

HAMID TEXTILE MILLS LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (un-audited)

FOR THE PERIOD ENDED DECEMBER 31, 2015

- These accounts have been prepared in accordance with the requirements of International Accounting Standard No. 34 "Interim Financial Reporting".
- The accounts are being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984.
- The accounting policies adopted for the preparation of the accounts are same as those applied in the preparation of the preceding annual published financial statements of the company for the period ended June 30, 2015.
- The company is sustaining gross loss amounting of Rs. 11.708 Million loss before tax amounting of Rs. 15.926 Million and net capital deficiency of Rs. 127.759 during the six months then ended (December 31, 2014: Loss before tax of Rs 5.493 Million) and company's current liabilities exceed current assets by Rs.135.591 million (June 30, 2015: Rs.117.272 Million)

Thus these accounts have been prepared on going concern basis without any adjustment of assets and liabilities as the management is confident of improvement in company's efficiency and profitability in future.

5 Contingencies and commitments

- There is no change in contingencies from those disclosed in the annual accounts for the year ended June 30, 2015.
- There are no commitments as at December 31, 2015.

| | Un-audited December 31, 2015 Rupees | Audited June 30 2015 Rupees |
|---|--|--------------------------------------|
| 6 Property, Plant and Equipments | | |
| Book Value as at July 1st, 2015 | 445,743,474 | 482,466,874 |
| Additions during the period | 1,412,821 | - |
| Deletion during the period | (1,394,241) | (4,308,700) |
| Depreciation for the period | (15,040,075) | (32,414,700) |
| | <u>430,721,979</u> | <u>445,743,474</u> |
| 7 STOCK IN TRADE | | |
| Raw Materials | 6,362,672 | 6,930,057 |
| Work in Process | 1,242,278 | 1,013,190 |
| Finished Goods | 12,174,309 | 4,785,189 |
| | <u>19,779,259</u> | <u>12,728,436</u> |

| | December 31 2015 Rupees | June 30 2014 Rupees |
|---|-------------------------------|---------------------------|
| 8 Basic Earning Per Share | | |
| Profit/ (Loss) after tax for the six months ended | (4,707,403) | 746,878 |
| Weighted average number of ordinary shares | 13,271,600 | 13,271,600 |
| | <u>(0.35)</u> | <u>0.06</u> |

- Date of Authorization**
These accounts have been approved by the Board of Directors on February 25, 2016

- Figures**
These have been rounded off to the nearest rupee.

Khan Almas
CHIEF EXECUTIVE

Shahid
DIRECTOR

HAMID TEXTILE MILLS LIMITED

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF

CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of HAMID TEXTILE MILLS LIMITED as at December 31, 2015 and the related condensed interim profit and loss account, condensed interim comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the financial information for the half year then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and other comprehensive income for the quarters ended December 31, 2015 and 2014 have not been reviewed, and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended December 31, 2015.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim financial information 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.

Basis of Adverse Conclusion

Company is sustaining gross loss amounting to Rs. = 11.708 Million loss before tax amounting to Rs. = 15.926/-million and net capital deficiency Rs. = 127.759/-million. Current liabilities have exceeded the current assets by Rs. = 135.591/-million. Borrowing facility from National Bank Limited expired since 2008 has neither been amended nor re-scheduled ever since. Furthermore company did not provide us any plan till date of this report which could satisfy us that it has any design/ plan to functionally revive the Company.

The said conditions indicate a material uncertainty which may cast a significant doubt on Company's ability to continue as a going concern, whereas despite of all these negative facts the financial statements are prepared on going concern basis, as explained in note 4 to the accounts.

Conclusion

Based on our review, the accompanying condensed interim financial information does not give a true and fair view of financial position of the entity as at December 31, 2015 and of its financial performance and its cash flows for the half year then ended, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

