



HALLMARK
COMPANY LIMITED

Eager to Grow

ANNUAL REPORT

**FOR THE YEAR ENDED
JUNE 30, 2018**

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VISION AND MISSION STATEMENTS

OUR VISION

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

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

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

OUR MISSION

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

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

COMPANY INFORMATION

Chairman

S. Muhammad Imran

Chief Executive

Mr. Naveed Hamid

Directors

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

Audit Committee

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

HR Committee

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

External Auditors

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

Legal Advisor

Sayeed A. Sheikh & Co., Advocates

Shares Registrar

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

Bankers

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

OFFICE OF THE COMPANY

Registered Office Karachi

Suite # 1001, Uni Centre, 10th Floor,
I.I. Chundrigar Road,
Karachi. Pakistan.
Phone: 021-32414419, 37011105
Fax: 021-32416288
Email: hallmark@bizcorei.com
Web: www.hiclpk.com

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 38th Annual General Meeting of the Shareholders of **Hallmark Company Limited** will be held on, Monday October 22, 2018 at 05:30 P.M. at Office # 1005, Uni Centre, 10th Floor, I.I. Chundrigar Road, Karachi to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the 37th Annual General Meeting held on October 27, 2017.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2018, together with the Directors' and Auditors' Reports thereon.
3. To appoint Auditors for the year ending on June 30, 2019 and fix their remuneration. The retiring Auditors, M/s. S.M. Suhail & Co., Chartered Accountants are eligible and have provided their consent and the Directors have recommended for their reappointment.

SPECIAL BUSINESS

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

For the transmission of the annual audited financial statements, notices of general meetings and other information contained therein of the Company to the members either through CD or DVD or USB.

The special resolution that to be passed is as under:

"RESOLVED THAT with the consent and approval of members of Hallmark Company Limited (the Company) is be, and is hereby accorded for transmission of annual audited financial statements, notices of general meetings and other information contained therein of the Company, to the members for future years, commencing from the year ending on June 30, 2019 through the CD or DVD or USB, instead of transmitting the same in hard copies".

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

By Order of the Board

Company Secretary

Karachi: October 01, 2018

NOTES:

1. A member is entitled to attend and vote at the Annual General Meeting, may appoint another member as his/her proxy to attend, speak and vote instead of him/her.
2. The Share Transfer Book of the Company will be closed from October 15, 2018 to October 22, 2018 (both days inclusive). Transfers received in order, by our Shares Registrar, the F. D. Registrar Services (SMC-Private) Limited, located at, 17th Floor, Trade Centre, I.I. Chundrigar Road, Karachi at the close of the business, on October 13, 2018 will be considered in time to attend and vote at the meeting and for the entitlement of Dividend (if any).
3. Forms of proxy, in order to be valid, must be properly filled-in, executed and received at the registered office of the Company not later than 48 hours before the time of the meeting.
4. Members are requested to notify to the Share Registrar of the Company, promptly of any change in their addresses.

5. Notice to Shareholders who have not provided CNIC:

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

6. Video Conference Facility

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

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

7. E-Voting Facility

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

"I/We, _____ of _____, being a member of Hallmark Company Limited, holder of _____ ordinary share(s) as per registered Folio No. _____ hereby opt for e-voting through Intermediary and hereby consent the appointment of execution officer as proxy and will exercise e-voting as per the Companies (e-voting) Regulations, 2016 and hereby demand for poll for resolutions.

My/our secured email address is _____, please send login details, password and electronic signature through email."

8. Mandate for E-Dividends for Shareholders

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

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

9. Electronic Transmission of Financial Statements

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

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

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

This statement is annexed as an integral part of the Notice of the 38th Annual General Meeting of Hallmark Company Limited (the Company) to be held on Monday October 22, 2018 at 05:30 PM at Office # 1005, Uni Centre, 10th Floor, I.I. Chundrigar Road, Karachi; and sets out the material facts concerning the Special Business to be transacted at the Meeting

Special Business

Circulation of Annual Reports through CD/DVD/USB

Securities and Exchange Commission of Pakistan has vide SRO 470(I)/2016 dated May 31, 2016 allowed the companies to circulate the annual audited financial statements, notices of general meetings and other information contained therein of the Company to its members through CD/DVD/USB subject to consent of the shareholders in the general meeting. This will save time and expenses incurred on printing of the annual reports.

The Company shall supply the hard copies of the aforesaid documents to the shareholders on demand, free of cost within one week of such demand. After approval of the shareholders, the Company will place a Standard Request Form on its website to communicate their need of hard copies of the documents along with the postal and email address of the Company Secretary/ Share Registrar to whom such request shall be made.

Accordingly, the directors of the Company have no interest in the Special Business except in their capacity as shareholders and Directors of the Company.

"RESOLVED THAT consent and approval of members of Hallmark Company Limited (the Company) be and is hereby accorded for transmission of annual audited financial statements, notices of general meetings and other information contained therein of the Company to the members for future years commencing from the year ending on June 30, 2019 through CD or DVD or USB instead of transmitting the same in hard copies"

By Order of the Board

COMPANY SECRETARY

Karachi: October 01, 2018

HALLMARK COMPANY LIMITED

KEY FINANCIAL DATA FOR LAST SIX YEARS						
	June, 2018	June, 2017	December, 2016	December, 2015	December, 2014	December, 2013
Total sales revenue	14,844,275	4,169,260	-	-	-	-
Cost of sales	(10,551,973)	(2,560,662)	-	-	-	-
Gross profit	4,292,302	1,608,598	-	-	-	-
Other income	1,780,000	1,165,000	1,898,238	300,000	300,000	353,639
Administration expenses	(2,541,520)	(450,515)	(985,405)	(125,000)	(144,192)	(115,000)
Other expenses	(1,270,260)	(395,148)	(275,000)	-	-	-
Profit before taxation	2,260,521	1,927,936	912,833	175,000	155,808	238,639
Taxation - net	(131,975)	(100,424)	-	-	-	-
Profit after taxation	2,128,546	1,827,511	912,833	175,000	155,808	238,639
Earning per share	4.26	3.66	1.28	0.35	0.31	0.48
Shareholders equity excliding loan	5,015,360	2,886,815	1,059,304	421,471	246,471	90,663
Non current assets	5,329,194	2,537,964	1,775,473	1,775,473	1,775,473	1,775,473
Cash and bank balances	280,954	498,507	192,691	487,373	212,373	127,373
Trade debts	1,003,564	1,095,446	-	-	-	-
Total debt - Financing	1,800,000	1,500,000	250,000	-	-	-
Creditor and other payable	1,358,387	799,371	500,000	500,000	500,000	500,000
Tax payable	15,980	44,693	-	-	-	-
Total Assets at book value	8,223,491	5,286,610	2,318,164	3,165,323	2,990,323	2,824,515

HORIZONTAL ANALYSIS

	June, 2018	June, 2017	December, 2016	December, 2015	December, 2014	December, 2013
Balance Sheet						
Furniture and fixture	-10%	-11%	4%	0%	0%	-15%
Other non current assets	173%	108%	0%	0%	0%	-67%
Current assets	5%	406%	-62%	14%	15%	-1%
Total assets	56%	128%	-27%	6%	6%	-39%
Less: Non current liabilities	-39%	-100%	0%	0%	0%	0%
Less: current liabilities	-63%	16%	63%	0%	0%	43%
Total Net assets	55%	235%	211%	71%	172%	-161%
Issued subscribed and paid up capital	0%	0%	0%	0%	0%	0%
Accumulated losses	101%	46%	14%	4%	3%	5%
Director's equity contribution	20%	500%	100%	0%	0%	0%
	55%	235%	211%	71%	172%	-161%
Profit and Loss						
Sale of goods	263%	100%	0%	0%	0%	0%
Services	142%	100%	0%	0%	0%	0%
Total sales	256%	100%	0%	0%	0%	0%
Cost of sales	312%	100%	0%	0%	0%	0%
Gross profit	167%	100%	0%	0%	0%	0%
Administrative and selling expense	464%	-54%	688%	-13%	25%	-4%
Operating profit	51%	-218%	688%	-13%	25%	-4%
Other income	53%	-63%	84%	0%	-18%	100%
Other expenses	221%	44%	100%	0%	0%	0%
Profit before taxation	17%	202%	264%	12%	-35%	-300%
Taxation	31%	100%	0%	0%	0%	0%
Profit after taxation	16%	187%	264%	12%	-35%	-300%

VERTICAL ANALYSIS

	June, 2018	June, 2017	December, 2016	December, 2015	December, 2014	December, 2013
Balance Sheet						
Furniture and fixture	11%	20%	75%	222%	380%	1033%
Other non current assets	67%	38%	61%	190%	325%	882%
Current assets	42%	63%	41%	339%	509%	1200%
Total assets	121%	121%	177%	751%	1213%	3115%
Less: Non current liabilities	0%	-1%	0%	0%	0%	0%
Less: current liabilities	-20%	-19%	-77%	-651%	-1113%	-3015%
Total Net assets	100%	100%	100%	100%	100%	100%
Issued subscribed and paid up capital	73%	114%	382%	1186%	2029%	5515%
Accumulated profit/ (loss)	0%	-48%	-301%	-1086%	-1929%	-5415%
Director's equity contribution	26%	34%	19%	0%	0%	0%
	100%	100%	100%	100%	100%	100%
Profit and Loss						
Sale of goods	96%	94%				
Services	4%	6%				
Total sales	100%	100%				
Cost of sales	-71%	-61%				
Gross profit	29%	39%				
Administrative and selling expense	-17%	-11%				
Operating profit	12%	28%				
Other income	12%	28%				
Other expenses	-9%	-9%				
Profit before taxation	15%	46%				
Taxation	-1%	-2%				
Profit after taxation	14%	44%				
Vertical analysis of years from 2013 to 2016 are not presented due to the fact that the company was not operative in those years and there were no sales available to compare with.						

