

**REVIEWED FINANCIAL STATEMENT  
FOR THE HALF YEAR ENDED  
DECEMBER 31, 2016**

*Haji Mohammad Ismail Mills Limited*

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Registered Office:  
409-Commerce Centre, Hasrat Mohani Road, Karachi.

## HAJI MOHAMMAD ISMAIL MILLS LIMITED

### COMPANY INFORMATION

Board of Directors	Mr. Noman Mustafa Zubairi – Chief Executive Mr. Najeeb Mushtaq Vohra – Non Executive Mr. Mohammad Sarfraz - Executive Director Mr. Gulzar Siddiq - Independent Mr. Mohammad Sadiq- Non Executive Mr. Mohammad Irfan – Non Executive Mr. Farrukh Shafiq - Non Executive Mr. Amer Zaheer - Non Executive
Audit Committee	Mr. Gulzar Siddiq - Chairman 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 408-Commerce Centre, Hasrat Mohani Road. Karachi-74200
Registered office	409-Commerce Centre, Hasrat Mohani Road, Karachi-74200
Phone No.:	92-21-32638521-3
Fax No.:	92-21-32639843
E-mail:	<a href="mailto:info@hmiml.com">info@hmiml.com</a>
Website	<a href="http://www.hmiml.com">www.hmiml.com</a>
Business:	Cotton yarn manufacturer and Electric Power Generation.
Status of Company	Public listed company ( SSC)
Company Registration No.	K-0007483
National Tax No.	0231147-0
Contact person:	Mr. Muhammad Sarfraz Phone: 92-21-32638521-3 E-mail: sarfrazinfo@hotmail.com

**REVIEW REPORT ON CONDENSED INTERIM FINANCIAL  
INFORMATION TO THE MEMBERS  
For the period ended December 31, 2016**

**INTRODUCTION**

We have reviewed the accompanying condensed interim balance sheet of **M/S. HAJI MOHAMMAD ISMAIL MILLS LIMITED** ("the Company") as at December 31, 2016 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. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2016 and December 31, 2015 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, 2016.

**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**

The condensed interim financial information of the company have been prepared on going concern basis, despite of the facts that the Company has close down its yarn manufacturing operation in October, 2007 and production activities remained suspended. The electric power generation and its sale were also suspended in August, 2012. The management has disposed off the assets of the Company including land, building, plant & machinery to payoff

its major debts. No operations have been carried out by the company. Furthermore, the company has not prepared any detailed business plans including profit or cash flow projection for an appropriate period subsequent to the reporting date. The forgoing conditions indicate material uncertainty which cast a significant doubt on company ability to continue as a going concern.

The significance of matters discussed in preceding paragraph, lead us to believe that going concern assumption used in preparation of the financial statements of the company is inappropriate: consequently the assets and liabilities should have been stated at their realizable and settlement amount respectively.

#### **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, 2016; 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.**  
Chartered Accountants  
Engagement Partner: **Ahsan Elahi Vohra - FCA**

Karachi  
Dated: February 27, 2017

**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 2nd quarter/half year ended 31st December, 2016.

**1. Sales**

There is no sale/purchase or manufacturing activity during the period as compared to the corresponding period sale of Rs. Nil

**2. Gross profit**

The company has no gross profit/(loss) for the period.

**3. Pre-Tax profit**

Company's pretax profit for the reported period is Rs.3.89 million.

**4. Earnings per share**

The earning per share for the period is Rs.0.30

**5. Financial position**

Due to small trading activity, financial position of the company is improving slightly.

**6. Current and future summary and prospects**

Cotton prices in the country are not stable due to cotton crop failure. Textile industry is in crises due to inflation, power shortage, social disruption, mark up rates and adverse government policies. The board has focused on other business dimensions by addition of new business object clauses in the Memorandum of Association of the company. Board is in the process of new business set up with corporate restructuring. After change in object clauses management has been able to execute its future business plan conveniently and advantageously for the revival of the company. Negotiation with banks and prosperous investors for new business plan are also in process.

**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 Pakistan 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, 2017

