

**Haji Mohammad Ismail Mills Limited**  
**Condensed Interim Financial Information**  
**(Un-audited)**  
**For the Half Year Ended December 31, 2013**

**HAJI MOHAMMAD ISMAIL MILLS LIMITED**

**COMPANY INFORMATION**

Board of Directors	Mr. Najeeb Mushtaq Vohra – Chief Executive Mr. Mohammad Sarfraz- Executive Director Mr. Gulzar Siddiq -Independent Mr. Mohammad Sadiq- Non Executive Mr. Mohammad Irfan –Executive Director Mr. Farrukh Shafiq -Non Executive Mr. Amer Zaheer-Non Executive
Audit Committee	Mr. Mohammad Sadiq Mr. Mohammad Irfan Mr. Farrukh Shafiq
Human Resource & Remuneration Committee.	Mr. Muhammad Sarfraz Mr. Muhammad Sadiq Mr. Farrukh Shafiq
Chief Financial Officer	Mr. Suhail Ahmed
Company Secretary	Mr. Muhammad Sarfraz
Auditors	Naveed Zafar Ashfaq Jaffery & Co Chartered Accountants 1 <sup>st</sup> floor, Modern House Beamount Road Karachi.
Legal Advisor	Farooq Rashid & Co., Advocates & Corporate Consultants, 403-Commerce Centre, Hasrat Mohani Road, Karachi-74200
Bankers	Habib Bank Limited Askari Bank Limited National Bank of Pakistan
Share Registrar and Transfer Office	Najeeb Consultants (Pvt) Ltd 405-Commerce Centre, Hasrat Mohani Road. Karachi-74200
Registered office	409-Commerce Centre, Hasrat Mohani Road, Karachi-74200



**REVIEW REPORT ON CONDENSED INTERIM FINANCIAL  
INFORMATION TO THE MEMBERS  
For the period ended December 31, 2013**

**INTRODUCTION:**

We have reviewed the accompanying condensed interim balance sheet of **M/S. HAJI MOHAMMAD ISMAIL MILLS LIMITED** ("the Company") as at December 31, 2013 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as "condensed interim financial information") for the six months period then ended. 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 condensed interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

**SCOPE OF REVIEW:**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of 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 FOR ADVERSE CONCLUSION:**

As stated in note no.1.1 to the financial statements, the company has sold fixed assets and settled major liabilities of banks. Company has incurred income for the period ended December 31, 2013 of Rupees 0.30 million (December 31, 2012: Net loss of Rupees (25.35) million and as of that date, reported accumulated loss is of Rupees (82.37) million (December 31, 2012: Rupees (83.17) million). Due to default in payments, non-clearance of CIB report and court cases, bankers are reluctant to finance the company. Liabilities of the creditors have been paid off except settlement with a bank as the case is subjudice before, High Court of Sindh.

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The company has, therefore, not prepared any detailed business plan including profit or cash flow projection for an appropriate period subsequent to the balance sheet date. The foregoing condition indicate material uncertainty which cast a significant doubt about the company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of its business. However, no adjustments to the effect have been made in these financial statements.

**CONCLUSION:**

Based on our review, due to significance of matter described in the preceding paragraph, that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2013; is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

*Naveed Zafar Ashfaq Jaffery & Co.*

Naveed Zafar Ashfaq Jaffery & Co.  
Chartered Accountants

Ahsan Elahi Vohra – FCA  
Engagement Partner

Karachi:

Dated : 27-02-2014

# HAJI MOHAMMAD ISMAIL MILLS LIMITED

## DIRECTORS' REPORT TO THE MEMBERS OF THE COMPANY

The directors are pleased to present the un-audited financial statement for the half year ended December 31, 2013.

