



HALLMARK  
COMPANY LIMITED

***QUARTERLY REPORT***  
***FOR THE FIRST QUARTER ENDED***  
***SEPTEMBER 30, 2022***

## TABLE OF CONTENTS

<b>Contents</b>	<b>Page No.</b>
Vision and Mission Statements	1
Company's Information	2
Directors' Report to the Members	3
Condensed Interim Statement of Financial Position (un-audited)	5
Condensed Interim Statement of Profit or Loss and Other Comprehensive Income (un-audited)	6
Condensed Interim Statement of Cash flows (un-audited)	7
Condensed Interim Statement of Changes in Equity (un-audited)	8
Notes to the Condensed Interim Financial Statements	9

# VISION AND MISSION STATEMENTS

## OUR VISION

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

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

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

## OUR MISSION

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

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

## **COMPANY'S INFORMATION**

### **Chairman**

Ms. Wanda Dolores Fajardo

### **Chief Executive**

Mr. Irtaza Zafar Sheikh

### **Directors**

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

### **Audit Committee**

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

### **HR & Remuneration Committee**

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

### **Chief Financial Officer**

Mr. Ejaz Rasool

### **Company Secretary**

Mr. Muhammad Bilal

### **External Auditors**

S.M. Suhail & Co.  
Chartered Accountants

### **Legal Advisor**

Mr. Bhagwan Das  
Advocate High Court

### **Shares Registrar**

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

### **Bankers**

Habib Metropolitan Bank Limited

## **OFFICE OF THE COMPANY**

### **Registered Office Karachi**

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

Phone: +92 42-35788604, 021-351 551 12

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

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

## DIRECTORS REPORT TO THE MEMBERS

The Directors of your Company are pleased to present you the un-audited condensed Interim financial information for the first quarter ended September 30, 2022.

### Company's Performance

We are pleased to inform you that during this quarter the Company has generated revenue of Rs. 1,806,250. The Company has successfully completed this quarter despite having a challenging business environment due to the impact of rising inflation, exchange rate hike, import ban, and political instability on the economy.

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

### Operating Results

	Quarter Ended (Rs.) 30 September 2022	Quarter Ended (Rs.) 30 September 2021
<b>Revenue</b>	<b>1,806,250</b>	<b>1,445,000</b>
<b>Gross Profit</b>	<b>1,268,956</b>	<b>423,500</b>
<b>Operating Loss</b>	<b>(214,447)</b>	<b>(4,698,744)</b>
<b>Profit/Loss After Taxation</b>	<b>(229,953)</b>	<b>(4,871,611)</b>
<b>Loss per Share</b>	<b>(0.46)</b>	<b>(9.74)</b>

With the increase in revenue related to services, the Company has successfully achieved the gross profit of Rs. 1,268,956 during the quarter. An operating loss of Rs. 214,447 was incurred during the quarter. Our management is dedicated to performing their duties and minimizing loss for the Company. The management is committed to providing returns on the capital in the future.

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

### Future Prospects

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

- The Company has initiated ERP-related IT-enabled services and has a large market available to access but, due to financial constraints and limited liquidity it has restricted its operations to limited markets. The injection of capital will let the Company concentrate on those unaddressed markets to increase its volume of profit.
- Through an increase in the volume of service revenue, the Company shall be able to increase its gross profit margin and earnings per share.
- The capital injected shall initially be invested in secured investments most probably debt securities of high credit ranking so that no working capital is left without generating a further return.

## Acknowledgments

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

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



**Irtaza Zafar Sheikh**  
Chief Executive



**Wanda Dolores Fajardo**  
Chairperson

**November 28, 2022**

**HALLMARK COMPANY LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)**  
**AS AT SEPTEMBER 30, 2022**

		(Un-Audited) 30-Sep-22	(Audited) 30-Jun-22
	Note	Rupees	Rupees
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	5	611,759	641,241
Intangible assets	6	1,200,000	1,245,000
		<b>1,811,759</b>	1,886,241
<b>Current Assets</b>			
Trade debts	7	6,291,250	4,485,000
Cash and bank balances	8	402,880	175,931
		<b>6,694,130</b>	4,660,931
<b>TOTAL ASSETS</b>		<b>8,505,889</b>	6,547,172
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital And Reserves</b>			
Authorized Share Capital			
1,000,000 (2021: 1,000,000) Ordinary Shares of Rs. 10/- each		10,000,000	10,000,000
Issued, subscribed and paid-up capital	9	5,000,000	5,000,000
Accumulated loss		(1,769,854)	(1,539,901)
Advance subscription money		2,000,000	-
		<b>5,230,146</b>	3,460,099
<b>Non Current Liabilities</b>			
Deferred tax liability	10	8,079	10,635
<b>Current Liabilities</b>			
Accrued and other liabilities	11	3,167,151	2,993,987
Unclaimed dividend	12	23,150	23,150
Provision for taxation		77,363	59,300
		<b>3,267,664</b>	3,076,437
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,505,889</b>	6,547,172
Contingencies and commitments	13	-	-