**HAJI MOHAMMAD ISMAIL MILLS LIMITED  
CONDENSED INTERIM BALANCE SHEET  
AS AT DECEMBER 31, 2016 (UN-AUDITED)**

	Note	December 31, 2016 Rupees (Un-Audited)	June 30, 2016 Rupees (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Long term deposits		50,000	50,000
Deffered tax		3,303	-
<b>CURRENT ASSETS</b>			
Short term investments		34,263,608	15,069,888
Advances income tax		1,582,128	1,575,719
Trade deposits		-	200,000
Other receivables		6,743,538	9,959,501
Cash and bank balances		10,192,097	23,481,994
		<u>52,781,371</u>	<u>50,287,102</u>
<b>TOTAL ASSETS</b>		<u><b>52,834,674</b></u>	<u><b>50,337,102</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorised Capital</b>			
12,000,000 (2016: 12,000,000) ordinary shares of Rs. 10 each		<u>120,000,000</u>	<u>120,000,000</u>
Issued, subscribed and paid up capital	5	119,750,400	119,750,400
Accumulated loss		<u>(67,409,521)</u>	<u>(70,815,003)</u>
		52,340,879	48,935,397
<b>LONG TERM LIABILITIES</b>			
Deferred Tax		-	33,382
<b>CURRENT LIABILITIES</b>			
Trade and other payables		493,795	1,368,323
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>52,834,674</b></u>	<u><b>50,337,102</b></u>
<b>CONTINGENCIES AND COMMITMENTS</b>	6		

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

CHIEF EXECUTIVE

DIRECTOR

**HAJI MOHAMMAD ISMAIL MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (UN-AUDITED)**

Note	Half year ended		Quarter ended	
	December 31, 2016 Rupees	December 31, 2015 Rupees	December 31, 2016 Rupees	December 31, 2015 Rupees
Profit after taxation	3,613,365	1,566,767	3,080,206	769,568
<b>Other Comprehensive income for the period</b>				
(Loss) / gain on re-measurement on investments available for sale to fair value - net of tax	(207,883)	(1,629,098)	1,693,703	1,573,841
<b>Total comprehensive (Loss) / Profit for the period</b>	<b>3,405,482</b>	<b>(62,331)</b>	<b>4,773,909</b>	<b>2,343,411</b>

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

CHIEF EXECUTIVE

DIRECTOR

**HAJI MOHAMMAD ISMAIL MILLS LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (UN-AUDITED)**

	Note	Half year ended		Quarter ended	
		December 31, 2016 Rupees	December 31, 2015 Rupees	December 31, 2016 Rupees	December 31, 2015 Rupees
Administrative expenses		(1,189,174)	(847,933)	(361,792)	(371,346)
<b>Operating loss</b>		<b>(1,189,174)</b>	<b>(847,933)</b>	<b>(361,792)</b>	<b>(371,346)</b>
Other income		5,080,807	2,814,536	3,484,568	1,317,418
		3,891,633	1,966,603	3,122,776	946,072
Finance cost		(1,350)	(1,580)	(850)	-
<b>Profit before taxation</b>		<b>3,890,283</b>	<b>1,965,023</b>	<b>3,121,926</b>	<b>946,072</b>
Taxation	7	(276,918)	(398,256)	(41,720)	(176,504)
<b>Profit after taxation</b>		<b>3,613,365</b>	<b>1,566,767</b>	<b>3,080,206</b>	<b>769,568</b>
Earning per share - basic and diluted		0.30	0.13	0.26	0.06

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

CHIEF EXECUTIVE

DIRECTOR



**HAJI MOHAMMAD ISMAIL MILLS LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (UN-AUDITED)**

	Half year ended	
	December 31, 2016 Rupees	December 31, 2015 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	3,890,283	1,965,023
<b>Adjustments for:</b>		
Finance cost	1,350	1,580
Fair value adjustment of investment	<b>(244,568)</b>	<b>(1,923,684)</b>
	<b>(243,218)</b>	<b>(1,922,104)</b>
Profit before working capital changes	<b>3,647,065</b>	42,919
<b>(Increase) / Decrease in current assets:</b>		
Short term investment - net	<b>(19,193,720)</b>	2,648,428
Other receivables	<b>3,215,963</b>	3,671,689
	<b>(15,777,757)</b>	6,320,117
<b>(Decrease) in current liabilities:</b>		
Trade creditors, accrued and other liabilities	<b>(874,528)</b>	(79,977)
<b>Cash (used in) /generated from operations</b>	<b>(13,005,220)</b>	6,283,059
Taxes paid	<b>(283,327)</b>	(400,698)
Finance cost paid	<b>(1,350)</b>	(1,580)
	<b>(284,677)</b>	(402,278)
<b>Net cash (used in) /generated from operating activities</b>	<b>(13,289,897)</b>	5,880,781
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(13,289,897)</b>	5,880,781
Cash and cash equivalents at beginning of the period	<b>23,481,994</b>	705,993
Cash and cash equivalents at end of the period	<b>10,192,097</b>	<b>6,586,774</b>