Chairman's Review

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

Business Performance

The Board has played a very effective role during the year ended on June 30, 2018 and this makes the year a momentous year for the Company as it achieved significant growth in its operations and its successfully carrying the plan for making the Company a largest trader of I.T. related products. During the year under review the Company has successfully generated the desired demand for its products and further developed the effective supply chain to meet that demand with minimum blockage of funds.

Another major challenge faced during the year was raising competition in the industry while the Company has just commenced its new operations. The prices were real competitive for a new trading company which is expected to earn profit over its every transaction to survive in the operations. The Board has effectively managed the equilibrium in overall functions of the Company and able to generate sizeable profits.

The Company has also invested in obtaining copyright of number of software for the purpose of selling its PINs as inventory. Activity of sale from software license will further enhance the Company's financial position. This activity shall provide the Company a fixed renewal fee income with minimum risk.

Corporate Compliance

The current year has proved to be the revitalizing year in respect of corporate structure of the Company. The Board has able to settle all the major corporate deficiencies during the year and those which are pending are of either trivial nature or just about to resolve. The milestones achieved by the Board during the year are;

- a. Withdrawal of show cause notice by Securities and Exchange Commission of Pakistan. This was the major revitalizing event for the Company to operate without any fear.
- b. Waiver of surcharge by the Pakistan Stock Exchange and intimation for restoring securities on normal counter, subject to re-induction of securities of the Company in Central Depository System (CDS).
- c. Initializing the process for re-induction of securities of the Company in CDS.
- d. Approval by shareholders and filing of petition into the Honourable Sindh High Court for the merger of Lakhwani Securities (SMC-Pvt.) Limited, with and into the Company. This merger shall prove to be a major milestone for the Company. It is at completion stage and we hoped that order may be issued in the end of this month, or till the mid of next month.

Code of Ethics Compliance

Compliance based code of ethics has developed to ensure that the Company and its employees comply with all laws and regulations in an appropriate manner. The Code of ethics outlined the mission and values of the organization. The Code which is approved by the Board is communicated to all the employees. The Company has also implemented a policy on insider trading for the employees and directors.

Financial Management

The Company remained focused on effective management of funds in such manner as to accomplish the objectives of the organization. The aim of our financial management is to maximize profits. During the year the inventory levels and trade receivables were managed effectively to accomplish business objectives which added value for the shareholders. Throughout the year the management was much focused on cost effectiveness and profit improvement.

Internal Audit

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

Development of Functional Website

The Board has also able to develop and launch an operational website of the Company in line with regulations prescribed by the Securities and Exchange Commission of Pakistan. Through the website, all information can be easily and timely communicated to its members and public at large. The Board is also intended to utilize the website and email of the Company for timely communication of all the relevant information to the shareholders of the Company.

The Board has ensured the compliance of all the provisions of the Listed Companies (Code of Corporate Governance) Regulations, 2017 except for the one identified in their statement of compliance annexed with this annual report.

Acknowledgement

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

S. Muhammad Imran
Chairman

Karachi

Dated: October 01, 2018

درمیان میں فیصلہ آجائے گا۔

ضابطہ اخلاق کی پاسداری

ضابطہ اخلاق کو اس لئے ترویج کیا گیا تاکہ کمپنی اور اس کے ملازمین تمام قوانین اور ضابطوں کی درست انداز میں پاسداری کریں۔ ضابطہ اخلاق کو ادارے کے مشن اور اقدار کے مطابق وضع کیا گیا ہے۔ اس ضابطہ کو بورڈ نے منظور کیا ہے جسے تمام ملازمین کو بہتر انداز میں سمجھا دیا گیا ہے۔ کمپنی نے ملازمین اور ڈائریکٹران کی انسائیڈ ٹریڈنگ کے لئے پالیسی نافذ کی ہے۔

مالیاتی انتظام

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

انٹرنل آڈٹ

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

ویب سائٹ کی ترویج

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے ضابطوں کے مطابق بورڈ نے ایک متحرک ویب سائٹ کی ترویج اور اس کا آغاز کیا ہے۔ ویب سائٹ کے ذریعے اس کے ممبران اور عام عوام کو بروقت با آسانی تمام معلومات فراہم کی جاسکیں گی۔ بورڈ کا مصمم ارادہ ہے کہ ویب سائٹ اور ای میل کو استعمال کرتے ہوئے کمپنی کے حصص یافتگان کو تمام معلومات بروقت فراہم کی جائیں گی۔

بورڈ نے لسٹڈ کمپنیز کے ریگولیشنز 2017 کی شقوں کی پاسداری کو یقینی بنایا ہے سوائے اس کے جس کا اعتراف پاسداری کے بیان میں اس سالانہ رپورٹ میں پیش کیا گیا ہے۔

اعتراف

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

جھڑمین کا جائزہ

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

کاروباری کارکردگی

بورڈ نے سال 30 جون 2018 کے دوران موثر کردار ادا کیا اور کمپنی کے موجودہ سال کو ایک یادگار سال بنا دیا کیونکہ کمپنی کے کاروبار میں نمایاں اضافہ ہوا اور کمپنی نے اپنے منصوبہ پر کامیابی سے گامزن رہی جو کہ اسے I.T. سے ملحقہ مصنوعات میں سب سے بڑا تجارتی ادارہ بنانے کا ہے۔ جائزہ سال کے دوران کمپنی نے کامیابی کے ساتھ اپنی مصنوعات کی طلب میں اضافہ کیا اور مزید موثر انداز میں اپنی سپلائی چین کو ترویج کیا تاکہ کم سے کم فنڈز کو پھنساتے ہوئے طلب کو پورا کیا جاسکے۔

مزید دیگر چیلنجز جن کا سال کے دوران سامنا رہا اس میں صنعت میں بڑھتی ہوئی مسابقت تھی جس کا سامنا کمپنی کو اپنے آغاز ہی سے تھا۔ ایک نئی کمپنی کو اپنے منافع کمانے اور اپنے بقاء کے لئے کاروبار میں حقیقی معنوں میں مسابقتی قیمتوں کا سامنا کرنا پڑا۔ بورڈ نے موثر انداز میں کمپنی کے تمام افعال کو متوازن انداز میں چلایا اور ایک بہتر منافع حاصل کرنے کے قابل ہو گئی۔

کمپنی نے کئی سافٹ ویئر کے کاپی رائٹ حقوق حاصل کرنے کے لئے سرمایہ کاری کی تاکہ اس کے PINs کو فروخت کیا جاسکے۔ سافٹ ویئر کی فروخت کی سرگرمی سے کمپنی کی مالیاتی پوزیشن مزید مستحکم ہوگی۔ یہ سرگرمی کمپنی کو ایک مخصوص قابل تجدید فیس کی صورت میں کم خطرات کے ساتھ آمدنی فراہم کرے گی۔

ادارتی پاسداری

جائزہ سال کمپنی کے ادارتی ڈھانچے میں اصلاحی اقدامات کا سال رہا ہے۔ بورڈ سال تمام بڑی ادارتی کمزوریوں پر قابو پانے میں کامیاب ہو گیا اور جو کچھ التوا میں ہیں وہ یا تو بہت معمولی نوعیت کی ہیں یا حل ہونے والی ہیں۔ بورڈ نے سال کے دوران جو سنگ میل حاصل کئے ان میں درج ذیل شامل ہیں:

- a سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کئے گئے شو کاز نوٹس کی واپسی۔ یہ ایک اہم اصلاحی واقعہ ہے جس سے اب کمپنی بغیر کسی ڈر کے کام کر سکتی ہے۔
- b پاکستان اسٹاک ایکسچینج نے سرچارج کا خاتمہ کیا، حصص کی نارمل انداز میں خرید و فروخت کو کمپنی کے حصص سینٹرل دپازٹری کمپنی میں اندراج کے تابع کیا۔
- c کمپنی کے حصص کے CDS میں دوبارے داخلے کے عمل کا آغاز ہوا
- d لاکھوانی سیکورٹیز (ایس ایم سی۔ پرائیویٹ) لمیٹڈ کے الحاق کے لئے حصص یافتگان کی منظوری اور معزز عدالت عالیہ سندھ میں عرضی دائر کرنا۔ یہ انضمام کمپنی کے لئے ایک بڑا سنگ میل ثابت ہوگا۔ یہ تکمیلی مرحلے میں ہے اور امید ہے کہ اس ماہ کے آخر یا اگلے ماہ کے

DIRECTORS REPORT TO THE MEMBERS

The Directors of the Company are pleased to present the 38th Annual Report with the Financial Statements of the Company for the year ended on June 30, 2018.