*The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.*



**Chief Executive**



**Director**



**Chief Financial Officer**

**HALLMARK COMPANY LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND**  
**OTHER COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022**

	<i>Note</i>	<b>(Un-Audited)</b> <b>30-Sep-22</b> <b>Rupees</b>	<b>(Audited)</b> <b>30-Sep-21</b> <b>Rupees</b>
Revenue from contracts with customers	<i>14</i>	<b>1,806,250</b>	1,445,000
Cost of services	<i>15</i>	<b>(537,294)</b>	(1,021,500)
Gross profit		<b>1,268,956</b>	423,500
Administrative expenses	<i>16</i>	<b>(783,623)</b>	(2,168,558)
Selling expenses	<i>17</i>	<b>(461,780)</b>	(2,660,466)
Other Expenses		<b>(202,000)</b>	(184,000)
Finance cost		<b>(36,000)</b>	(31,830)
		<b>(1,483,403)</b>	(5,044,855)
<i>Other income / (loss)</i>			
Loss on disposal of fixed assets		-	(77,389)
		-	(77,389)
Loss before taxation		<b>(214,447)</b>	(4,698,744)
Taxation		<b>(15,506)</b>	(172,867)
Loss after taxation		<b>(229,953)</b>	(4,871,611)
<i>Other comprehensive income</i>		-	-
<b>Total comprehensive loss for the period</b>		<b>(229,953)</b>	(4,871,611)
Loss per share	<i>18</i>	<b>(0.46)</b>	(9.74)

*The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.*



**Chief Executive**



**Director**



**Chief Financial Officer**



**HALLMARK COMPANY LIMITED****CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022**

	(Un-Audited) 30-Sep-22 <i>Rupees</i>	(Audited) 30-Sep-21 <i>Rupees</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(214,447)	(4,698,745)
<b>Adjustments for:</b>		
Depreciation	29,483	45,359
Amortization	45,000	45,000
Finance cost	36,000	31,830
Loss on disposal of fixed assets	-	77,389
Bad debt expense	-	1,475,000
Operating Profit Before Working Capital Changes	<u>(103,964)</u>	<u>(3,024,167)</u>
<b>Changes in working capital</b>		
<b>(Increase)/ decrease in current assets:</b>		
Trade debts	(1,806,250)	2,729,925
Other receivable	-	24,000
<b>Increase / (decrease) in current liabilities:</b>		
Trade creditor	173,163	-
Other payable	-	(767,653)
Total Changes In Working Capital	<u>(1,737,051)</u>	<u>(1,037,895)</u>
Finance cost paid	(36,000)	-
Taxes paid	-	-
Net Cash Outflow From Operating Activities	<u>(1,773,051)</u>	<u>(1,037,895)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Disposal proceeds	-	164,200
Security deposit for rent	-	1,500,000
Net Cash Inflow / (Outflow) From Investing Activities	<u>-</u>	<u>1,664,200</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of capital contribution	-	(1,403,125)
Subscription money received	2,000,000	-
Net Cash Inflow / (Outflow) From Financing Activities	<u>2,000,000</u>	<u>(1,403,125)</u>
Net increase / (decrease) in cash and cash equivalents	<u>226,949</u>	<u>(776,820)</u>
Cash and cash equivalents at the beginning of the year	<u>175,931</u>	<u>952,751</u>
<b>Cash and cash equivalents at the end of the period</b>	<u><u>402,880</u></u>	<u><u>175,931</u></u>

*The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.*

**Chief Executive****Director****Chief Financial Officer**

**HALLMARK COMPANY LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022**

	Capital and Reserves		Revenue reserves	Total Equity
	Issued subscribed and paid up capital	Advance subscription money	Accumulated profits / (loss)	
	(Rupees)			
<b>Balance as at June 30, 2021</b>	<b>5,000,000</b>	-	<b>1,952,035</b>	<b>6,952,035</b>
Total comprehensive loss for the 3 month period	-	-	(4,871,611)	(4,871,611)
<b>Balance as at September 30, 2021</b>	<b>5,000,000</b>	-	<b>(2,919,576)</b>	<b>2,080,424</b>
Total comprehensive loss for the 9 month period	-	-	1,379,676	1,379,676
<b>Balance as at June 30, 2022</b>	<b>5,000,000</b>	-	<b>(1,539,901)</b>	<b>3,460,099</b>
Total comprehensive loss for the 3 months period	-	-	(229,953)	(229,953)
Subscription money received	-	2,000,000	-	2,000,000
<b>Balance as at September 30, 2022</b>	<b>5,000,000</b>	<b>2,000,000</b>	<b>(1,769,854)</b>	<b>5,230,147</b>

