

**HALLMARK COMPANY LIMITED**  
**INTERIM FINANCIAL STATEMENTS**

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**FOR THE HALF YEAR ENDED  
DECEMBER 31, 2022**

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**S.M. SUHAIL & CO.**

Chartered Accountants - *A member firm of:*





**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF  
HALLMARK COMPANY LIMITED  
ON THE CONDENSED INTERIM FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022**

**Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Hallmark Company Limited ("the Company") as at December 31, 2022, and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows, and notes to the financial statements for the half year then ended (here-in-after referred to as the "condensed interim financial statements"). Management of the entity is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

The figures of the condensed interim financial statements for the quarter ended December 31, 2022 and December 31, 2021, have not been reviewed and we do not express a conclusion thereon as we are required to review only cumulative figures for the half year ended December 31, 2022.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on this engagement resulting in this independent auditors' review report is S.M. Suhail, FCA.

Sd/-

S.M. Suhail & Co.  
Chartered Accountants  
Karachi

Our Ref: SMS-A-05692023  
Date: March 9, 2023

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**HALLMARK COMPANY LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2022**

<b>ASSETS</b>	<i>Note</i>	<b>(Un-Audited) 31-Dec-22 Rupees</b>	<b>(Audited) 30-Jun-22 Rupees</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	5	<b>582,276</b>	641,241
Intangible assets	6	<b>1,155,000</b>	1,245,000
		<b>1,737,276</b>	1,886,241
<b>Current Assets</b>			
Trade debts	7	<b>7,089,251</b>	4,485,000
Cash and bank balances	8	<b>44,584</b>	175,931
		<b>7,133,835</b>	4,660,931
<b>TOTAL ASSETS</b>		<b>8,871,111</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		<b>10,000,000</b>	10,000,000
Issued, subscribed and paid-up capital	9	<b>5,000,000</b>	5,000,000
Accumulated loss		<b>(2,089,968)</b>	(1,539,900)
Advance subscription money		<b>3,800,000</b>	-
		<b>6,710,032</b>	3,460,100
<b>Non Current Liabilities</b>			
Deferred tax liability	10	<b>5,522</b>	10,635
<b>Current Liabilities</b>			
Accrued and other liabilities	11	<b>2,055,045</b>	2,993,987
Unclaimed dividend	12	<b>23,150</b>	23,150
Provision for taxation		<b>77,363</b>	59,300
		<b>2,155,558</b>	3,076,437
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,871,111</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 HALF YEAR AND THE QUARTER ENDED DECEMBER 31, 2022**

	Note	HALF YEAR ENDED		QUARTER ENDED	
		31-Dec-22 Rupees	31-Dec-21 Rupees	31-Dec-22 Rupees	31-Dec-21 Rupees
Revenue from contracts with customers	14	<b>1,806,250</b>	2,430,000	-	985,000
Cost of services	15	<b>(537,294)</b>	(1,366,250)	-	(344,750)
Gross profit		<b>1,268,956</b>	1,063,750	-	640,250
Administrative expenses	16	<b>(1,777,344)</b>	(2,678,677)	<b>(993,721)</b>	(510,118)
Selling expenses	17	<b>(624,732)</b>	(2,767,414)	<b>(162,952)</b>	(106,948)
Other Expenses		<b>(202,000)</b>	(202,340)	-	(18,340)
Finance cost		-	(31,830)	-	-
		<b>(2,604,075)</b>	(5,680,261)	<b>(1,156,673)</b>	(635,406)
<i>Other income / (loss)</i>					
Loss on disposal of fixed assets		-	(77,389)	-	-
		-	(77,389)	-	-
Profit / (loss) before taxation		<b>(1,335,119)</b>	(4,693,900)	<b>(1,156,673)</b>	4,844
Taxation		<b>(12,949)</b>	(172,867)		
Profit / (loss) after taxation		<b>(1,348,069)</b>	(4,866,767)	<b>(1,156,673)</b>	4,844
<i>Other comprehensive income</i>					
Exchange gain		<b>798,001</b>	-	-	-
<b>Total comprehensive income / (loss) for the period</b>		<b>(550,068)</b>	(4,866,767)	<b>(1,156,673)</b>	4,844
Loss per share	18	<b>(2.70)</b>	(9.73)	<b>(2.31)</b>	0.01

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 HALF YEAR ENDED DECEMBER 31, 2022**