Company's Performance

The Company has successfully achieved the milestone of revival and now it has re-commenced and doing its new business in full swing after receiving the desired approvals from the Securities and Exchange Commission of Pakistan (the SECP) in respect of change of name and nature of business. During this year it has achieved a net profit after tax of Rs. 2.128 million and performed well. The current performance is favorable to the budgeted projections. Throughout the year the Company keeps its pace above the budgeted amounts therefore we are observing better results.

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

Operating Results

	Projection for the year (Rs.)	Actual activity for the year (Rs.)	Activities of last transitional year (Rs.)
Revenue	13,725,000	14,844,275	4,169,260
Gross Profit	3,431,250	4,292,302	1,608,598
Other Income	-	1,780,000	1,165,000
Profit After Taxation	1,338,994	2,128,546	1,827,511
Earnings per Share	2.68	4.26	3.66

With substantial increase in revenue, as compared to last year, has resulted in higher profits however due to new entrants in the industry and existing highly competitive rates of dominating entities we observed a fall in gross profit margin. However, annual average decline for the overall IT industry is 3% to 4% but the Company suffered around 10% decline in its gross profits because of the fact that it has just entered into the industry. A sign of appreciation and hope is that we are still able to cross our budgeted targets from business operations and are earning profits since commencement of new business. Further, with desperate efforts of management, the Company has now achieved accumulated surplus on its statement of financial position at the reporting date. It is a great relief for the management and the Company.

Other income in previous comparative information includes Rs. 0.865 million which is the impact of increase on revaluation of investment property. Current year it was nil because the land was disposed off at gain of Rs. 1.230 million which is included in other income during the year. Current year income comprises of the gain on disposal of land and rental income for 11 months and it remained at the rate of 50,000 per month.

The Company has commenced its operations and hired staff for working which resulted in increase in administrative expenses, however the management has been able to secure an earnings per share of Rs. 4.26 which is still higher by Rs 1.58 from budgeted target.

During the year due to extended operations the management needed a premises for carrying its business activities therefore, an office premises has been identified and advance for its acquisition has been paid.

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

Directors of the Company have provided financial assistance at every step and to meet the operational expenses further, a loan of Rs. 0.300 million has been provided to the Company by the director during the current year.

Future Outlook

Our 2018 budget is focused on achieving steady growth which we are hopefully carrying. This growth is going to be attributed to the following factors:

- We are heading towards and working for restoration of trading status of the Company's securities in the Pakistan Stock Exchange so that investors' reliance could be earned, and further strive our best for increasing the paid up capital up to 200 million or, as much as possible to arrange and manage.
- The Company is going to conclude the merger of Lakhwani Securities (SMC Pvt.) Limited with and into the Company. This would increase the paid up capital up to Rs. 40 million or as per order of the Court. As result of increased in paid up capital, the Company would have some increased funds to meet the operating expenses and expand its business activities, which shall increase the future revenues. However, we continue to make efforts to increase the business, capital and exploring the business venture for the Company.
- Through increase in volume of sales, the Company shall be able to reduce its fixed cost per unit and ultimately will be earning gross profit margin prevailing in the market.

Compliance of Regulatory Authorities

We feel pleasure in informing you that the Company has now complied with all the deficiencies reported/ noted by all the regulatory authorities including the Securities and Exchange Commission of Pakistan (the SECP) and the Pakistan Stock Exchange (the PSX).

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

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

Dividend

The Company has earned some profit during the year, and the accumulated deficit has now become surplus. However, as the Company needs funds for further growing the business, thus the situation does not permit us presently to consider payment of dividend; therefore, no dividend is being recommended by the Board for the year. However, as earlier disclosed, we are heading towards and expecting to declare our next dividend, after achieving business target activities, in the year 2018 - 2019.

Status of Merger with Lakhwani Securities (SMC-Pvt.) Limited

During the year the members of the Company have approved the merger scheme to merge Lakhwani Securities (SMC Private) Limited with and into Hallmark Company Limited. The approval has been given in 37th Annual General Meeting.

According to the approval, the directors of the Company have filed a petition to the Sindh High Court to allow the merger.

The merger shall be made in accordance with the scheme of merger approved by the Board and adopted by the shareholders of the Company. As result of merger, Lakhwani Securities (SMC Private) Limited shall merge in Hallmark Company Limited and the paid-up capital of Hallmark Company Limited would meet the minimum requirement of the Pakistan Stock Exchange.

We expect that during the last quarter of the year 2018 the Sindh High Court may order for the merger.

Evaluation of the Board's performance and Directors' training program

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

In compliance with the provisions of Listed Companies (Code of Corporate Governance) Regulations, 2017, directors' orientation program has also been adopted for all the new directors. Compliance for the training of 50% of directors by the end of June 30, 2019 has also been planned by the Board.

Statutory Auditors

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

Corporate Social Responsibility

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

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

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

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

Compliance with Corporate Governance Environment

The requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 set out by the Securities and Exchange Commission of Pakistan, relevant for the year ended June 30, 2018 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.

Enlistment with CDC

The Company had complied with all the necessary requirements for induction of its Securities with the Central Depository Company Limited (CDC) however due to Non-renewal of the Insurance license previously by the SECP, due to lesser paid up capital; the CDC, on order of the SECP, had suspended the Company from the CDS. The proceedings which resulted the suspension has been drop by the SECP through an order dated April 4, 2018. Subsequent to the order, the directors have applied to CDC for restoration. However, they were advised to complete the whole process again for enlistment in CDS.

The process has been initiated with CDC and directors hope the process of inducting Company's securities in CDS shall be completed amicably soon.

Audit Committee

During the year under review, the Board is also governing an Audit Committee comprising of the following members:

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

Corporate and Financial Reporting Framework

- a) The financial statements prepared by the management of the Company present fairly its financial position, the result of its operations, cash flows and changes in equity.
- b) Proper books of accounts have been maintained by the Company.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) The International Accounting and Financial Reporting Standards, as applicable to the Company in Pakistan, have been followed in preparation of these financial statements.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) The Company's shall continue as a going concern.
- g) There has been no material departure from the best practices of Corporate Governance, as detailed in the Listed Companies (Code of Corporate Governance) Regulations, 2017.
- h) The key operating and financial data for the last six years is annexed herewith.
- i) There is no trading of shares by Chief Executive, Directors their spouses and minor children during the year.
- j) During the year four meetings of the Board of directors were held and the number of meetings attended by each director is given hereunder:

NAME OF DIRECTOR	MEETINGS ATTENDED
Mr. Muhammad Farrukh Bashir	4
Mr. Saad A. Shamsi	2
Mr. S Muhammad Imran	4
Mr. Haris A. Shamsi	3
Mr. Ahtesham Ashraf	3
Mr. Naveed Hamid	4
Mr. Zubair Ahmed Khan	4

- k) The pattern of shareholding in the Company as at June 30, 2018 is included in the annual report.
- l) Due to the nominal accumulated profits, at end of the year and being in initial phase of the operations, presently the Company is not in position to declare any dividend.

Acknowledgements

Directors of your company take this opportunity to express their deep sense of gratitude for all the stakeholders for their encouragement and continued support and look forward to your continued collaboration with the Company as we move forward to meet and execute our targets together. Further, we appreciate the Company's management and supporting staff for their satisfactory performance and devotion to duty and we are grateful to all Government institutions, Auditors, the SECP, the PSX and commercial banks for their valuable support and cooperation throughout the year.