1. **Sales**  
Since the company has sold its entire fixed assets, therefore, there is no sale during the period as compared to the corresponding period sale of Rs.1.587 million.
2. **Gross profit**  
The company has no gross profit for the period, corresponding period gross loss is Rs. (0.87) million.
3. **Pre-Tax profit**  
Company's pretax profit for the reported period is Rs. 0.302 million.
4. **Earning per share**  
The earning per share for the period is Rs. 0.03
5. **Financial position**  
  
Due to settlement of liabilities with banks/financial institutions except with a bank, financial pressure on the company has reduced slightly. After settlement with a remaining bank and creditors, financial position of the company will further improve.
6. **Current and future summary and prospects**  
  
Suit of a bank is subjudice before High Court of Sindh. We are negotiating with the said bank and are trying to resolve the issue amicably. After settlement, our CIB will be clear and we will be able to arrange funds and decide future business plan after looking the available funds in hand. However we are looking other business options including setting up of power plant. We are also negotiating with the financial institutions and gas company for the proposed power plant.
7. **Code of Corporate Governance**  
The company has taken necessary steps to comply with the provision of Code of Corporate Governance as incorporated in the regulations of the Karachi Stock Exchange.  
  
We appreciate the hard work of all the company's staff and the support of its bankers.

For and on behalf of the Board of Directors



Chief Executive

Karachi: February 27, 2014

# HAJI MOHAMMAD ISMAIL MILLS LIMITED

## Condensed Interim Balance Sheet (Un-Audited)

As at December 31, 2013

		December 31, 2013 Rupees	June 30, 2013 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Long term deposits		610,931	610,931
<b>CURRENT ASSETS</b>			
Trade debts		198,409	5,198,409
Short term investments	5	-	188,200
Loan and advances		1,429,178	1,323,998
Deposit against bank guarantee		200,000	5,900,000
Other receivables		6,318,396	4,274,396
Cash and bank balances		44,375,334	35,491,021
		52,521,317	52,376,024
		<b>53,132,248</b>	<b>52,986,955</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorised Capital</b>			
12,000,000 (June 2013: 12,000,00) ordinary shares of Rs10 each		<b>120,000,000</b>	<b>120,000,000</b>
Issued, subscribed and paid up capital	6	119,750,400	119,750,400
Reserves		(75,459,988)	(75,762,908)
		44,290,412	43,987,492
<b>CURRENT LIABILITIES</b>			
Trade and other payables		3,679,850	3,837,477
Mark-up on loans		1,008,153	1,008,153
Current portion of long term liabilities		4,153,833	4,153,833
		8,841,836	8,999,463
Contingencies and commitments	7	-	-
		<b>53,132,248</b>	<b>52,986,955</b>

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

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CHIEF EXECUTIVE



DIRECTOR

**Haji Mohammad Ismail Mills Limited**  
**Condensed Interim Profit and Loss Account (Un-Audited)**  
**For The Six Months & Quarter Period Ended December 31, 2013**


		Half year ended		Quarter ended	
		December 31,	December 31,	December 31,	December 31,
		2013	2012	2013	2012
		Rupees	Rupees	Rupees	Rupees
Sales- Net	8	-	1,587,167	-	-
Cost of sales		-	(2,457,457)	-	1,340,434
Gross (loss) / profit		-	(870,290)	-	1,340,434
<b>Operating expenses</b>					
Administrative expenses		(733,299)	(1,279,618)	(377,668)	(838,761)
Other operating loss		(4,705)	(27,350,294)	(4,705)	(27,350,294)
Profit on bank account		1,042,664	2,540,893	516,434	1,754,964
Operating profit / ( loss)		304,660	(26,959,309)	134,061	(25,093,657)
Finance cost		(1,740)	18,300,244	-	18,301,184
Profit / (Loss) before taxation		302,920	(8,659,065)	134,061	(6,792,473)
<b>Taxation</b>					
-Current		-	-	-	-
-Deferred		-	(16,697,410)	-	-
Net Profit / (Loss)		302,920	(25,356,475)	134,061	(6,792,473)
Profit / (Loss) per share-basic and diluted	9	0.03	(2.12)	0.02	(0.57)

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

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CHIEF EXECUTIVE



DIRECTOR

**HAJI MOHAMMAD ISMAIL MILLS LIMITED**  
**Condensed Interim Statement of Comprehensive Income (Un-Audited)**  
**For The Six Months & Quarter Period Ended December 31, 2013**

