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**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 –Non Executive Mr. Farrukh Shafiq - Non Executive Mr. Amer Zaheer - Non Executive
Audit Committee	Mr. Mohammad Sadiq- Chairman Mr. Mohammad Irfan Mr. Farrukh Shafiq
Human Resource & Remuneration Committee.	Mr. Muhammad Sarfraz- Chairman 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

## **VISION STATEMENT**

The primary vision is to re-establishing the company in the market, both local and international as quality yarn producer and power generator.

## **MISSION STATEMENT**

The company has taken on a mission to set up yarn producing and power generation unit, improve its profitability and meet its commitments with customers, creditors, employees and give a fair return to its shareholders while complying with the best practices of Corporate Governance.

**HAJI MOHAMMAD ISMAIL MILLS LTD**  
**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 34th Annual General meeting of the shareholders will be held at 409 Commerce Centre, Hasrat Mohani Road, Karachi on Wednesday the 29th October, 2014 at 10.30 a.m. to transact the following business.

1. To confirm the minutes of the last EOGM held on 31<sup>st</sup> March, 2014
2. To receive, consider and adopt the report of Directors, Auditors and the audited accounts of the company for the year ended June 30,2014
3. To appoint the auditors for the year ending 30<sup>th</sup> June, 2015 and fix their remuneration. The retiring auditors M/s. Naveed Zafar Ashfaq Jaffery & Co. Chartered Accountants being eligible, offers themselves for reappointment.
4. To consider any other business with the permission of the Chair.

By order of the Board  
Company Secretary

Karachi: October 03, 2014

Notes:

1. The share transfer books of the company will remain closed from 23rd October 2014 to 29th October 2014 (both days inclusive)
2. A member entitled to attend and vote at this meeting may appoint to a member as his/her proxy to attend, speak and vote on his/her behalf. Proxies in order to be effective must be received by the company at the registered office not less than 48 hours before the meeting.
3. Any individual, beneficial owner of CDC, entitled to attend and vote at this meeting, must bring his/her original NIC or Passport, Account No. and participant's I.D number, to prove his/her identity, and in case of proxy must enclose an attested copy of his/her NIC or Passport.
4. In case of corporate entity, the board of directors' resolution/power of attorney with specimen signature of nominee/proxy shall be required.
5. Shareholders are requested to notify any change in their address immediately.

## HAJI MOHAMMAD ISMAIL MILLS IMITED DIRECTORS' REPORT TO THE SHARE HOLDERS

The Directors have pleasure in submitting their 34th annual report to the member's alongwith audited accounts for the year ended June 30, 2014.

### AN OVERVIEW

Over all condition of the textile industry is not good due to heavy load shedding of electric, gas and deteriorating law and order situation. Higher inflation in the country is another major cause of concern. Cost of production is increasing day by day due to higher inflation. It is also affecting the competitiveness of textile products in the international market.

### MATERIAL CHANGES

Due to above adverse factors, court cases and non-clearance of CIB report, bankers have not acknowledged our request to finance the company for revival. On the other hand financial cost and expected operating loss was mounting. The management sold out the entire undertaking of the company and settle the liabilities of the creditors except a bank which has been settled after close of the reported financial year. Legal formalities are being completed to withdraw cases against each other.

### OPERATING RESULTS

The financial results have been as follows:

	2014	2013
Sales	–	Rs.1,587,167
Profit/ (Loss) before taxation	Rs.2,108,856	Rs.(38,809,071)

### FINANCE COST

Finance cost is very meager as company has settled its liabilities with most of its banks/creditors.

### TAXATION

Income tax assessments are all upto date.

### EARNING PER SHARE

The earning per share is Rs. 0.13

## CURRENT AND FUTURE OUTLOOK

There was pressure from the banks and financial institutions to settle their dues. Suits were filed against each other. Expecting operational losses management sold out the entire undertaking of the company during last year and settled the liabilities of the creditors except a bank. Negotiation with the said bank has been succeeded after the close of reported financial year. Due to pending litigation and non-availability of funds, management could not prepare future business plan as the quantum of available funds was not known and no positive response is being received from banks.

Allhamdulillah we are expecting that our CIB report will be cleared soon and management will be able to negotiate with financial institutions for financing. A huge amount is required for setting up a new unit of spinning of yarn with self-power generation to avoid load shedding and make the proposed project viable. All future business plans depend on financing from banks. Management is also looking for better investment opportunities with small capital available in hand for the better interest of its members.

## DIVIDEND

Due to shortage of funds, the directors have not recommended payment of any dividend.