Naveed Hamid
Chief Executive
October 01, 2018

- سال کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس ہوئے اور ہر ڈائریکٹر کے حاضر اجلاسوں کی تعداد درج ذیل ہے:

ڈائریکٹر کا نام	حاضر اجلاسوں کی تعداد
جناب محمد فرخ بشیر	4
جناب سعید اے شمس	2
جناب ایس محمد عمران	4
جناب حارث اے شمس	3
جناب احتشام اشرف	3
جناب نوید حمید	4
جناب زبیر احمد خان	4

- 30 جون 2018 کو حصص داری کی ساخت سالانہ رپورٹ میں شامل کی گئی ہے۔

- سال کے اختتام پر عمومی مجموعی منافع اور کار بار کے ابتدائی مرحلے کی وجہ سے کمپنی اس پوزیشن میں نہیں ہے کہ منافع منقسمہ کا اعلان کرے۔

اعتراف

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

نوید حامد

چیف ایگزیکٹو

October 01, 2018

CDC کے ساتھ ان لٹمنٹ

کمپنی نے اپنے حصص کو سینٹرل ڈپازٹری کمپنی میں داخل کرنے کی شرائط کی پاسداری کی ہے، تاہم کم بیڈ اپ سرمایہ کی وجہ سے SECP انشورنس لائسنس کی تجدید نہ کرنے کے پیش نظر CDC نے SECP کے حکم پر کمپنی کو CDS سے معطل کر دیا تھا۔ SECP نے معطلی کی کارروائی کو بذریعہ اپنے حکم مورخہ 14 اپریل 2018 ختم کر دیا ہے۔ لہذا اس حکم کے نتیجے میں، ڈائریکٹرز نے CDC میں بحالی کے لئے درخواست دے دی ہے، انہیں CDS میں ان لٹمنٹ کے لئے تمام عمل کو دوبارہ مکمل کرنے کا کہا گیا ہے۔

CDC کے ساتھ اس عمل کا آغاز کر دیا گیا ہے اور ڈائریکٹرز کو امید ہے کہ CDC میں کمپنی کے حصص کا عمل مفاہمتی انداز میں جلد مکمل ہو جائے گی۔

آڈٹ کمیٹی

جائزہ سال کے دوران، بورڈ نے آڈٹ کمیٹی کی ذمہ داریوں کی نگرانی کی جس کے ممبران درج ذیل ہیں:

جناب زبیر احمد خان	چیئر مین اینڈ ممبر
جناب احتشام اشرف	ممبر
جناب حارث اے شمشی	ممبر

ادارتی و مالیاتی رپورٹنگ کا فریم ورک

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

لسٹڈ کمپنیوں (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 کی شقوں کی پاسداری کرتے ہوئے نئے آنے والے ڈائریکٹرز کو تربیتی پروگرام کے عمل سے گزارے جانے کی بورڈ نے منصوبہ بندی کی ہے اور یہ کہ 30 جون 2019 تک 50 فیصد ڈائریکٹران کی تربیت مکمل کر لی جائے گی۔

انٹرن

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

ادارتی سماجی ذمہ داری

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

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

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

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

ادارتی نظم و ضبط کی پاسداری

سال 30 جون 2018 کے دوران سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے وضع کردہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 کے متعلقہ مطلوبات کی پاسداری کی گئی۔ اس سلسلے میں ایک بیان اس رپورٹ کے ساتھ منسلک ہے۔

خابطہ اخلاق اور کاروباری طور طریقوں سے متعلق بیان

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

نگران اداروں کی پاسداری

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

سال کے دوران، PSX نے کمپنی کو اپنے احیاء کی پاسداری کرنے پر اپنی ستائش سے نوازا۔ مزید یہ کہ SECP نے کمپنی کی اپنی احیاء کے لئے قابل قدر کوششیں کرنے پر اس کے خلاف شوکا زخم ختم کر دیا ہے اور اس کے ڈائریکٹرز کمپنی کو بحال کرنے میں کامیاب رہے۔

اب صرف CDS کی رجسٹریشن کی بحالی کا معاملہ رہ گیا ہے اور جلد ہی وہ بھی حل ہو جائے گا۔

منافع خسارہ

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

لاکھوانی سیکورٹیز (پرائیویٹ) لمیٹڈ کے سالانہ کارملہ

سال کے دوران کمپنی نے لاکھوانی سیکورٹیز (پرائیویٹ) لمیٹڈ کا ہال مارک کمپنی میں اور اس کے ساتھ انضمام منظور کر لیا۔ اس کی منظوری 37 ویں اجلاس عام میں لی گئی تھی۔

منظوری کے مطابق، کمپنی کے انضمام کے لئے ڈائریکٹران نے ایک عرضی عدالت عالیہ سندھ میں دائر کر دی ہے۔

انضمام بورڈ کی منظور شدہ اور کمپنی کے حصص یافتگان کی اختیار کردہ انضمامی اسکیم کے تحت کیا جائے گا۔ الحاق کے بعد لاکھوانی سیکورٹیز (پرائیویٹ) لمیٹڈ پر انضمامی ہال مارک کمپنی میں ضم ہو جائے گی اور ادا شدہ سرمائے میں اضافہ ہو جائے گا جس سے پاکستان اسٹاک ایکسچینج کی کم از کم ضروریات کو پورا کیا جائے گا۔

ہمیں توقع ہے کہ 2018 کی آخری سہ ماہی میں عدالت عالیہ سندھ انضمام کا حکم جاری کر دے گی۔

بورڈ کی کارکردگی کی تشخیص اور ڈائریکٹرز کا ترقی پروگرام

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

گزشتہ سال کی دیگر آمدن 0.865 ملین روپے تھی جو کہ سرمایہ شدہ جائیداد کی از سر نو تشخیص مالیت کی وجہ سے تھی۔ موجودہ سال تشخیص مالیت نہیں ہے کیونکہ اس زمین کو فروخت کر دیا گیا جس سے 1.230 ملین روپے لاگت کا فائدہ ہوا۔ موجودہ سال دیگر آمدنی میں زمین کی فروخت پر منافع اور 11 ماہ کی کرایہ کی آمدنی جو کہ 50,000 روپے ماہانہ کے حساب سے شامل ہے۔

کمپنی نے اپنے افعال کا آغاز کیا اور اس میں کام کرنے کے لئے عملہ کو بھرتی کیا جس کی وجہ سے اس کے انتظامی اخراجات بڑھ گئے تاہم انتظامیہ فی حصص آمدنی 4.26 روپے میں کامیاب رہی جو کہ بجٹ کے ہدف سے 1.58 روپے زیادہ ہے۔

سال کے دوران کمپنی کے کاروباری سرگرمیوں میں توسیع کی گئی جس کے لئے ایک دفتر کی جگہ بھی دیکھی گئی اور اس کو خریدنے کے لئے پیشگی رقم ادا کر دی گئی ہے۔

کمپنی نے تجارتی مقصد کے لئے بہت سے اکاؤنٹنگ سوفٹ ویئر کے کاپی رائٹ کے حقوق خریدے۔ سافٹ ویئر لائسنس کی فروخت کی سرگرمی کی وجہ سے کمپنی کی مالیاتی پوزیشن مزید مستحکم ہو گئی۔ یہ تمام صورتحال سابقہ سالوں کی بہ نسبت بہتر ہے۔ ان بہتریوں سے اس کمپنی کے ایک فعال ادارے کی حیثیت واضح ہوتی ہے۔ کمپنی نے SECP کراچی اور اسلام آباد کے روبرو احیا کا ایک منصوبہ پیش کیا اور اپنے کاروباری افعال کا مکمل طور پر آغاز کیا۔ لہذا کمپنی کی انتظامیہ کو یقین ہے کہ کمپنی ایک فعال ادارے کی حیثیت برقرار رہے گی۔

کمپنی کے ڈائریکٹرز نے ابتدائی طور پر مالیاتی مدد فراہم کی ہے اور ڈائریکٹرز نے سال کے دوران کمپنی کے کاروباری اخراجات کو پورا کرنے کے لئے 0.300 ملین روپے کا قرضہ فراہم کیا ہے۔

مستقبل کا دور

بجٹ 2018 میں ہماری توجہ تیز رفتار ترقی پر رہی جو کہ ابھی بھی جاری و ساری ہے۔ جس سے ہمیں مندرجہ ذیل میں مدد ملے گی۔

☆ ہم کمپنی کے حصص کی تجارتی حیثیت کی بحالی کے لئے کام کر رہے ہیں تاکہ سرمایہ کاروں کا اعتماد حاصل ہو اور اپنے پیڈ اپ سرمائے کو 200 ملین روپے تک یا اس سے سے زیادہ ممکنہ حد تک بڑھانے کی شدید جدوجہد کر رہے ہیں۔

☆ لاکھوانی سیکورٹیز (ایس ایم سی پرائیویٹ) لمیٹڈ کمپنی کے ساتھ الحاق جلد ہی ہو جائے گا۔ جس سے بحکم عدالت پیڈ اپ سرمایہ 40 ملین روپے ہو پائے گا۔ پیڈ اپ سرمائے میں اضافے کی وجہ سے کمپنی کو اپنے کاروباری اخراجات کو پورا کرنے کے لئے اضافی فنڈ حاصل ہو جائیں گے اور اس کی کاروباری سرگرمیوں میں توسیع ہوگی، جس سے مستقبل میں محصولات میں اضافہ ہوگا۔ تاہم، ہم اپنے کاروبار اور سرمائے میں اضافہ کے لئے تسلسل کے ساتھ کوششیں کر رہے ہیں اور کمپنی کے لئے نئے کاروباری مواقع تلاش کرتے رہیں گے۔