	Half year ended		Quarter ended	
	December 31, 2013 RUPEES	December 31, 2012 RUPEES	December 31, 2013 RUPEES	December 31, 2012 RUPEES
Profit /(Loss) for the period after taxation	302,920	(25,356,475)	(134,061)	6,792,473
Comprehensive income for the period	-	-	-	-
<b>Total comprehensive Income /(Loss) for the period</b>	<u>302,920</u>	<u>(25,356,475)</u>	<u>(134,061)</u>	<u>6,792,473</u>

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

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CHIEF EXECUTIVE


DIRECTOR

**HAJI MOHAMMAD ISMAIL MILLS LIMITED**  
**Condensed Interim Cash Flow Statement (Un-Audited)**  
**For The Six Months Period Ended December 31, 2013**

	December 31, 2013 RUPEES	December 31, 2012 RUPEES
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before taxation	302,920	(8,659,065)
<b>Adjustments for non cash charges and other items</b>		
Provision for gratuity	-	89,697
Finance cost net	1,740	(18,300,244)
Property plant and equipment transfer to held for sales	-	104,372,614
Impairment	-	27,350,294
Fair value adjustment of investment	4,705	(78,574)
	6,445	113,433,787
Profit before working capital changes	309,365	104,774,722
<b>(Increase)/decrease in current assets:</b>		
Assets held for sales	-	(110,382,973)
Stocks, stores and spares	-	6,010,359
Trade debts	5,000,000	28,964,140
Short term investment	183,495	-
Loan and advances	-	30,000
Deposit against bank guarantee	5,700,000	(5,900,000)
Other receivables	(2,044,000)	(11,389,709)
	8,839,495	(92,668,183)
<b>Increase / (decrease) in current liabilities:</b>		
Trade creditors, accrued and other liabilities	(157,627)	33,216,658
Cash generated from operations	8,991,233	45,323,197
Payments for:		
Taxes paid	(105,180)	(291,197)
Finance cost - net paid	(1,740)	16,394,445
	(106,920)	16,103,248
<b>Net cash generated from operating activities</b>	<b>8,884,313</b>	<b>61,426,445</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchased of plant and machinery	-	(2,924,221)
<b>Net cash used in investing activities</b>	<b>-</b>	<b>(2,924,221)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Long term loan	-	(52,171,864)
Short term loan	-	(6,251,311)
	-	(58,423,175)
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>8,884,313</b>	<b>79,048</b>
Cash and cash equivalents at beginning of the period	35,491,021	3,853,625
<b>Cash and cash equivalents at end of the period</b>	<b>44,375,334</b>	<b>3,932,673</b>

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

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

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**HAJI MOHAMMAD ISMAIL MILLS LIMITED**  
**Condensed Interim Statement of Changes in Equity (Un-Audited)**  
**For The Six Months Period Ended December 31, 2013**

	Issued subscribed and paid-up capital	Reserves		Total Rupees	
		Capital	Revenue		
		Share premium	Accumulated Loss		Sub total
		-----Rupees-----			
Balance as at June 30, 2012	119,750,400	6,912,000	(57,818,385)	(50,906,385)	68,844,015
Total Comprehensive (loss) for the period ended December 31, 2012	-	-	(25,356,475)	(25,356,475)	(25,356,475)
<b>Balance as at December 31, 2012</b>	<b>119,750,400</b>	<b>6,912,000</b>	<b>(83,174,860)</b>	<b>(76,262,860)</b>	<b>43,487,540</b>
Balance as at June 30, 2013	119,750,400	6,912,000	(82,674,908)	(75,762,908)	43,987,492
Total Comprehensive profit for the period ended December 31, 2013	-	-	302,920	302,920	302,920
<b>Balance as at December 31, 2013</b>	<b>119,750,400</b>	<b>6,912,000</b>	<b>(82,371,988)</b>	<b>(75,459,988)</b>	<b>44,290,412</b>

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

  
 Chief Executive

  
 Director

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**HAJI MOHAMMAD ISMAIL MILLS LIMITED**  
**Selected Notes to the Condensed Interim Financial Information (Un-Audited)**  
**For the Six Months Period Ended December 31, 2013**

**1 STATUS AND NATURE OF BUSINESS**

The company was incorporated in Pakistan as a Private Limited Company on February 5, 1980 and subsequently converted to a Public Limited Company on October 15, 1987. Shares of the company were subsequently listed on the Karachi Stock Exchange on November 29, 1994.