M. Tabsum
HLB IJAZ TABUSSUM & Company
Chartered Accountants
Engagement Partner:
Muhammad Aslam Tabussum (FCA)

Lahore:
Date: February 25, 2016

HAMID TEXTILE MILLS LIMITED

COMPANY PROFILE

| | |
|--------------------------|--|
| CHAIRMAN/CHIEF EXECUTIVE | Mr. Khawar Almas Khawaja |
| DIRECTORS | Mr. Khawar Almas Khawaja Mr. Dilshad Ali Mrs. Nighat Khawar Mrs. Zulaibia Andleeb Mr. Muhammad Idrees Khan Mr. Abid Hussain Mr. Muhammad Alamgir |
| AUDIT COMMITTEE | Chairman: Mr. Khawar Almas Khawaja Member: Mr. Muhammad Idrees Khan Member: Mr. Dilshad Ali |
| CHIEF FINANCIAL OFFICER | Miss. Sana Ashfaq |
| COMPANY SECRETARY | Mr. Ralph Nazir Ullah |
| LEGAL ADVISOR | Mr. Javaid Hussain Shah (Javaid Shah Law Firm Advocates & Legal consultants) |
| AUDITORS | HLB Ijaz Tabussum & Co. Chartered Accountants Lahore. |
| INTERNAL AUDITORS | AWAN & CO. CHARTERED ACCOUNTANTS LAHORE. |
| SHARES REGISTRAR | Corplink (Pvt) Ltd. Lahore |
| BANKERS | National Bank of Pakistan Standard Chartered Bank Ltd Bank Alfalah Limited Meezan Bank Limited Habib Metropolitan Bank Ltd |
| REGISTERED OFFICE | Changa Manga Road, Wan Adhan Pattoki, Kasur. TELEFAX 049-4528188 TELEPHONE 049-4528177, 049-4528099 E.MAIL: accounts@hamid-textile.com sales@hamid-textile.com corporate@hamid-textile.com |

UPC/Book Post



If Undelivered, please return to:
HAMID TEXTILE MILLS LIMITED
Changa Manga Road, Wan Adhan,
Pattoki, Distt. Kasur
Tel: 049-4528177, 4528099 Fax : 049-4528188

Half Yearly Report December 31 2015 (Un-audited)



HAMID TEXTILE MILLS LIMITED



CERTIFICATE NO. SG05/0299

HAMID TEXTILE MILLS LIMITED
DIRECTORS' REVIEW

Your directors take pleasure to present before you the un-audited financial statements of the company for the 2nd Quarter Ended on December 31, 2015.

OPERATING RESULTS:

The Sales revenue for the period under review has been decreased from 106.734 million to Rs. 34.991 million as compared to the corresponding period. The sales for this quarter decreased by 67 % and the reason for decrease in sales as compared with the corresponding period is that company's external environment factors are not in favor of the company such as drastic fall in demand by domestic buyers caused by increase in imports of yarn from china and India. Due to above stated factor company's spinning section remains closed for about one and half month. The company has earned gross loss of Rs. 11.708 million as compared to the corresponding period gross profit of Rs.0.2116 million. The overall results depicts net loss after taxation for the 2nd quarter at Rs. 4.707 million (December 31, 2014 -profit after taxation of Rs.0.747 million).

The company is still facing liquidity problems because company's working capital financial facilities from the banks stand expired which had not been renewed by the bank. However, the management is focusing on self production basis and also having option to produce on conversion basis as well to avoid possible cash losses. However, overall the company financial results for this quarter reflect comparatively better performance as compared with the last period which could further improved with better supply of electricity.

FUTURE PROSPECTS:

The business outlook is very challenging due to persistent energy crises in the country and political uncertainty. The management of the company is making best efforts to reduce the cash losses and the decision to work on conversion basis is in line with that policy to avoid cash losses. The management expects that settlement proposal shall be accepted by the bank and the company would be able to revive the financial facilities by restructuring of facilities.

The management has chalked out plan for increase in production which will make the unit more stable and viable. The management has planned for regular investment in plant and machinery, which is very difficult in the current circumstances but will be possible after the restructuring and rescheduling of the existing financial liabilities and will yield benefit for the project.

NOTE OF THANKS:

The board puts on record its gratitude to its valued shareholders, customers and raw material suppliers whose co-operation, constant support and patronage have helped your company to achieve the desired results.

The board also expresses its thanks for the valuable teamwork, loyalty and laudable efforts rendered by the executives, staff members and workers of your company and wish to place on record its appreciation for the same.