## OUTSTANDING STATUTORY PAYMENT

There are no overdue statutory payments.

## CHANGES IN THE BOARD OF DIRECTORS

There were three changes in the board of directors during the year.

## MEETING OF BOARD OF DIRECTORS

Five board meetings were held during the year and each director attended the following number of meetings.

<b><u>Name of Directors</u></b>	<b><u>No. of meetings</u></b>
Mr. Najeeb Mushtaq Vohra	5
Mr. Muhammad Sarfraz	5
Mr. Mohammad Irfan	4
Mr. Muhammad Sadiq	4
Mr. Gulzar Siddiq	2
Mr. Farrukh Shafiq	2
Mr. Amer Zaheer	1

Leave of absence was granted to the directors who could not attend some of the meetings.

## ENVIRONMENT, HEALTH, SAFETY AND SOCIAL ACTIONS

The company provides and maintains, so far as reasonably practicable social action plan, working conditions which are safe and without risk to the health of all employees and public.

PATTERN OF SHARE HOLDING IS ANNEXED TO THIS REPORT.

During the year under review, there was no trading of the company's share by the Chief Executive, Directors, Chief Financial Officer and Company Secretary, their spouses and minor children.

KEY OPERATING AND FINANCIAL RESULTS FROM 2009 TO 2014 ARE ANNEXED TO THIS REPORT

## AUDITORS

The present auditors of the company M/s. Naveed Zafar Ashfaq Jaffery & Co., Chartered Accountants retires and being eligible, offer themselves for reappointment as auditors for the year ending June 30, 2015.

## CORPORATE GOVERNANCE

We are pleased to inform you that the company has taken necessary steps to comply with the provisions of the Code of Corporate Governance as incorporated in the regulations of Stock Exchanges.

## STATEMENT OF DIRECTORS RESPONSIBILITIES UNDER THE CODE OF CORPORATE GOVERNANCE.

The board of directors have pleasure to inform you that the Company has taken necessary steps to comply with the provisions of the Code of Corporate Governance as incorporated in the listing regulations of the Stock Exchanges. Statement of Compliance with the Code of Corporate Governance is annexed. The Company complies with the Code in the following manner.

- a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- b) Proper books of accounts of the company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.

- d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed and explained.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) Due to settlement with banks and applications to financial institutions for loan for proposed future business plan, there are no significant doubts upon the Company's ability to continue as a going concern.
- g) There has been significant deviation from last year in operating results of the company.
- h) We have prepared and circulated a statement of ethics and business strategy among directors and employees for their acknowledgement, understanding and acceptance.
- i) The board of directors has adopted a mission statement and a statement of overall corporate strategy.
- j) Due to change of three directors during the year and sale of entire undertaking, of the company, board deferred training program of its directors and arranged in house orientation programme for the board.
- k) As required by the Code of Corporate Governance, we have included the following information in this report:

- Statement of pattern of shareholding
- Statement of shares held by associated undertaking and related parties
- Statement of the board meetings held during the year and attendance by each director
- key operating and financial statistics for last six years

There was no trading during the year in the company's share by its Directors, CEO, CFO, Company Secretary, Executives and their spouse and minor children.

## AUDIT COMMITTEE

The Board, in compliance to the Code of Corporate Governance, has formed an Audit Committee. Four meetings of the committee were held during the year. Following directors are its members. All meeting were attended by them.

- |                       |   |          |
|-----------------------|---|----------|
| 1. Mr. Mohammad Sadiq | - | Chairman |
| 2. Mr. Mohammad Irfan | - | Member   |
| 3. Mr. Farrukh Shafiq | - | Member   |

The term of reference of the Audit Committee are based on the scope as defined by the Securities and Exchange Commission of Pakistan (SECP) in CCG 2012 and the guidelines given by the board of directors from time to time to improve the system and procedures.

#### STATEMENT OF ETHICS AND BEST BUSINESS PRACTICES

The Board has prepared the statement of ethics and best business practices which has been circulated to all the directors and employees for their acknowledgement, understanding and acceptance.

#### RELATIONSHIP WITH SHARE HOLDERS


The company reports formally to the shareholders four times a year all its financial results alongwith directors review on the operations and future outlook of the company. All the interim and final reports are sent to The Karachi Stock Exchange and at the registered addresses of the shareholders.

In addition to the above, company sends its annual report and formal notification for holding Annual General Meeting at least 21days in advance to facilitate the shareholders to participate in the meeting.

#### ACKNOWLEDGEMENTS

The Board acknowledges the hard work and efforts of the staff and hopes that this will continue in the forthcoming years. The Board also acknowledges ongoing support from its bankers.