Principal business of the Company is manufacture and sale of yarn.

- 1.1** After sale of fixed assets and settlement of liabilities of banks, company has incurred income for the period ended December 31, 2013 of Rupees 0.30 million (December 31, 2012: Net loss of Rupees (25.35) million and as of that date, reported accumulated loss is of Rupees (82.37) million (December 31, 2012: Rupees (83.17) million). Due to default in payments, non-clearance of CIB report and court cases, bankers are reluctant to finance the company. Liabilities of the creditors have been paid off except settlement with a bank as the case is subjudice before High Court of Sindh. We are negotiating with the said bank and are trying to resolve the issue amicably. After settlement with the bank our State bank CIB report would be clear. We will be able to decide our future business plan looking the available funds in hand.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

This condensed interim financial information of the Company for the three months period ended September 30, 2013 is un-audited and has been prepared in accordance with the requirements of the International Financial Reporting Standard (IFRS) IAS 34 "Interim Financial Reporting" and provisions of and directives issued by the Securities and Exchange Commission of Pakistan under the Companies Ordinance, 1984 (the Ordinance). This condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the company as at and for the year ended June 30, 2013.

This interim financial information is being submitted to the shareholders as required by the Listing regulations of Karachi Stock Exchange and section 245 of the Companies Ordinances, 1984 .

**2.2 Functional and presentation currency**

These financial statements are presented in Pakistani Rupees which is also the Company's functional currency. All financial information presented in Pakistani Rupees has been rounded off to the nearest rupee.

**3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended June 30, 2013.

Amendments to certain existing standards and new interpretations on approved accounting standards effective during the period either were not relevant to the company's operations or did not have any impact on the accounting policies of the company.

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#### 4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

Judgments and estimates made by management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended June 30, 2013.

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, 2013.

	(Un-Audited) December 31,2013 Rupees	(Audited) June 30,2013 Rupees
<b>5 SHORT TERM INVESTMENTS</b>		
<b>Held for trading:</b>		
Quoted:-		
First Equity Modaraba	358,886	358,886
47,050 fully paid ordinary shares of Rs.10/- each		
Market value Rs. 183,495 (2013: Rs.188,200)		
Less: (Provision for diminution in value of investments)/fair value adjustments	(175,391)	(170,686)
Less: Sale during the period	(183,495)	-
	<u>-</u>	<u>188,200</u>
<b>6 ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>		
9,576,240 (June 30,2013: 9,576,240) Ordinary shares of Rs.10 each fully paid in cash	95,762,400	95,762,400
2,398,800 (June 30,2013 : 2,398,800) Ordinary shares of Rs.10 each issued as fully paid bonus share	23,988,000	23,988,000
	<u>119,750,400</u>	<u>119,750,400</u>
<b>7 CONTINGENCIES AND COMMITMENTS</b>		

There is no major changes in contingencies and commitments as have been disclosed in the audited financial statements for the year ended June 30, 2013.

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	December 31,2013 Rupees	December 31,2012 Rupees
<b>8 Sales- Net</b>		
Power sales	-	1,587,167
<b>9 EARNINGS PER SHARE-basic and diluted</b>		
(Loss)after taxation for the year in rupees	302,920	(25,356,475)
Weighted average number of ordinary shares	11,975,040	11,975,040
Earnings per share in rupees	<u>0.03</u>	<u>(2.12)</u>

**10 DATE OF AUTHORISATION FOR ISSUE**

These financial statements have been authorized for issue on, 27-02-2014 by the Board of Directors of the Company

**11 GENERAL**

Figures have been rounded off to the nearest rupee.

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CHIEF EXECUTIVE



DIRECTOR