For and on behalf of the Board of Directors

Khan Alam
Chief Executive Officer

Dated: February 25, 2016

Shahid
Director

HAMID TEXTILE MILLS LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2015

| | Note | Un-audited December 31, 2015 Rupees | Audited June 30 2015 Rupees |
|---|------|--|--------------------------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 6 | 430,721,979 | 445,743,474 |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools | | 9,476,037 | 9,147,992 |
| Stock in trade | 7 | 19,779,259 | 12,728,436 |
| Trade debts | | 35,656,066 | 58,370,376 |
| Loans and advances | | 2,082,412 | 1,837,072 |
| Trade deposits and short term prepayments | | 747,377 | 784,569 |
| Tax refunds due from the Government | | 1,877,067 | 1,710,635 |
| Cash and bank balances | | 384,509 | 2,661,378 |
| | | <u>70,002,727</u> | <u>87,240,458</u> |
| Total Assets | | <u>500,724,706</u> | <u>532,983,932</u> |

EQUITY AND LIABILITIES
SHARE CAPITAL AND RESERVES

| | | | |
|---|--|---------------|---------------|
| Authorised share capital 15,000,000 shares (June 30, 2014: 15,000,000) of Rs. 10/= each | | 150,000,000 | 150,000,000 |
| Issued subscribed and paid up capital | | 132,716,000 | 132,716,000 |
| Accumulated losses | | (260,474,999) | (264,146,890) |
| | | (127,758,999) | (131,430,890) |
| Surplus on revaluation of property, plant and equipment. | | 377,273,476 | 385,652,771 |

| | | | |
|---|--|------------|------------|
| NON-CURRENT LIABILITIES | | | |
| Long term loan from related parties - unsecured | | 26,081,202 | 43,088,615 |
| Deferred liabilities | | 19,535,537 | 31,160,271 |
| | | 45,616,739 | 74,248,886 |

| | | | |
|--|--|--------------------|--------------------|
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 90,183,950 | 87,816,145 |
| Accrued mark-up | | 34,839,787 | 34,839,789 |
| Short term borrowings | | 26,812,402 | 28,099,882 |
| Current & overdue portion of long term liabilities | | 53,757,351 | 53,757,351 |
| Provision for taxation | | - | - |
| | | <u>205,593,490</u> | <u>204,513,166</u> |
| | | 251,210,229 | 278,762,052 |

| | | | |
|--------------------------------------|--|--------------------|--------------------|
| CONTINGENCIES AND COMMITMENTS | | | |
| Total equity and liabilities | | <u>500,724,706</u> | <u>532,983,932</u> |

The annexed notes form an integral part of these condensed financial statements.

Khan Alam
CHIEF EXECUTIVE

Shahid
DIRECTOR

HAMID TEXTILE MILLS LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-Audited)
FOR THE PERIOD ENDED DECEMBER 31, 2015

| | SIX MONTHS ENDED | | THREE MONTHS ENDED | |
|--|---------------------------|--------------------------|---------------------------|--------------------------|
| | Dec. 31 2015 Rupees | Dec 31 2014 Rupees | Dec. 31 2015 Rupees | Dec 31 2014 Rupees |
| Sales | 34,990,968 | 106,734,211 | 21,890,139 | 38,927,968 |
| Cost of Sales | (46,698,849) | (106,522,522) | (26,124,557) | (41,833,111) |
| Gross Profit/ (Loss) | (11,707,881) | 211,689 | (4,234,418) | (2,905,143) |
| OPERATING EXPENSES | | | | |
| - Distribution | - | (460,715) | - | - |
| - Administration | (4,123,610) | (5,033,901) | (2,024,358) | (2,535,906) |
| | (4,123,610) | (5,494,616) | (2,024,358) | (2,535,906) |
| | (15,831,491) | (5,282,927) | (6,258,776) | (5,441,049) |
| Other Operating Income | 18,580 | - | 18,580 | - |
| Operating Profit/ (Loss) | (15,812,911) | (5,282,927) | (6,240,196) | (5,441,049) |
| Finance Cost | (112,691) | (210,107) | (55,861) | (148,071) |
| Profit/ (Loss) Before Taxation | (15,925,602) | (5,493,034) | (6,296,057) | (5,589,120) |
| Taxation | 11,218,199 | 6,239,912 | 2,302,397 | 1,482,421 |
| Profit / (Loss) After Taxation Carried To Statement Of Comprehensive Income | (4,707,403) | 746,878 | (3,993,660) | (4,106,699) |
| Earning/ (Loss) per Share - Basic & Diluted | (0.35) | 0.06 | (0.30) | (0.31) |