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

CHIEF EXECUTIVE

DIRECTOR

**HAJI MOHAMMAD ISMAIL MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (UN-AUDITED)**

	Issued, subscribed and paid-up capital	Reserves				Total
		Capital		Revenue		
		Share premium	Fair value reserve	Accumulated Losses	Sub total	
		----- Rupees -----				
<b>Balance as at July 01, 2015</b>	119,750,400	6,912,000	(211,186)	(76,108,815)	(69,408,001)	50,342,399
Profit for the period	-	-	-	1,566,767	1,566,767	1,566,767
Other comprehensive loss for the period	-	-	(1,629,098)	-	(1,629,098)	(1,629,098)
Total comprehensive (loss) / income for the period	-	-	(1,629,098)	1,566,767	(62,331)	(62,331)
<b>Balance as at December 31, 2015</b>	<b>119,750,400</b>	<b>6,912,000</b>	<b>(1,840,284)</b>	<b>(74,542,048)</b>	<b>(69,470,332)</b>	<b>50,280,068</b>
<b>Balance as at July 01, 2016</b>	119,750,400	6,912,000	148,941	(77,875,944)	(70,815,003)	48,935,397
Profit for the period	-	-	-	3,613,365	3,613,365	3,613,365
Other comprehensive loss for the period - net of tax	-	-	(207,883)	-	(207,883)	(207,883)
Total Comprehensive (loss) / income for the Period	-	-	(207,883)	3,613,365	3,405,482	3,405,482
<b>Balance as at December 31, 2016</b>	<b>119,750,400</b>	<b>6,912,000</b>	<b>(58,942)</b>	<b>(74,262,579)</b>	<b>(67,409,521)</b>	<b>52,340,879</b>

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

**CHIEF EXECUTIVE**

**DIRECTOR**

**HAJI MOHAMMAD ISMAIL MILLS LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL INFORMATION**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (UN-AUDITED)**

**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 public limited company on October 15, 1987. Shares of the company were subsequently listed on the Pakistan Stock Exchange on November 29, 1994. The registered office of the company is situated at 409-Commerce Centre, Hasrat Mohani Road, Karachi 74200.

- 1.1 The Company has closed down its yarn manufacturing operation in October, 2007 and production activities remained suspended. The electric power generation and its sale were also suspended in August, 2012. The management has disposed off the assets of the Company including land, building, plant & machinery to pay off its major debts .

The management of the company has decided to change the business dimensions of the company from existing to fast moving goods and distribution business. The management has prepared new business plan for distribution business itself or through merger, corporate restructuring or through prosperous investors for revival of the company as sufficient funds are required to implement new business plan. The management is also negotiating with financial institutions for financing of the proposed business plan. In view of the new business dimensions, the company shall remain as a going concern company.

**2 BASIS OF PREPARATION**

- 2.1 This condensed interim financial information of the Company for the half year ended December 31, 2016 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information does not include all the information required for the full financial statements and therefore should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2016.

- 2.2 This condensed interim financial information is presented in Pak Rupees which is also the Company's functional currency and figures presented in this condensed interim financial information has been rounded off to the nearest rupee.

- 2.3 This condensed interim financial information is unaudited. However, a limited scope review of this condensed interim financial information has been performed by the external auditors of the Company in accordance with the requirements of clause (xix) of the Code of Corporate Governance. This condensed interim financial information is being submitted to the shareholders as required by section 245 of the Companies Ordinance 1984.

The comparative balance sheet presented has been extracted from annual financial statements for the year ended June 30, 2016, whereas comparative condensed profit and loss account, condensed interim statement of other comprehensive income, condensed cash flow statement and condensed statement of changes in equity are stated from the unaudited condensed interim financial information for the six month ended December 31, 2015.

### 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, estimates, judgments and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of annual audited financial statements of the Company for the year ended June 30, 2016.

### 4 FINANCIAL RISK MANAGEMENT

The Company's financial risk objectives and policies are consistent with those disclosed in the annual audited financial statements as at and for the year ended June 30, 2016.

### 5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

	(Unaudited) December 31, 2016	(Audited) June 30, 2016
9,576,240 (June 30, 2016: 9,576,240) Ordinary shares of Rs.10 each fully paid in cash	95,762,400	95,762,400
2,398,800 (June 30, 2016 : 2,398,800) Ordinary shares of Rs.10 each issued as bonus share	23,988,000	23,988,000
	<u>119,750,400</u>	<u>119,750,400</u>

### 6 CONTINGENCIES AND COMMITMENTS

#### Contingencies

Letter of guarantee issued

-	200,000
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#### Commitments

There is no commitments as at December 2016 (2016: NIL)

(Unaudited) December 31, 2016	(Unaudited) December 31, 2015
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### 7 TAXATION

Current Tax

(276,918)	(398,256)
<u>(276,918)</u>	<u>(398,256)</u>

**8 DATE OF AUTHORISATION FOR ISSUE**

These financial information have been authorised for issue on February 27, 2017 by the Board of Directors of the Company.

**9 GENERAL**

Figures have been rounded off to the nearest rupee.

**CHIEF EXECUTIVE**

**DIRECTOR**