	<b>31-Dec-22</b> <i>Rupees</i>	31-Dec-21 <i>Rupees</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	<b>(1,335,119)</b>	(4,698,745)
<b>Adjustments for:</b>		
Depreciation	<b>58,965</b>	45,359
Amortization	<b>90,000</b>	45,000
Finance cost	-	31,830
Loss on disposal of fixed assets	-	77,389
Exchange gain	<b>798,001</b>	-
Bad debt expense	-	1,475,000
Operating Profit Before Working Capital Changes	<b>(388,153)</b>	(3,024,167)
<b>Changes in working capital</b>		
<b>(Increase)/ decrease in current assets:</b>		
Trade debts	<b>(2,604,251)</b>	2,729,925
Other receivable	-	24,000
<b>Increase / (decrease) in current liabilities:</b>		
Accrued and other liabilities	<b>(938,943)</b>	-
Other payable	-	(767,653)
Total Changes In Working Capital	<b>(3,931,347)</b>	(1,037,895)
Taxes paid	-	-
Net Cash Outflow From Operating Activities	<b>(3,931,347)</b>	(1,037,895)
<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	-	1,664,200
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of capital contribution	-	(1,403,125)
Subscription money received	<b>3,800,000</b>	-
Net Cash Inflow / (Outflow) From Financing Activities	<b>3,800,000</b>	(1,403,125)
Net increase / (decrease) in cash and cash equivalents	<b>(131,347)</b>	(776,820)
Cash and cash equivalents at the beginning of the year	<b>175,931</b>	952,751
<b>Cash and cash equivalents at the end of the period</b>	<b>44,584</b>	175,931

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**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 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 (Audited)</b>	<b>5,000,000</b>	-	<b>1,952,035</b>	<b>6,952,035</b>
Total comprehensive loss for the 6 month period	-	-	(4,866,767)	(4,866,767)
<b>Balance as at December 30, 2021 (Un-audited)</b>	<b>5,000,000</b>	-	<b>(2,914,732)</b>	<b>2,085,268</b>
Total comprehensive loss for the 6 month period	-	-	1,374,832	1,374,832
<b>Balance as at June 30, 2022 (Audited)</b>	<b>5,000,000</b>	-	<b>(1,539,900)</b>	<b>3,460,100</b>
Total comprehensive loss for the 6 month period	-	-	(550,068)	(550,068)
Subscription money received	-	3,800,000	-	3,800,000
<b>Balance as at December 30, 2022 (Un-audited)</b>	<b>5,000,000</b>	<b>3,800,000</b>	<b>(2,089,968)</b>	<b>6,710,032</b>

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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 FOR THE HALF YEAR ENDED DECEMBER 31, 2022

### 1 CORPORATE INFORMATION, OPERATIONS AND LEGAL STATUS

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

#### 1.1 Geographical location and address of business units - Address

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

#### Purpose

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 statement of cash flows.

#### 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.

*Sumo*

## HALLMARK COMPANY LIMITED

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 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 HALF YEAR 30 DECEMBER 2022</b>					
<b>COST</b>					
Balance at beginning	#####	-	-	499,640	3,306,883
Additions					-
Disposal					-
Balance as at the end	#####	-	-	499,640	3,306,883
<b>DEPRECIATION</b>					
Accumulated depreciation at beginning	#####	-	-	230,607	2,665,642
Charge for the half year	18,610	-	-	40,355	58,965
Balance as at the half year end	#####	-	-	270,962	2,724,607
<b>CARRYING VALUE 31 DEC 2022 (Un-Audited)</b>	<b>353,598</b>	-	-	<b>228,678</b>	<b>582,276</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
Elimination on disposal	-	(611,220)	(22,021)	-	(633,241)
Balance as at the year end	2,435,035	-	-	230,607	2,665,641
<b>CARRYING VALUE 30 JUN 2022 (Audited)</b>	<b>372,208</b>	-	-	<b>269,033</b>	<b>641,241</b>

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**HALLMARK COMPANY LIMITED****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF YEAR AND THE QUARTER ENDED DECEMBER 31, 2022**

	(Un-Audited) 31-Dec-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>AMORTIZATION</b>		
Accumulated amortization at beginning	555,000	375,000
Charge for the period	90,000	180,000
Balance as at the end	<u>645,000</u>	<u>555,000</u>
<b>CARRYING VALUE</b>	<u>1,155,000</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	7,089,251	4,485,000
	<u>7,089,251</u>	<u>4,485,000</u>
<b>8 CASH AND BANK BALANCES</b>		
Cash in hand	20,668	152,015
Cash at bank - Current account	23,916	23,916
	<u>44,584</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	63,316	68,429
On accelerated amortization	1,800	1,800
Minimum tax	(59,594)	(59,594)
	<u>5,522</u>	<u>10,635</u>
<b>11 ACCRUED AND OTHER LIABILITIES</b>		
Audit fee payable	200,000	631,800
Salaries payable	476,000	818,625
Accrued expenses	98,203	-
Other payables	1,280,842	1,543,562
	<u>2,055,045</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	18,000	18,000
	<u>23,150</u>	<u>23,150</u>