*The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.*



**Chief Executive**



**Director**



**Chief Financial Officer**

## **HALLMARK COMPANY LIMITED**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022**

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

**The Hallmark Company Limited (HCL)** was incorporated as a Public Limited Company on 31 October, 1981 under the repealed Companies Act, 1913 (now the Companies Act, 2017), and subsequently obtained registration under the repealed Insurance Act, 1938, (now the Insurance Ordinance, 2000) as an insurer. Subsequently, on application from the Company, the insurance license of the Company was got revoked from the SECP Insurance Division, vide the S.R.O.1079(I)/2016 dated 22 November, 2016. Consequently, the principal activity was changed, and the Company engaged in trading of computer and allied I.T. equipment. Currently the Company is mainly engaged in I.T. Enabled services export.

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

#### **2 BASIS OF PREPARATION**

##### **2.1 Statement Of Compliance**

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

##### **2.2 Basis of Measurement**

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

##### **2.3 Functional and Presentation Currency**

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

#### **3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of these condensed interim financial statements are in conformity with approved accounting standards which requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed interim financial statement, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended on June 30, 2022.

#### **4 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in these condensed interim financial information are same as those applied by the company in its annual financial statements for the year ended on June 30, 2022.

**HALLMARK COMPANY LIMITED****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)****FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022****5 PROPERTY, PLANT AND EQUIPMENT**

Description	Furniture and fixtures	Office equipment	Generator	Computer and allied equipment	Total
(-----Rupees-----)					
Depreciation rate	10%	10%	10%	30%	
<b>FOR THE FIRST QUARTER 30 SEPTEMBER 2022</b>					
<b>COST</b>					
Balance at beginning	2,807,243	-	-	499,640	3,306,883
Additions	-	-	-	-	-
Disposal	-	-	-	-	-
Balance as at the end	2,807,243	-	-	499,640	3,306,883
<b>DEPRECIATION</b>					
Accumulated depreciation at beginning	2,435,035	-	-	230,607	2,665,642
Charge for the quarter	9,305	-	-	20,177	29,483
Reversal of Accumulated depreciation	-	-	-	-	-
Balance as at the quarter end	2,444,340	-	-	250,784	2,695,125
<b>CARRYING VALUE 30 SEPTEMBER 2022</b>	<b>362,903</b>	<b>-</b>	<b>-</b>	<b>248,856</b>	<b>611,759</b>
Depreciation rate	10%	10%	10%	30%	
<b>FOR THE YEAR 30 JUNE 2022</b>					
<b>COST</b>					
Balance at beginning of the year	2,807,243	829,130	45,700	499,640	4,181,713
Additions during the year	-	-	-	-	-
Disposal during the year	-	(829,130)	(45,700)	-	(874,830)
Balance as at the year end	2,807,243	-	-	499,640	3,306,883
<b>DEPRECIATION</b>					
Accumulated depreciation at beginning of the year	2,393,678	605,633	21,413	115,307	3,136,031
Charge for the year	41,357	5,587	607	115,300	162,851
Reversal of Accumulated depreciation	-	(611,220)	(22,021)	-	(633,241)
Balance as at the year end	2,435,035	-	-	230,607	2,665,641
<b>CARRYING VALUE 30 JUNE 2022</b>	<b>372,208</b>	<b>-</b>	<b>-</b>	<b>269,033</b>	<b>641,241</b>

