

## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Hallmark Company Limited** (formerly "Hallmark Insurance Company Limited") as at June 30, 2017 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 transitional period of six months then ended on June 30, 2017 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:

- 1- Due to non availability of the records and direct confirmations we were unable to verify bank balances related to current accounts 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:
    - i) 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 accounts and are further in accordance with accounting policies consistently applied;
    - ii) the expenditure incurred during the period was for the purpose of the Company's business; and
    - iii) the business conducted, investments made and the expenditure incurred during the period were in accordance with the objects of the Company;

- c) in our opinion, except for the effect of the matter referred to in paragraph (1) 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 June 30, 2017 and of its profit, cash flows and changes in equity for the transitional period of six months ended on June 30, 2017; and
- d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

We draw attention towards:

- i) note 1.5 to these financial statements, where it is more fully explained that the accumulated loss of the Company stood at Rs. 2.113 million (2016: 3.941 million) as at year end. Moreover, the commercial operations of the Company have recently been recommenced after a suspended period of 14 years from January 1<sup>st</sup>, 2003. These conditions 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 and continued profits from subsequent operations.
- ii) note 2.1 to the financial statements where it is explained that the Company is no more an insurance Company due to the revocation of Insurance License in the year 2016 by the SECP, also the Company had not carried any insurance related activity in previous year therefore, disclosures required by Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 have not been presented, as compliance of Insurance Ordinance, 2002 is no longer required.
- iii) note 28.1 to the financial statements where it has explained that subsequent to year end, the Board of Directors has approved an scheme of merger to enhance its paid up capital to comply with the requirement of the minimum paid up capital for small and medium size enterprises of the Pakistan Stock Exchange (PSX). The application of the scheme is contingent on the approval from the members in the upcoming annual general meeting of the Company and compliances of the related provisions of Companies Act, 2017.

Our opinion is not qualified in respect of matters mentioned in above preceding paragraphs (i) to (iii).

The financial statements of the company for the year ended December 31, 2016 were audited by another firm of Chartered Accountants who expressed a modified opinion in their report dated April 07, 2017.



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

Our Ref: SMS-A-6892017

Date: