

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Hallmark Company Limited** (formerly "Hallmark Insurance Company Limited") as at December 31, 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (i) As disclosed in the financial statements, the Company has a land acquired for a value of Rs. 800,000 which is classified as investment property, however no valuation report of this land was provided to us for our verification.
 - (ii) Due to non availability of records and direct confirmation, we were unable to verify bank balances amounting to Rs. 26,445.
- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
- 1 the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - 2 the expenditure incurred during the year was for the purpose of the Company's business; and
 - 3 the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion except for the effect on the financial statements of the matters referred to in paragraphs i & ii above, and to the best of our information and according to explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, in the manner so required and

respectively give a true and fair view of the state of the Company's affairs as at December 31, 2016 and of its profit, cash flows and changes in equity for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

We draw attention towards.

1. note 1 to the financial statements whereof the accumulated loss of the Company stood at Rs. 3.940 million (2015: 4.578 million) as at year end. Moreover, the commercial operation of the Company have been suspended from January 1st, 2003. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Hence, the underlying going concern assumption will depend upon the mitigating factors as mentioned in note 1 to the financial statements.
2. note 2.1 to the financial statements whereof the statements and disclosures required by Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 have not been presented as during the year no activity in respect of insurance business was carried on and the company's registration under Insurance Ordinance, 2000 has been revoked therefore the requirement of the Insurance Ordinance, 2002 were not complied with.

Our opinion is not qualified in respect of above mentioned matters.

KARACHI:

**MUNIFF ZIAUDDIN & CO.
CHARTERED ACCOUNTANTS
(MUHAMMAD MOIN KHAN)**