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**HALLMARK COMPANY LIMITED****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF YEAR AND THE QUARTER ENDED DECEMBER 31, 2022****13 CONTINGENCIES AND COMMITMENTS**

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

	<b>HALF YEAR ENDED</b>		<b>QUARTER ENDED</b>	
	<b>(Un-Audited)</b>	<b>(Un-Audited)</b>	<b>(Un-Audited)</b>	<b>(Un-Audited)</b>
	<b>31-Dec-22</b>	<b>31-Dec-21</b>	<b>31-Dec-22</b>	<b>31-Dec-21</b>
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>

**14 REVENUE FROM CONTRACT WITH CUSTOMERS**

Export of IT enabled services	<b>1,806,250</b>	2,430,000	-	-
	<b>1,806,250</b>	2,430,000	-	-

**15 COST OF SERVICES**

Cost of services (Note 15.1)	<b>537,294</b>	1,366,250	-	344,750
	<b>537,294</b>	1,366,250	-	344,750

**15.1 Cost of Services**

I.T. developer charges	<b>450,249</b>	<b>1,172,916</b>	-	<b>295,965</b>
Travel and transportation	<b>28,920</b>	<b>131,651</b>	-	<b>114,540</b>
Entertainment expenses	<b>40,814</b>	<b>43,313</b>	-	<b>161,650</b>
Printing and stationery	<b>17,310</b>	<b>18,370</b>	-	<b>4,635</b>
	<b>537,294</b>	1,366,250	-	576,790

**16 ADMINISTRATIVE EXPENSES**

Salaries	<b>678,786</b>	315,375	<b>397,386</b>	63,375
Printing and stationery	<b>24,000</b>	20,321	<b>6,600</b>	9,641
Advertisement	<b>45,910</b>	78,225	<b>7,460</b>	(26,775)
Rent and utilities	<b>144,895</b>	807,960	<b>72,795</b>	28,800
Repair and maintenance	<b>36,000</b>	-	-	-
Travelling and conveyance	<b>79,380</b>	160,000	<b>10,630</b>	1,000
Entertainment	<b>56,767</b>	101,474	<b>6,367</b>	3,134
Legal and professional charges	<b>172,640</b>	335,000	<b>87,000</b>	35,000
Security expenses	<b>190,000</b>	390,220	<b>95,000</b>	16,200
Depreciation	<b>58,965</b>	82,102	<b>29,483</b>	36,743
Auditor's remuneration	<b>200,000</b>	200,000	<b>200,000</b>	200,000
Amortization	<b>90,000</b>	90,000	<b>45,000</b>	45,000
Miscellaneous	-	98,000	-	98,000
	<b>1,777,344</b>	2,678,677	<b>957,721</b>	510,118

5/11/22

**HALLMARK COMPANY LIMITED****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF YEAR AND THE QUARTER ENDED DECEMBER 31, 2022**

	HALF YEAR ENDED		QUARTER ENDED	
	(Un-Audited) 31-Dec-22 <i>Rupees</i>	(Un-Audited) 31-Dec-21 <i>Rupees</i>	(Un-Audited) 31-Dec-22 <i>Rupees</i>	(Un-Audited) 31-Dec-21 <i>Rupees</i>
<b>17 SELLING EXPENSE</b>				
Salaries	<b>316,214</b>	209,625	<b>78,614</b>	41,625
Printing and stationery	<b>16,000</b>	12,402	<b>4,400</b>	5,282
Advertisement	<b>41,790</b>	96,775	<b>6,790</b>	26,775
Rent and utilities	<b>52,160</b>	538,640	<b>26,205</b>	19,200
Travelling and conveyance	<b>64,365</b>	106,000	<b>8,620</b>	-
Entertainment	<b>74,203</b>	68,826	<b>8,323</b>	3,266
Security expenses	<b>60,000</b>	260,146	<b>30,000</b>	10,800
Bad debt expense	-	1,475,000	-	-
	<b>624,732</b>	2,767,414	<b>162,952</b>	106,948
<b>18 LOSS PER SHARE</b>				
(Loss) after taxation	<b>(1,348,069)</b>	(4,866,767)	<b>(1,156,673)</b>	4,844
Weighted average number of Ordinary Shares	<b>500,000</b>	500,000	<b>500,000</b>	500,000
Basic (loss)/ earnings per share	<b>(2.70)</b>	(9.73)	<b>(2.31)</b>	0.01

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 half year.

**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 \_\_\_\_\_.



**Chief Executive**



**Director**



**Chief Financial Officer**