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

ڈائریکٹوریٹ

کمپنی کے ڈائریکٹرز 38 ویں سالانہ رپورٹ کے ساتھ کمپنی کے مالیاتی گوشوارے برائے سالانہ مدت 30 جون 2018 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

کمپنی کی کارکردگی

کمپنی نے کامیابی کے ساتھ اپنی بحالی کا سنگ میل حاصل کیا اور اب دوبارہ اپنے کاروبار کا آغاز شروع کر چکی ہے اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) سے اپنے نام اور کاروباری نوعیت میں تبدیلی کی مطلوبہ منظور یوں کے حصول کے بعد اپنا کاروباری افعال مکمل طور پر انجام دے رہی ہے۔ سال کے دوران اس کو بعد از ٹیکس منافع 2.128 ملین روپے ہو اور کارکردگی بہت اچھی رہی۔ موجودہ کارکردگی بجٹ کے تخمینوں سے بہتر ہے۔ سال بھر کمپنی نے بجٹ سے مطابقت پیدا رکھی جس کے نتیجے میں بہتر نتائج حاصل ہوئے۔

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

کاروباری نتائج

گزر شدہ سال (روپے)	کارکردگی (روپے)	بجٹ (روپے)	
4,169,260	14,844,275	13,725,000	فروخت
1,608,598	4,292,302	3,431,250	خام منافع
1,165,000	1,780,000	-	دیگر آمدن
1,827,511	2,128,546	1,338,994	منافع بعد از ٹیکس
3.66	4.26	2.68	نی حصص آمدنی

گزر شدہ سال سے فروخت میں قابل ذکر اضافہ کی وجہ سے بہتر منافع حاصل ہوا تاہم صنعت میں نئے داخل ہونے والوں اور بڑے اداروں کی کے مسابقتی نرخ کی وجہ سے خام منافع کی شرح میں کمی آگئی۔ تاہم آئی ٹی کی انڈسٹری مجموعی طور پر 3 سے 4 فیصد تنزیلی کا شکار رہی جبکہ ہمیں 10 فیصد تنزیلی کا سامنا کرنا پڑا کیونکہ ہم اس صنعت میں نئے داخل ہوئے۔ اس کے باوجود قابل ستائش بات یہ ہے کہ ہم کاروباری افعال میں اپنے بجٹ کے اہداف کو پار کرنے میں کامیاب ہو گئے حالانکہ ہم نے حال ہی میں اپنے کاروبار کا آغاز کیا تھا۔

کمپنی کی انتظامیہ کی شدید کوششوں کی وجہ سے رپورٹنگ کی تاریخ تک کمپنی کی مالیاتی پوزیشن میں مجموعی طور پر فاضل رقم کا اضافہ ہوا۔ جس کی وجہ سے انتظامیہ اور کمپنی کو بڑا ریلیف ملا۔

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

Name of Company: Hallmark Company Limited
Year ending: June 30, 2018

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

1. The total number of directors are 07 as per the following:
 - i. Male: 07
 - ii. Female: Exempted for current term
2. The composition of board is as follows:
 - i. Independent Directors: 02
 - ii. Other Non-executive Director: 03
 - iii. Executive Directors: 02
3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/ mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 and these Regulations.
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 these Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Companies Act, 2017 and these Regulations.
9. The Board shall arranged Directors' Training program in due course of time till June 30, 2019.
10. The board has approved appointment of CFO and Company Secretary including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. However head of Internal Audit is not yet been appointed due to the heavy cost involved in his appointment as business is just recently commenced.
11. CFO and CEO duly endorsed the financial statements before approval of the board.

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

Audit Committee

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

HR and Remuneration Committee

Mr. Saad Aftab Shamsi	Chairman and Member
Mr. Muhammad Farrukh Bashir	Member
Mr. Ahtesham Ashraf	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 meetings quarterly of the committee were as per following:

Audit Committee	4 meetings were held during FY 2018
HR and Remuneration Committee	4 meetings were held during FY 2018

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

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

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Companies Act, 2017 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 other requirements of the Regulations have been complied with.

On behalf of the Board of directors

S. MUHAMMAD IMRAN
Chairman

Karachi

Dated: October 01, 2018

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

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **Hallmark Company Limited** (the Company) for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.

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

Note Reference	Description
10	There was no appointment of head of Internal Audit during the year.

S.M. Suhail & Co.
Chartered Accountants
Karachi.
Engagement Partner: S.M. Suhail, FCA

Our Ref: SMS-A-4362018
Date: October 01, 2018

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
HALLMARK COMPANY LIMITED**

**REPORT ON THE ANNUAL AUDIT OF THE FINANCIAL STATEMENTS OF JUNE 30,
2018**

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, 2018, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, 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 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, 2018 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

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

S. No.	Key audit matters	How the matter was addressed in our audit
1	Uncertainty related to Going Concern	
	<p>As referred in note 1 and 2 to the accompanying financial statements, the Company has now earning profits and its financial ratios are getting better. Further, it has disclosed some events occurred during the year which are favorable to the Company. These events are withdrawal of show cause notice under section 309 of the repealed Companies Ordinance, 1984, further investment for new product line and merger. Moreover, the commercial operations of the Company have recently been recommenced.</p> <p>These conditions indicate that, a material uncertainty related to going concern ability was existed till last year, it is no more exists.</p> <p>Due to the significance of the matter in respect of users understanding of the financial statements we considered this matter as key audit matter.</p>	<p>The key audit procedures which we have performed for ascertaining validity of assumption of the management regarding going concern and material uncertainty existed, we performed the following procedures:</p> <p>We evaluated the important financial ratios of the Company, and compared the income from the current trading activities with the budgeted activities earlier disclosed by the management. We found the current profits from trading activities near the projected amounts.</p> <p>We further enquired management about future plans and evaluated them with the present events and conditions till the reporting date. During the performance of audit, we remained alert to the conditions and events which may create doubt over the ability of the Company to continue as going concern. We examined and evaluated the order of the Securities and Exchange Commission of Pakistan and the correspondence with it, and the Pakistan Stock Exchange did with the Company.</p> <p>We evaluated the progress in merger process and reviewed the petition filed and other correspondence with the legal advisor involved and the Hon'able High Court of Sindh with the Company.</p>

S. No.	Key audit matters	How the matter was addressed in our audit
2.	Preparation of financial statements under Companies Act, 2017	
	<p>As referred in note 3.1 and 4 to the accompanying financial statements, the Companies Act, 2017 (the Act) became applicable for the first time for the preparation of financial statements.</p>	<p>We assessed the procedures adopted by the management for identification of the required changes in the financial statements due to the application of the Act. We considered the adequacy and appropriateness of the additional disclosures presented and changes to the previous disclosures based on the new requirements. We also evaluated the sources of information used by the management for the preparation of the above referred disclosure and internal consistency of such disclosures and information with other elements of the financial statements.</p>
	<p>The Act forms an integral part of the financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosure in relation to various elements of the financial statements</p>	
	<p>In case of the Company, specific additional disclosures have been included in the financial statements as referred to note 4 to the accompanying financial statements.</p>	
	<p>The aforementioned changes and enhancements in the reporting framework are considered as a key audit matter because of the volume and significance of the new disclosures in the financial statements resulting from the transition to the new reporting requirement under the Act.</p>	

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

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund, established under section 7 of that Ordinance.

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

S. M. Suhail & Co.
Chartered Accountants
Karachi

Our Ref: SMS-A-4372018
Date: October 01, 2018

HALLMARK COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

ASSETS	<i>Note</i>	2018 <i>Rupees</i>	2017 <i>Rupees</i>
Non Current Assets			
Furniture, fixtures and office equipment	8	782,194	872,964
Intangibles	9	4,047,000	-
Advance for office premises		500,000	-
Investment property		-	1,665,000
		5,329,194	2,537,964
Current Assets			
Stock in trade	10	1,516,842	1,004,693
Trade debts - considered good		1,003,564	1,095,446
Loans and advances		92,937	150,000
Cash and bank balance	11	280,954	498,507
		2,894,297	2,748,646
TOTAL ASSETS		8,223,491	5,286,610
EQUITY AND LIABILITIES			
Share Capital And Reserves			
Authorized Share Capital 1,000,000 (2017: 1,000,000) Ordinary Shares of Rs. 10/- each		10,000,000	10,000,000
Issued, subscribed and paid-up capital	12	5,000,000	5,000,000
Accumulated profit/ (loss)		15,360	(2,113,186)
Loan from directors	13	1,800,000	1,500,000
		6,815,360	4,386,814
Non Current Liabilities			
Deferred tax	14	33,764	55,732
Current Liabilities			
Trade creditor		183,465	495,878
Advance from customers		260,000	55,000
Accrued and other payable		891,772	225,343
Unclaimed dividends	15	23,150	23,150
Provision for taxation		15,980	44,693
		1,374,367	844,064
Contingencies and commitments	16	-	-
TOTAL EQUITY AND LIABILITIES		8,223,491	5,286,610

The annexed notes from 1 to 28 form an integral part of these financial information.