For and on behalf of the Board

  
Chief Executive

Karachi: October 02, 2014

# **HAJI MOHAMMAD ISMAIL MILLS LIMITED**

## **STATEMENT OF ETHICS AND BUSINESS PRACTICES**

As approved by the Board of Directors, the entire Management of Haji Mohammad Ismail Mills Limited is hereby advised to follow the under mentioned principles for excellent performance in the attempt to achieve the objectives of the company.

### **AS DIRECTOR**

- a. Commit to all the necessary and appropriate resources.
- b. Foster a conducive environment through responsive policies.
- c. Maintain organizational effectiveness for the achievement of targets.
- d. Encourage and support compliance of legal and industrial requirements.
- e. Protect the interest of the company and employees.
- f. Avoid making any personal gain at the cost of the company.

### **AS EXECUTIVE AND MANAGER**

- g. Protect the interest of the company and management.
- h. Ensure increase in productivity and profitability of the company.
- i. Provide the direction and leadership to the organization.
- j. Ensure total customer satisfaction through quality product and services.
- k. Promote a culture of excellence, devotion and continual improvement.
- l. Cultivate work ethics and harmony among colleagues and associates.
- m. Encourage initiatives and self-realization of responsibilities in juniors.
- n. Ensure as equitable way of working and reward system.

### **AS EMPLOYEE AND STAFF**

- o. Devotion to your job.
- p. Abide by company's policies and regulations.
- q. Promote and protect the interest of the company.
- r. Exercise prudence and honesty in using company's resources.
- s. Observe cost effective practices in daily activities.
- t. Avoid making any personal gain at the cost of the company.

### **BRIBERY**

- u. The payment of bribes, kickbacks in cash or kind to obtain business or otherwise for the company is strictly prohibited.

### **FINANCIAL INTEGRITY**

- v. Compliance with accepted accounting rules and procedure is required at all times.
- w. All information supplied to all concerns must be complete and not misleading.
- x. The company will not knowingly assist fraudulent activities. If you have any reason to believe that fraudulent activities are taking place within the company or outside where we do business, you must inform the management immediately.

**HAJI MOHAMMAD ISMAIL MILLS LIMITED**  
**KEY OPERATING & FINANCIAL RESULTS**  
**FOR THE YEARS 2009-2014**

<b>OPERATING DATA</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Sales	-	1,587,167	22,655,143	27,910,835	27,900,294	93,431,585
Cost of goods sold	-	2,672,940	28,036,803	27,106,342	27,466,807	94,091,551
Gross profit/(loss)	-	(1,085,773)	(5,381,660)	804,493	433,487	(659,966)
Operating Profit/(loss)	2,108,856	(37,855,432)	(4,820,186)	4,028,670	(1,116,734)	(3,304,343)
Profit/(loss) before Taxation	2,108,856	(38,809,071)	(5,600,521)	(388,878)	(5,322,387)	(13,266,454)
Profit/(loss) after Taxation	1,522,572	(38,809,071)	(5,600,521)	(1,296,903)	1,923,342	(18,029,041)
<b>FINANCIAL DATA</b>						
Paid up capital	119,750,400	119,750,400	119,750,400	119,750,400	119,750,400	119,750,400
Equity balance	46,336,470	43,987,492	68,844,015	74,077,580	70,612,286	65,434,333
Fixed assets	-	-	212,828,425	204,145,629	204,614,258	210,696,634
Current assets	53,664,717	52,376,024	58,096,462	46,504,705	46,343,402	43,591,390
Current liabilities	7,378,247	8,999,463	103,768,946	73,199,302	62,825,367	59,377,666
<b>KEY RATIOS</b>						
Gross margin	-	(68.41)	(23.75)	2.88	1.55	(0.71)
Operating Margin	-	(2,385.09)	(21.28)	14.43	(4.00)	(3.54)
Net Profit/(Loss)	25.93	(2,445.18)	(24.72)	(4.65)	6.89	(19.30)
Return on capital employed	3.29	(88.23)	(8.14)	(1.75)	2.72	(27.55)
Current ratio	0.14	0.17	1.79	1.57	1.36	1.36
Earning per share(Rs)	0.13	(3.24)	(0.47)	(0.11)	0.16	(1.51)
Cash dividend	-	-	-	-	-	-
<b>STATISTICS</b>						
Number of rotors	-	-	2,232	2,232	2,232	2,232
Production into 10/s	-	-	-	-	-	-
Count ( in Kg's)	-	-	-	-	-	-

Statement of Compliance with the Code of  
Corporate Governance  
[See clause (XI)]