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2015

| | Share Capital | Un-appropriated profit / (Loss) | Surplus on Revaluation of Fixed Assets | Total |
|---|---------------|------------------------------------|--|-------------|
| (Amounts in Rupees) | | | | |
| Balance as on June 30, 2014 (Audited) | 132,716,000 | (278,841,313) | 403,450,793 | 257,325,480 |
| Total Comprehensive income for six months | - | 9,513,068 | - | 9,513,068 |
| Incremental Depreciation charged to revaluation surplus | - | - | (8,766,190) | (8,766,190) |
| Balance as on December 31, 2014 | 132,716,000 | (269,328,245) | 394,684,603 | 258,072,358 |
| Balance as on June 30, 2015 (Audited) | 132,716,000 | (264,146,890) | 385,652,771 | 254,221,880 |
| Total Comprehensive income for the six months | - | 3,671,892 | - | 3,671,892 |
| Incremental Depreciation charged to revaluation surplus | - | - | (8,379,295) | (8,379,295) |
| Balance as on December, 31 2015 | 132,716,000 | (260,474,999) | 377,273,476 | 249,514,477 |

The annexed notes form an integral part of these condensed financial statements.

Khan Alam
CHIEF EXECUTIVE

Shahid
DIRECTOR

HAMID TEXTILE MILLS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (Unaudited)
FOR THE PERIOD ENDED DECEMBER 31, 2015

| | December 31, 2015 Rupees | December 31, 2014 Rupees |
|---|--------------------------------|--------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITY | | |
| Profit / (loss) before taxation | (15,925,602) | (5,493,034) |
| ADJUSTMENTS | | |
| Depreciation | 15,040,075 | 16,863,797 |
| Profit on disposal of fixed assets | (18,580) | - |
| Finance cost | 112,691 | 210,107 |
| | 15,134,186 | 17,073,904 |
| Operating profit before adjustment of working capital | (791,417) | 11,580,870 |
| (Increase) / decrease in current assets: | | |
| Stores, spares and loose tools | (328,045) | (583,385) |
| Stock in trade | (7,050,823) | (8,085,311) |
| Trade debts | 22,714,311 | (20,096,957) |
| Loans and advances | (245,340) | (1,946,018) |
| Trade deposits and short term prepayments | 37,192 | 38,304 |
| Tax refunds due from the Government | (166,432) | (889,749) |
| | 14,960,863 | (31,563,116) |
| Increase/(decrease) in current liabilities: | | |
| Trade and other payables | 2,445,543 | 16,353,463 |
| Cash inflow from operations | 16,614,989 | (3,628,783) |
| Gratuity paid | (56,625) | - |
| Finance cost | (112,692) | (210,109) |
| Taxes paid | (427,647) | (494,792) |
| Net cash inflow from operating activities | 16,018,025 | (4,333,684) |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | - | - |
| Net cash used in from investing activities | - | - |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Short term borrowings | (1,287,480) | (1,370,875) |
| Long term loans from banking companies-unsecured | (17,007,413) | 5,570,000 |
| Net cash inflow / (outflow) from financing activities | (18,294,893) | 4,199,125 |
| Net Increase/(decrease) in cash and cash equivalents (A+B+C) | (2,276,868) | (134,559) |
| Cash and cash equivalents at the beginning of the period | 2,661,377 | 257,190 |
| Cash and cash equivalents at the end of the period | <u>384,509</u> | <u>122,631</u> |

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-Audited)
FOR THE PERIOD ENDED DECEMBER 31, 2015

| | Dec. 31, 2015 Rupees | Dec. 31, 2014 Rupees |
|--|----------------------------|----------------------------|
| (Amount in Rupees) | | |
| PROFIT / (LOSS) FOR THE PERIOD | (4,707,403) | 746,878 |
| Items that may be reclassified subsequently to profit or loss: | | |
| Incremental Depreciation on revalued assets | 12,506,411 | 13,282,106 |
| Related deferred tax | (4,127,116) | (4,515,916) |
| | 8,379,295 | 8,766,190 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | <u>3,671,892</u> | <u>9,513,068</u> |

The annexed notes form an integral part of these condensed financial statements.

Khan Alam
CHIEF EXECUTIVE

Shahid
DIRECTOR