Chief Executive

Director

Chief Financial Officer

**HALLMARK COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2018**

	Note	2018 <i>Rupees</i>	01-Jan-17 to 30-Jun-17 <i>Rupees</i>
Turnover			
Sale of goods		14,245,875	3,921,760
Advisory		598,400	247,500
		14,844,275	<i>4,169,260</i>
Cost of sales	17	(10,551,973)	<i>(2,560,662)</i>
Gross profit		4,292,302	1,608,598
Administrative and selling expenses	18	(2,541,520)	(450,515)
Operating profit		1,750,782	<i>1,158,083</i>
Other income	19	1,780,000	1,165,000
Other expenses	20	(1,270,260)	(395,148)
Profit before taxation		2,260,521	1,927,935
Taxation	21	(131,975)	(100,425)
Profit after taxation		2,128,546	<i>1,827,510</i>
Earning per share	22	4.26	3.66

The annexed notes from 1 to 28 form an integral part of these financial information.

Chief Executive

Director

Chief Financial Officer

**HALLMARK COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018**

	2018 <i>Rupees</i>	01-Jan-17 to 30-Jun-17 <i>Rupees</i>
Profit after taxation	2,128,546	1,827,510
Other comprehensive income	-	-
Total comprehensive income for the year	<u>2,128,546</u>	<u>1,827,510</u>

The annexed notes from 1 to 28 form an integral part of these financial information.

Chief Executive

Director

Chief Financial Officer

HALLMARK COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2018

	Issued, subscribed and paid-up capital	Accumulated profit/ (loss)	Loan from directors	Total
	----- (Rupees) -----			
Balance as at December 31, 2016	5,000,000	(3,940,696)	250,000	1,309,304
Total comprehensive income for the six months period	-	1,827,510	-	1,827,510
Loan received from directors	-	-	1,250,000	1,250,000
Balance as at June 30, 2017	5,000,000	(2,113,186)	1,500,000	4,386,814
Total comprehensive income for the year	-	2,128,546	-	2,128,546
Loan received from directors	-	-	300,000	300,000
Balance as at June 30, 2018	-	15,360	1,800,000	6,815,360

The annexed notes from 1 to 28 form an integral part of these financial information.

Chief Executive

Director

Chief Financial Officer

**HALLMARK COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018**

	2018	01-Jan-17 to 30-Jun-17
	<i>Rupees</i>	<i>Rupees</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,260,521	1,927,935
Adjustments for:		
Depreciation	90,769	102,509
Amortization	213,000	-
Gain on sale of land	(1,230,000)	-
Revaluation increase on investment property	-	(865,000)
Operating Profit Before Working Capital Changes	1,334,291	1,165,444
Changes in working capital		
(Increase)/ decrease in current assets:		
Stock in trade	(512,149)	(1,004,693)
Trade receivable	91,882	(1,095,446)
Other receivable	57,063	(150,000)
Increase / (decrease) in current liabilities:		
Trade creditor	(312,413)	495,878
Advance from customers	205,000	(95,000)
Other payable	-	(500,000)
Accrued expenses	666,429	(110,367)
Total Changes In Working Capital	1,530,103	(1,294,184)
Taxes paid	(182,656)	-
Net Cash Inflow/ (Outflow) From Operating Activities	1,347,447	(1,294,184)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of land	2,895,000	-
Advance paid for purchase of office premises	(500,000)	-
Paid for intangible	(4,260,000)	-
Net Cash (Outflow) From Investing Activities	(1,865,000)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan from director	300,000	1,250,000
Net Cash Inflow From Financing Activities	300,000	1,250,000
Net (decrease) in cash and cash equivalents	(217,553)	(44,184)
Cash and cash equivalents at the beginning of the year	498,507	542,691
Cash and cash equivalents at the end of the year	280,954	498,507

The annexed notes from 1 to 28 form an integral part of these financial information.

Chief Executive

Director

Chief Financial Officer

HALLMARK COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1 LEGAL STATUS AND BUSINESS ACTIVITIES OF THE COMPANY

Hallmark Company Limited was incorporated as a Public Limited Company on 31 October, 1981 under the repealed Companies Act, 1913 (now the Companies Act, 2017), and subsequently obtained registration under repealed Insurance Act, 1938, (now the Insurance Ordinance, 2000) as an insurer. The registered head office of the Company is situated at Suite 1001, Uni Centre, I.I. Chundrigar Road, Karachi.

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

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

The Company has commenced its new trading business activities from the last year. The accumulated losses of the company as at date of statement of financial position has been completely wiped off and now it has accumulated profits of Rs. 15,360 (June 30, 2017: Accumulated loss of Rs. 2.113 million) and its current ratio remained positive. Current assets of the Company are more than twice of its current liabilities. Further, the directors have inserted Rs. 1.800 million to support the Company in its working capital needs.

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

2.1 Investment for Business

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

2.2 Compliance of Regulatory Bodies

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

HALLMARK COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

2.3 Merger Process

Further, during the year under review, to enhance, and to meet the requirement of minimum paid-up capital of Pakistan Stock Exchange, the members in Annual General Meeting of the Company have approved an Scheme of Merger for Amalgamation of Lakhwani Securities (SMC Pvt.) Limited with and into the Hallmark Company Ltd. According to the Scheme, as result of the merger, the paid up capital of the Company shall raise upto Rs. 40 million or Rs. 25 million, whichever is ordered by the Honorable High Court, and it shall continue with its present status and activities. Further the Lakhwani Securities (SMC Pvt.) Limited shall cease to exists without being wound up.

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

3 BASIS OF PREPARATION

3.1 STATEMENT OF COMPLIANCE

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

Where provisions and directives issued under the Companies Act, 2017 are differ, from the IFRSs, the provisions and directives issued under the Companies Act, 2017 shall prevail.

3.2 BASIS OF MEASUREMENT

These financial statements have been prepared under historical cost convention and on an accrual basis of accounting, except cash flow information; and for the investment property which is measured on revalued amount, as per the requirements of the IAS 40 (investment properties)

4 NEW AND REVISED STANDARDS AND INTERPRETATIONS

The fourth schedule of the Companies Act, 2017 (the Act) became applicable to the Company for the first time, for the preparation of financial statements. The Act, including the fourth schedule forms an integral part of the statutory financial reporting framework applicable to the Company and amongst other, prescribes the nature and content of disclosures in relation to various elements of the financial statements.

The Act has also brought certain changes with regard to preparation and presentation of annual and interim financial statements of the Company. These changes include change in nomenclature of primary financial statements. Further, the disclosure requirements contained in the fourth schedule to the Act have been revised, resulting in the:

- o elimination of duplicative disclosures with the IFRS disclosure requirements; and
- o incorporation of significant additional disclosures.

Specific additional disclosures and changes to the existing disclosures include but not limited to particulars of immovable property held by the Company, disposal of fixed assets items, management assessment of sufficiency of tax provision in the financial statements, additional disclosure requirements for related parties and identification of significant transactions and events that effected the Company's financial position and performance etc.

HALLMARK COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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

There are certain new and amended standards, interpretations and amendments that are mandatory for the accounting periods beginning on or after July 1, 2017. These amendments do not have any significant effect on these financial statements.

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

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

will be effective for the Company, for the accounting periods beginning on or after 01 July 2018:

	Annual period beginning on or after	
IFRS-2	Share Based Payments - Classification and measurement of share based payment transactions (Amendments)	January 1, 2018
IFRS-3	Business Combinations - Remeasurement of previously held interest (Amendments)	January 1, 2019
IFRS-4	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)	January 1, 2018
IFRS-9	Financial Instruments	July 1, 2018
IFRS-9	Prepayment Features with negative compensation (Amendments)	January 1, 2018
IFRS-10	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures: Sales or Construction of Assets between and Investor and Associate or Joint Venture	Not yet finalized
IFRS-11	Joint Arrangements - Remeasurement of previously held interest (Amendments)	January 1, 2019
IFRS-15	Revenue from Contracts with Customers (Original issue)	July 1, 2018
IFRS-16	Leases (Original issue)	January 1, 2019
IAS-12	Income Taxes - Income tax consequences of dividends	January 1, 2019
IAS-19	Employees Benefits - Plan Amendment, Curtailment or Settlement (Amendment)	January 1, 2019
IAS-23	Borrowing Cost - borrowing costs eligible for capitalization	January 1, 2019
IAS-28	Investments in Associates and Joint Ventures - Clarifying certain fair value measurement, Long term Interest in Associates and Joint Ventures (Amendments)	January 1, 2019
IAS-40	Investment Property - Transfer of Investment Property	January 1, 2018
IFRIC-22	Foreign Currency Transactions and Advance Consideration	January 1, 2018
IFRIC-23	Uncertainty over Income Tax Treatment	January 1, 2019

The management anticipates that adoption of above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation/ disclosures. The management is in the process of assessing the impact of changes laid down by the IFRS 9 and 15 on its financial statements.

