On accelerated amortization		<b>1,800</b>	1,800
Minimum tax		<b>(59,594)</b>	(199,296)
		<b>10,635</b>	(92,115)
<b>14 ACCRUED AND OTHER LIABILITIES</b>			
Audit fee payable		<b>631,800</b>	350,000
Salaries payable		<b>818,625</b>	240,250
Other payables		<b>1,543,562</b>	145,573
		<b>2,993,987</b>	735,823
<b>15 UNCLAIMED DIVIDEND</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>16 CONTINGENCIES AND COMMITMENTS</b>			
There was no contingency or commitment at the year end (2021: Nil)			
<b>17 REVENUE FROM CONTRACT WITH CUSTOM</b>			
Sale of goods		-	1,807,020
Rendering of services		<b>5,930,000</b>	6,882,309
		<b>5,930,000</b>	8,689,329
<b>18 COST OF SALES AND SERVICES</b>			
Cost of goods sold	18.1	-	952,183
Cost of services	18.2	<b>1,605,970</b>	2,330,758
		<b>1,605,970</b>	3,282,941
<b>18.1 Cost of Good Sold</b>			
Opening stock		-	854,990
Transportation		-	23,201
Packaging, inspection and handling		-	73,992
		-	952,183
Less: Closing stock		-	-
		-	952,183

**HALLMARK COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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	<b>2022</b>	2021
	<i>Rupees</i>	<i>Rupees</i>
<b>18.2 Cost of Services</b>		
I.T. developer charges	<b>1,386,801</b>	2,000,940
Travel and transportation	<b>131,651</b>	224,590
Entertainment expenses	<b>43,313</b>	73,890
Printing and stationery	<b>44,206</b>	31,338
	<b><u>1,605,970</u></b>	<u>2,330,758</u>

**19 ADMINISTRATIVE EXPENSES**

Salaries		<b>459,000</b>	1,000,655
Printing and stationery		<b>25,976</b>	32,549
Advertisement		<b>78,225</b>	12,540
Rent and utilities		<b>1,349,600</b>	585,000
Travelling and conveyance		<b>255,328</b>	83,027
Entertainment		<b>95,437</b>	99,292
Legal and professional charges		<b>957,000</b>	120,000
Security expenses		<b>719,366</b>	-
Depreciation		<b>162,851</b>	114,448
Auditor's remuneration	19.1	<b>631,800</b>	525,000
Amortization		<b>180,000</b>	180,000
		<b><u>4,914,583</u></b>	<u>2,752,511</u>

**19.1 Auditor's remuneration**

Annual audit		<b>415,800</b>	350,000
Review of half yearly financial statements		<b>216,000</b>	175,000
		<b><u>631,800</u></b>	<u>525,000</u>

**20 SELLING EXPENSE**

Salaries		<b>359,625</b>	1,492,040
Printing and stationery		<b>15,854</b>	19,854
Advertisement		<b>96,775</b>	64,517
Travelling and conveyance		<b>367,423</b>	52,025
Entertainment		<b>151,015</b>	55,052
Bad debt expense	20.1	<b>1,475,000</b>	-
		<b><u>2,465,692</u></b>	<u>1,683,488</u>

**20.1** This includes an amount of Rs. 1,301,800 relating to *360 Digital Marketing LLC*, a related party. During the first quarter of the financial year, the agreement was terminated as per clause 9.1 & 9.2 of the said agreement. Further the said party is no more a related party effective from March 2022, refer Note 24 for detail.

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	<b>2022</b>	2021
	<i>Rupees</i>	<i>Rupees</i>
<b>21 TAXATION</b>		
Current	<b>59,300</b>	130,340
Prior	-	-
	<u><b>59,300</b></u>	<u>130,340</u>
Deferred (reversal) / charge	<b>64,830</b>	(32,560)
	<u><b>124,130</b></u>	<u>97,780</u>
<b>21.1 Relationship between tax expense and accounting profit</b>		
Accounting (loss) / profit before tax	<u><b>(3,367,804)</b></u>	<u>337,174</u>
Tax on accounting profit @ 29%	-	97,780
Tax on Export Proceeds @ 1%	<b>59,300</b>	-
Effect of tax rate difference	<b>64,830</b>	-
	<u><b>124,130</b></u>	<u>97,780</u>
Average tax rate	<u><b>0.00%</b></u>	<u>29%</u>
<b>22 (LOSS)/ EARNINGS PER SHARE</b>		
(Loss) / profit after taxation	<u><b>(3,491,934)</b></u>	<u>239,393</u>
Weighted average number of Ordinary Shares	<u><b>500,000</b></u>	<u>500,000</u>
Basic (loss)/ earnings per share	<u><b>(6.98)</b></u>	<u>0.48</u>

Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2022 and June 30, 2021, which could have any effect on the earnings per share.

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

As the Company is in a phase of business development and striving hard to improve, the Directors and Chief Executive have decided that the remuneration shall neither be paid nor to be charged in the financial statements. Further, there is no employee of the Company who meets the criteria of the executives, as defined in the Companies Act, 2017, thus no remuneration is payable by the Company.

**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.

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.

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		<b>2022</b>	2021
		<i>Rupees</i>	<i>Rupees</i>
<b>Relationship / name of predecessor related party</b>	<b>Nature of Transaction</b>		
Key management personnel: Azneem Bilwani	Loan received	-	1,403,125
	Loan asjusted against receivables	<b>(1,403,125)</b>	-
Associated company by virtue of common ownership and directorship: 360 Digital Marketing LLC	Rendering of services	-	6,882,309
	Receivables adjusted against loan	<b>(1,403,125)</b>	-
	Receivable balance written off	<b>(1,301,800)</b>	-

**Details of outstanding account balances with predecessor related parties**

Key management personnel: Azneem Bilwani	-	1,403,125
Associated company by virtue of common ownership and directorship: 360 Digital Marketing LLC	-	2,704,925

The above mentioned parties are no longer related to the Company, due to the change of management, refer Note 1.2.

The Company operates from a place owned by executive director of the Company and all furniture and equipment are being set at that premises. The premises is controlled by the Company except for the right of sale or letting to third parties. The Company does not pay any rent or any other consideration for exercising this control on the premises.

There was no transaction with key management personnel, associated undertakings and other related parties during the year except as disclosed above.

**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 25.1 to 25.3, of these notes.

**HALLMARK COMPANY LIMITED**  
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**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>2022</b>	2021
	<i>Rupees</i>	<i>Rupees</i>
Trade receivable	<b>4,485,000</b>	4,204,925
Other receivable	-	-
Deposit with -		
Habib Metropolitan Bank	PACRA	A1+
	<b>23,916</b>	23,927
	<b>4,508,916</b>	4,228,852

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.

**25.2.1 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.

**25.2.2 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.

**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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**25.2.3 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.

	<b>2022</b>		
	-----Rupees-----		
<b>Non Interest Bearing</b>	<b>Carrying amount</b>	<b>Up to one year</b>	<b>After one year</b>
Trade creditors	-	-	-
Unclaimed dividend	<b>23,150</b>	<b>23,150</b>	-
Accrued expenses	<b>2,993,987</b>	<b>2,993,987</b>	-
<b>Total financial liabilities</b>	<b>3,017,137</b>	<b>3,017,137</b>	-

  

	<b>2021</b>		
	-----Rupees-----		
<b>Non Interest Bearing</b>	<b>Carrying amount</b>	<b>Up to one year</b>	<b>After one year</b>
Trade creditors	-	-	-
Unclaimed dividend	23,150	23,150	-
Accrued expenses	735,823	735,823	-
<b>Total financial liabilities</b>	<b>758,973</b>	<b>758,973</b>	-

**HALLMARK COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**25.4 Fair value of financial assets and liabilities**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability; or

In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market is accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participants ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's Board of director determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement. External evaluator may be involved for valuation of significant assets and significant liabilities. For the purpose of fair value disclosures, the Company determines classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Presently no financial or non financial asset or liability is valued at fair value. All assets are valued at their amortized cost which is the most appropriate available valuation basis.

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

**HALLMARK COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**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>2022</b>	<b>2021</b>
	<i>Rupees</i>	<i>Rupees</i>
Total borrowing	-	1,403,125
Total equity	<b>3,460,100</b>	6,952,035
Gearing ratio	<b><u>0.00%</u></b>	<b><u>20.18%</u></b>

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 OPERATING SEGMENT**

These financial statements have been prepared on the basis of a single reportable segment. There was no change in the reportable segments during the year.

- 27.1 There are two sources of revenue of the segment which is from sale of used imported laptops and IT related services.
- 27.2 All non-current assets of the segment are located in Pakistan.
- 27.3 All the sales are made to customers located in Pakistan only.
- 27.4 There is no significant major customer of the segment. Sales are made to number of individuals and corporate entities on non repetitive basis.

**28 NUMBER OF EMPLOYEES**

Number of employees as at June 30, 2022 were 6 (2021: 6).  
Average number of employees during the year were 6 (2021: 6)

**HALLMARK COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**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 **November 7, 2022**.

**Chief Executive**

**Director**

**Chief Financial Officer**

**HALLMARK COMPANY LIMITED****Pattern of Shareholding as on June 30, 2022**

<b>Number Of Shareholders</b>	<b>From</b>	<b>Shareholding To</b>	<b>Total Shares Held</b>	
196	1	-	100	18,449
96	101	-	500	29,921
16	501	-	1000	13,500
32	1001	-	5000	82,610
2	5001	-	10000	12,300
1	10001	-	15000	12,500
1	15001	-	20000	16,500
1	55001	-	60000	59,220
1	250001	-	255000	255,000
<b>346</b>				<b>500,000</b>

**Categories of Share Holders As on June 30, 2022**

<b>Categories Of Shareholders</b>	<b>Number Of Shareholders</b>	<b>Total Shares Held</b>	<b>Percentage %</b>
Individuals	343	427,980	85.60
Joint Stock Companies	1	71,720	14.34
Investment Companies	2	300	0.06
	<b>346</b>	<b>500,000</b>	<b>100.00</b>



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# HALLMARK COMPANY LIMITED

## 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 43<sup>rd</sup> Annual General Meeting of the Company  
to be held on Monday, **November 28, 2022, at 11:00 AM** and any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

**Rs. 5.00  
Revenue  
Stamp**

Witnesses:

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

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

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

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

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

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

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

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

### **IMPORTANT**

1. The Member is requested:
  - (a) to affix a Revenue Stamp of Rs. 5/- at the place indicated above;
  - (b) to sign in the same style of signature as is registered with the Company;
  - (c) to write down his/her Folio Number
2. This form of proxy, duly completed and signed, must be deposited at the Company's Registered Office not later than 48 hours before the meeting.
3. This form should be signed by the Member or by his/ her attorney duly authorized in writing. If the member is a Corporation, its common seal should be affixed to the instrument.
4. Any alteration made in this instrument of proxy should be initialed by the person who signs it.
5. 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, the 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 the 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.

In the case of the corporate entity, the Board of Directors' resolution/ power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with the proxy form of the Company.