**HALLMARK COMPANY LIMITED****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022**

	(Un-Audited) 30-Sep-22 <i>Rupees</i>	(Audited) 30-Jun-22 <i>Rupees</i>
<b>6 INTANGIBLE ASSETS</b>		
<b>ERP Single user license</b>		
<b>COST</b>		
Balance at beginning of the year	1,800,000	1,800,000
Additions	-	-
Disposal	-	-
Balance as at the end	<u>1,800,000</u>	<u>1,800,000</u>
<b>A MORTIZATION</b>		
Accumulated amortization at beginning	<u>555,000</u>	375,000
Charge for the period	<u>45,000</u>	180,000
Balance as at the end	<u>600,000</u>	555,000
<b>CARRYING VALUE</b>	<u>1,200,000</u>	<u>1,245,000</u>
<b>6.1</b> The amortization expense is being charged over 10 years at straight line basis.		
<b>7 TRADE DEBTS</b>		
Trade Debts - Foreign	<u>6,291,250</u>	4,485,000
	<u>6,291,250</u>	<u>4,485,000</u>
<b>8 CASH AND BANK BALANCES</b>		
Cash in hand	378,964	152,015
Cash at bank - Current account	<u>23,916</u>	23,916
	<u>402,880</u>	<u>175,931</u>
<b>9 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>		
500,000 (2022: 500,000) Ordinary Shares of Rs. 10/- each fully paid in cash	5,000,000	5,000,000
<b>10 DEFERRED TAX (ASSETS)/ LIABILITY</b>		
<b>Relating to deductible temporary difference</b>		
On accelerated depreciation	65,873	68,429
On accelerated amortization	1,800	1,800
Minimum tax	<u>(59,594)</u>	(59,594)
	<u>8,079</u>	<u>10,635</u>
<b>11 ACCRUED AND OTHER LIABILITIES</b>		
Audit fee payable	631,800	631,800
Salaries payable	737,625	818,625
Accrued expenses	30,203	-
Other payables	<u>1,767,522</u>	1,543,562
	<u>3,167,151</u>	<u>2,993,987</u>
<b>12 UNCLAIMED DIVIDEND</b>		
For the year ended 31-12-1998	5,150	5,150
For the year ended 31-12-1995	<u>18,000</u>	18,000
	<u>23,150</u>	<u>23,150</u>

### 13 CONTINGENCIES AND COMMITMENTS

There was no contingency or commitment at the Quarter end (30 June 2022: Nil).

		<b>(Un-Audited)</b> <b>30-Sep-22</b> <i>Rupees</i>	<b>(Audited)</b> <b>30-Sep-21</b> <i>Rupees</i>
<b>14 REVENUE FROM CONTRACT WITH CUSTOMERS</b>			
Export of IT enabled services		<b>1,806,250</b>	1,445,000
		<b>1,806,250</b>	<b>1,445,000</b>
<b>15 COST OF SERVICES</b>			
Cost of services	15.1	<b>537,294</b>	1,021,500
		<b>537,294</b>	<b>1,021,500</b>
<b>15.1 Cost of Services</b>			
I.T. developer charges		<b>450,249</b>	<b>876,951</b>
Travel and transportation		<b>28,920</b>	<b>98,431</b>
Entertainment expenses		<b>40,814</b>	<b>32,384</b>
Printing and stationery		<b>17,310</b>	<b>13,734</b>
		<b>537,294</b>	<b>1,021,500</b>
<b>16 ADMINISTRATIVE EXPENSES</b>			
Salaries		<b>281,400</b>	252,000
Printing and stationery		<b>17,400</b>	10,680
Advertisement		<b>38,450</b>	105,000
Rent and utilities		<b>72,100</b>	779,160
Travelling and conveyance		<b>68,750</b>	159,000
Entertainment		<b>50,400</b>	98,340
Legal and professional charges		<b>85,640</b>	300,000
Security expenses		<b>95,000</b>	374,020
Depreciation		<b>29,483</b>	45,359
Amortization		<b>45,000</b>	45,000
		<b>783,623</b>	<b>2,168,558</b>
<b>17 SELLING EXPENSE</b>			
Salaries		<b>237,600</b>	168,000
Printing and stationery		<b>11,600</b>	7,120
Advertisement		<b>35,000</b>	70,000
Rent and utilities		<b>25,955</b>	519,440
Travelling and conveyance		<b>55,745</b>	106,000
Entertainment		<b>65,880</b>	65,560
Security expenses		<b>30,000</b>	249,346
Bad debt expense		-	1,475,000
		<b>461,780</b>	<b>2,660,466</b>

## 18 LOSS PER SHARE

(Loss) after taxation	(229,953)	(4,871,611)
Weighted average number of Ordinary Shares	500,000	500,000
Basic (loss)/ earnings per share	<u>(0.46)</u>	<u>(9.74)</u>

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

## 19 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND OTHER EXECUTIVES

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

## 20 TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and includes the parent company, subsidiary companies, associated companies, directors, and key management personnel. There is a nil balance with the related party at the end of the quarter.

## 21 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2022.

## 22 GENERAL

- 22.1 Figures in the financial statement have been rounded off to the nearest of Rupee.
- 22.2 These condensed interim financial statements were authorized for issue in accordance with a resolution of the Board of Directors on 28 November 2022.



Chief Executive



Director



Chief Financial Officer