HALLMARK COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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

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

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

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

5 CHANGE IN REPORTING PERIOD

During the previous year, due to the change of nature of business from Insurance activities to trading of computer and allied equipments, the Company has changed its reporting period from December to June. Consequently, the last year's activities were presented of a transitional period of six months from January 01, 2017 to June 30, 2017. To present audited comparative information we have presented comparative information for the transitional year.

It is pertinent to mention here that, the figures presented in these financial statements are not entirely comparable. Current activities are for the whole year ended on June 30, 2018, whereas, in comparison, the activities presented were for a period of six months ended on June 30, 2017, thus, both the periods are of a different time span.

6 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 judgments, estimates and assumptions that effect the reported amounts of assets and liabilities and income and expenses. It also requires managements to exercise judgment in application of its accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on, an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period, or in the period of revision and future periods, if the revision affects both current and future periods. Areas where assumptions and estimates are significant to the financial statements are:

- useful life of depreciable assets
- provision for doubtful debts
- provision for taxation and
- provision for obsolesce on stock
- fair value measurement of investment properties

7 SIGNIFICANT ACCOUNTING POLICIES

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

7.1 Property, Plant and Equipment

These are stated at historical cost less accumulated depreciation and impairment loss, if any. Depreciation is charged to statement of profit or loss over the useful life of the assets applying the reducing balance method at the rates specified in the note 8 to these financial statements. Depreciation on additions is charged from the month, where the asset is available for use up to the month preceding the month of disposal.

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

HALLMARK COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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.

7.2 Intangibles

These are stated at cost less amortization and impairment losses, if any.

Amortization is charged to Comprehensive income for the year applying the straight line method at the rate specified in note 9 to these financial statements.

7.3 Investment Property

Investment property is recognized at revalued amount being the present fair value of the asset considering the impact of any impairment, if exists. As the property is agricultural land therefore no depreciation is being charged. Any increase/ decrease in fair value is charged to income for the year.

7.4 Stock in Trade

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

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

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

7.5 Trade Debts and Other Receivables

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

7.6 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.

7.7 Trade Creditor and Other Payable

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

7.8 IMPAIRMENT

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

HALLMARK COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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.

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 only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss is recognized. The reversal is limited so that the carrying amount of the assets does not exceed 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 year. Such reversal is recognized in the statement of profit or loss.

7.9 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past event, 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.

7.10 Dividend

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

7.11 Taxation

Current

Provision for taxation is based on the taxable income for the year at current tax rates after taking into account tax credits and tax rebates, if any, computed in accordance with the enacted tax laws and based on minimum tax @1% of turnover, Alternate Corporate Tax @ 17% of accounting profit or normal corporate tax @30% of taxable income whichever is higher. Taxable income is computed in accordance with the provisions of the Income Tax Ordinance, 2001.

Deferred

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

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

7.12 Revenue Recognition

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

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria has been met for each of the Company's activities as described below:

HALLMARK COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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

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

7.13 Financial Instruments

Financial assets

The company's principal financial assets are cash and bank balances, trade debtors and other receivables. These are stated at nominal value.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities include creditors, loans and other liabilities. These are stated at nominal value.

Offsetting of Financial assets and liabilities

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

7.14 Related Party Transaction

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

7.15 Functional and Presentation Currency

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

HALLMARK COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

8 FURNITURE FIXTURES AND OFFICE EQUIPMENTS

Description	Furniture and fixtures	Office equipment	Generator	Computer and allied equipment	Total
-----Rupees-----					
2018					
COST					
Balance at beginning of the year	2,761,543	753,290	45,700	35,440	3,595,973
Additions / transfers during the year	-	-	-	-	-
Balance at end of year	2,761,543	753,290	45,700	35,440	3,595,973
DEPRECIATION					
Accumulated depreciation at beginning of the year	2,190,758	505,494	8,683	18,074	2,723,009
Charge for the year	57,079	24,780	3,702	5,210	90,769
Balance at end of year	2,247,836	530,274	12,385	23,284	2,813,779
NET BOOK VALUE - 2018	513,707	223,016	33,315	12,156	782,194
Depreciation rate	10%	10%	10%	30%	
2017					
COST					
Balance at beginning of the period	2,761,543	753,290	45,700	35,440	3,595,973
Additions / transfers during the period	-	-	-	-	-
Balance at end of the period	2,761,543	753,290	45,700	35,440	3,595,973
DEPRECIATION					
Accumulated depreciation at beginning of period	2,127,337	477,961	4,570	10,632	2,620,500
Charge for the period	63,421	27,533	4,113	7,442	102,509
Balance at end of the period	2,190,758	505,494	8,683	18,074	2,723,009
NET BOOK VALUE - 2017	570,785	247,796	37,017	17,366	872,964
Depreciation rate	10%	10%	10%	30%	

8.1 Reconciliation of carrying values

Items	WDV at July 1, 2017	Additions during the year	Depreciation Charged for the year	WDV at June 30, 2018
(-----Rupees-----)				
2018				
Furniture and fixtures	570,785	-	(57,079)	513,707
Office equipment	247,796	-	(24,780)	223,016
Generator	37,017	-	(3,702)	33,315
Computer and allied equipment	17,366	-	(5,210)	12,156
Total	872,964	-	(90,769)	782,194
2017				
Furniture and fixtures	634,206	-	(63,421)	570,785
Office equipment	275,329	-	(27,533)	247,796
Generator	41,130	-	(4,113)	37,017
Computer and allied equipment	24,808	-	(7,442)	17,366
Total	975,473	-	(102,509)	872,964

During the year land recognized as investment property has been disposed off at sale price of Rs. 2,895,000 through negotiation, at a gain of Rs. 1,230,000. The book value being the revalued amount of the land was Rs. 1,665,000. The directors and the Company do not have any relation with the buyer of the said property.

HALLMARK COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	<i>Rupees</i>	<i>Rupees</i>
9 INTANGIBLES		
Software license		
Cost	4,260,000	-
Less: Amortization for the year	(213,000)	-
Balance at end of year	<u>4,047,000</u>	<u>-</u>

The selling right of software were purchased during the year for the purpose of selling license to users and generation of revenue. This will also serves as continuous and permanent source of income through periodical renewal and maintenance.

Intangibles are capitalized at cost only when there is technical feasibility and future inflow of economic benefits are probable. It is amortized at the rate of 10% per annum on straight line basis.

10 STOCK IN TRADE

Finished goods	10.1	<u>1,516,842</u>	<u>1,004,693</u>
----------------	------	-------------------------	------------------

10.1 This includes inventory of pins (security ID for authorized use) amounting to Rs. 396,000 (2017: Nil) related to intangible assets.

11 CURRENT AND OTHER ACCOUNTS

Cash in hand	70,493	122,062
Cash at bank		
Current	210,461	26,445
Deposit	-	350,000
	210,461	376,445
	<u>280,954</u>	<u>498,507</u>

12 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

500,000 (2017: 500,000) Ordinary Shares of Rs. 10/- each fully paid in cash	5,000,000	5,000,000
---	------------------	-----------

13 LOAN FROM DIRECTORS

Unsecured (note 13.1)	1,800,000	1,500,000
-----------------------	------------------	-----------

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

13.2 The loan was given by directors at favorable terms to the Company because presently Company is not in position to pay any markup in addition to its other necessary expenses. Also repayment of loan shall further effect the liquidity position of the Company.

HALLMARK COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

	2018 <i>Rupees</i>	2017 <i>Rupees</i>
14 DEFERRED TAX		
On accelerated depreciation	<u>33,764</u>	<u>55,732</u>
15 UNCLAIMED DIVIDEND		
For the year ended 31-12-1998	5,150	5,150
For the year ended 31-12-1995	<u>18,000</u>	<u>18,000</u>
	<u>23,150</u>	<u>23,150</u>
16 CONTINGENCIES AND COMMITMENT		
There were no contingency or commitment as at year end (2017: Nil)		
17 COST OF SALES		
Opening stock	1,004,693	-
Purchase of imported goods	10,519,849	3,403,072
Transportation	203,482	58,635
Packaging, inspection and handling	<u>340,791</u>	<u>103,648</u>
	12,068,815	3,565,355
Less: Closing Stock	<u>(1,516,842)</u>	<u>(1,004,693)</u>
	<u>10,551,973</u>	<u>2,560,662</u>
18 ADMINISTRATIVE AND SELLING EXPENSES		
Salaries	1,524,000	90,000
Printing and stationary	165,333	29,370
Advertisement	72,361	68,000
Rent and utilities	87,710	-
Travelling and conveyance	119,560	42,640
Entertainment	112,930	66,030
Stationery expenses	48,245	22,746
Legal and professional charges	60,000	9,500
Depreciation expense	90,769	102,509
Amortization	213,000	-
Miscellaneous expenses	<u>47,612</u>	<u>19,720</u>
	<u>2,541,520</u>	<u>450,515</u>
19 OTHER INCOME		
Rental income from investment property	550,000	300,000
Revaluation increase on investment property	-	865,000
Gain on sale of investment property	<u>1,230,000</u>	<u>-</u>
	<u>1,780,000</u>	<u>1,165,000</u>

HALLMARK COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	<i>Rupees</i>	<i>Rupees</i>
20 OTHER EXPENSES		
Listing fee Stock Exchange	100,000	125,000
Auditor's remuneration 20.1	350,000	115,000
Professional charges	810,000	105,000
Workers Welfare Fund	10,260	18,274
Workers Profit Participation Fund	-	31,874
	<u>1,270,260</u>	<u>395,148</u>
20.1 Auditor's remuneration		
Annual audit	250,000	75,000
Review of half yearly financial statements	100,000	40,000
	<u>350,000</u>	<u>115,000</u>
21 TAXATION		
Current	153,943	44,693
Deferred		
Current	(21,968)	(30,445)
Prior	-	86,177
	<u>(21,968)</u>	<u>55,732</u>
	<u>131,975</u>	<u>100,425</u>

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

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

	As per Accounts	As per Assessment
Accounting year ended June 30, 2017	<u>44,693</u>	<u>44,693</u>
Accounting year ended June 30, 2016	-	-
Accounting year ended June 30, 2015	-	-

	2018	01-Jan-17 to 30-Jun-17
	<i>Rupees</i>	<i>Rupees</i>
22 BASIC AND DILUTED EARNING PER SHARE		
Profit after taxation	<u>2,128,546</u>	<u>1,827,510</u>
Weighted average number of Ordinary shares	<u>500,000</u>	<u>500,000</u>
Earning per share	<u>4.26</u>	<u>3.66</u>

Diluted earnings per share has not been presented as the Company did not have any convertible instruments in issue as at June 30, 2018 and June 30, 2017, which could have any effect on the earnings per share.

HALLMARK COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

23 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS & EXECUTIVES

Although, the commercial activities have been commenced but remuneration of Directors and Chief Executive have not yet been decided therefore, arrears of remuneration shall be paid and charged in the period in which the decision is made. There is no employee of the Company who meets the criteria of the Executives, as defined in the Companies Act, 2017.

24 TRANSACTIONS WITH RELATED PARTIES

The Company has related party relationship with its associated companies including under common directorship, its directors and executive officers. Transactions with related parties essentially payment and receipts of loans 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.

Details of associated companies are as follows

Name of Related parties	Relationship	Basis of relationship	Country of Incorporation	Incorporation date
Downtown Evaluators (Pvt.) Limited	Associated Company	Common directorship	Pakistan	June 21, 2010
Lakhwani Securities (SMC-Pvt.) Limited	Associated Company	Common directorship	Pakistan	April 19, 2006
Lex Courier Worldwide (Pvt.) Limited	Associated Company	Common directorship	Pakistan	Oct 9, 2006
Alliance Holding (Pvt.) Limited	Associated Company	Common directorship	Pakistan	Jan 25, 1982

			2018 <i>Rupees</i>	2017 <i>Rupees</i>
Transaction	Relationship	Basis of relationship		
Loan received	Directors	Directorship	<u>300,000</u>	<u>1,250,000</u>
Account Balances				
Non current loan	Directors	Directorship	<u>1,800,000</u>	<u>1,500,000</u>

There were no transaction with key management personnel, associated undertakings and other related parties during the year except as disclosed above. The balances outstanding are strictly in accordance with the terms as disclosed in note 13 of these financial statements.

HALLMARK COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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 25.4, of these notes.

25.1 Credit risk

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

	2018	2017
	<i>Rupees</i>	<i>Rupees</i>
Trade receivable	1,003,564	1,095,446
Other receivable	92,937	150,000
Deposits with Habib Metropolitan Bank Ltd. PACRA A1+	210,461	376,445
	<u>1,306,962</u>	<u>1,621,891</u>

25.2 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, that will affect the Company's income or the value of its holdings of financial instruments. 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 assets of the Company primarily.

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.

HALLMARK COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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.

25.3 Liquidity risk

Liquidity risk is the risk of 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.

	2018		
	-----Rupees-----		
Non Interest Bearing	Carrying amount	Upto one year	After one year
Loan from directors	1,800,000	-	1,800,000
Unclaimed dividends	23,150	23,150	-
Accrued expenses	891,772	891,772	-
Taxation	15,980	15,980	-
Total financial liabilities	2,730,902	930,902	1,800,000

	2017		
	-----Rupees-----		
Non Interest Bearing	Carrying amount	Upto one year	After one year
Loan from directors	1,500,000	-	1,500,000
Unclaimed dividends	23,150	23,150	-
Accrued expenses	225,343	225,343	-
Taxation	44,693	44,693	-
Total financial liabilities	1,793,186	293,186	1,500,000

25.4 Fair value of financial assets and liabilities

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

HALLMARK COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

26 CAPITAL RISK MANAGEMENT

The Company's objective when managing capital are 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.

In order to achieve the above objectives, the Company may adjust the amounts of dividends paid to shareholders, return on capital to shareholders, issue new shares through bonus or right issue, if required.

27 NUMBER OF EMPLOYEES

Number of employee as at June 30, 2018 was 6 (2017: 3).

Average number of employees during the period was 4 (2017: 2)

28 GENERAL

28.1 These financial statements were authorized for issue in accordance with a resolution of the Board of Directors on _____.

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

Chief Executive

Director

Chief Financial Officer

HALLMARK COMPANY LIMITED
Pattern of Shareholding
As at June 30, 2018

Number of Shareholders	Shareholding			Number of Shares Held
	From		To	
193	1	-	100	19,300
94	101	-	500	29,270
18	501	-	1000	14,600
30	1001	-	5000	79,110
5	5001	-	10000	33,320
1	15001	-	20000	16,500
3	20001	-	25000	66,000
1	25001	-	30000	26,000
1	30001	-	35000	35,000
1	35001	-	40000	39,400
1	40001	-	45000	43,000
2	45001	-	50000	98,500
350				500,000

Categories of Shareholders

S.No.	Shareholder's Category	Number of Shareholders	Number of Shares	Percentage %
1	Directors /Chief Executive Office	7	231,900	46.38
2	Individuals	341	267,800	53.56
3	NIT & ICP	1	200	0.04
4	Others	1	100	0.02
		350	500,000	100.00

HALLMARK COMPANY LIMITED

Pattern of Shareholding

As at June 30, 2018

S. No.	Shareholder's Category	Number of Shareholders	Number of Shares Held	Category Wise No. of Shares	Percentage %
1	Directors/Chief Executive Office	7		218,500	43.7
	Mr. Muhammad Adil		48,500		
	Mr. Muhammad Farrukh Bashir		43,000		
	Mr. Haris A. Shamsi		21,500		
	Mr. Saad A. Shamsi		24,000		
	Mr. Ahtesham Ashraf		20,500		
	Naveed Hamid		26,000		
	Mr. S. M. Imran		35,000		
2	Banks, DFIs, NBFIs, Insurance, Modarabas, Mutual Funds & Others.	2		300	0.06
	Investment Corporation of Pakistan		200		
	Karachi Investment Trust Limited		100		
Shareholders holding 5% or more voting rights					
	Total Paid up Capital		500,000	Shares	
	5% of the Paid Up Capital		25,000	Shares	
				Holding	%
	Mr. Muhammad Adil			48,500	9.7
	Mr. Muhammad Farrukh Bashir			43,000	8.6
	Mr. Humayun Sayeed			39,400	7.9
	Mr. S. M. Imran			35,000	7.0
	Naveed Hamid			26,000	5.2



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notifications, corporate and
regulatory actions)
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HALLMARK COMPANY LIMITED

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Tel: 021-32414419, 021-37011105 Fax: 021-32416288

PROXY FORM

I/We _____

of _____

being a member of HALLMARK COMPANY LIMITED and a holder of _____

_____ (Number of Shares)

Ordinary Shares, as per Share Register Folio No. _____

hereby appoint _____ of _____

(Name)

Who is also member of HALLMARK COMPANY LIMITED, as my proxy to vote for me and on my behalf at the Annual General Meeting of the Company to be held on the 22nd day of

October, 2018 and at any adjournment thereof.

thereof.

signed this _____ day of _____ 2018.



(Signature should agree with the specimen signature registered with the Company)

Note 1: The PROXY MUST BE SIGNED ACROSS revenue stamp and it should be deposited in the Head Office of the Company not later than 48 hours before the time of holding the meeting.

Note 2: No person shall act as proxy unless he is a member of the Company.