Name of Company: HAJI MOHAMMAD ISMAIL MILLS LIMITED

Year Ending: 30th June, 2014

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of listing regulations of Karachi Stock Exchange (Guarantee) Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Directors	Mr.Gulzar Siddiq
Executive Directors	Mr.Najeeb Mushtaq Vohra Mr.Muhammad Sarfraz
Non-Executive Directors	Mr.Muhammad Sadiq Mr.Muhammad Irfan Mr.Amer Zaheer Mr.Farukh Shafiq

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFII or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Three casual vacancies occurred on the board during the year have been filled.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The board arranged in house orientation programs for its directors during the year. The company has on its board one director who is exempt from training.
10. No new appointment of CFO, Company Secretary and Head of Internal Audit has been made during the year.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is an Executive director.
18. The board has set up an effective internal audit function with suitable qualified and experienced personal which are involved in the internal audit of the company.
19. The statutory auditors of the company have confirmed that at the time of their appointment they had a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other applicable material principles contained in the CCG have been complied with.



NAJEEB MUSHTAQ VOHRA  
Chief Executive

Karachi: October 2, 2014

**REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH  
BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE**

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Haji Mohammad Ismail Mills Limited** ("the Company"), to comply with the Listing Regulations of the Karachi Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of the audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Boards statement on internal control covers all risks and control, or to form an opinion on the effectiveness of such internal controls, the company corporate governance procedures and risks.

Further, Sub-Regulation (xiii a) of Listing Regulations 35 notified by the Karachi Stock Exchange Limited requires the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in the arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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Based on our review, except for the note 9 of non-compliance, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2014.

Further, we highlight below instance(s) of non-compliance with the requirement(s) of the Code as reflected in the note/paragraph reference where these are stated in the Statement of Compliance:

- As disclosed in point 9 of the statement, none of the directors have obtained certification under directors training program and Board did not arranged orientation courses for its directors during the financial year to apprise them of their duties and responsibilities as required under clause (xi) of the code.

Karachi

Date: 02 OCT 2014

  
**Naveed Zafar Ashfaq Jaffery & Co.**  
Chartered Accountants  
Engagement Partner: **Ahsan Elahi Vohra-FCA**

## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Haji Mohammad Ismail Mills Limited** ("the Company") as at June 30, 2014 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 above said statements. We believe that our audit provides a reasonable basis for our opinion, we report that:

- i. The financial statements of the Company have been prepared on going concern basis, despite of the facts that 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. No further business activities have been carried out by the company. Furthermore, the Company has not prepared any detailed business plan including profit or cash flow projection for an appropriate period subsequent to the reporting date. The foregoing conditions indicate material uncertainty which cast a significant doubt on the Company's ability to continue as a going concern.

The significance of matters discussed in the preceding paragraph, lead us believe that the 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.

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**In our opinion:**

- a. 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 ;
- b. the expenditure incurred during the year was for the purpose of the Company's business; and
- c. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- d. due to significance of the matter referred to in paragraph (I) above, in our opinion and to the best of our information and according to the explanations given to us, the financial statements together with the notes have not been prepared in all material respect as at June 30, 2014 and of its profit, comprehensive income, its cash flow and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and do not give the information required by the Companies Ordinance, 1984.
- e. no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

  
Naveed Zafar Ashfaq Jaffery & Co.  
Chartered Accountants  
Engagement Partner: **Ahsan Elahi Vohra - FCA**

Karachi

Dated: **02 OCT 2014**

**HAJI MOHAMMAD ISMAIL MILLS LIMITED**  
**BALANCE SHEET**  
**AS AT JUNE 30, 2014**

	Note	2014 Rupees	2013 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Long term deposits		50,000	610,931
<b>CURRENT ASSETS</b>			
Trade debts	5	-	5,198,409
Short term investments	6	47,120,267	188,200
Advances income tax	7	1,326,636	1,323,998
Trade deposits and short term prepayments	8	200,000	5,900,000
Other receivables	9	4,382,852	4,274,396
Cash and bank balances	10	634,962	35,491,021
		<u>53,664,717</u>	<u>52,376,024</u>
<b>TOTAL ASSETS</b>		<b><u>53,714,717</u></b>	<b><u>52,986,955</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorised Capital</b>			
12,000,000 (2013: 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	11	119,750,400	119,750,400
Reserves		<u>(73,413,930)</u>	<u>(75,762,908)</u>
		46,336,470	43,987,492
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	1,700,082	3,837,477
Mark-up on loans	13	-	1,008,153
Current portion of long term loans	14	5,678,165	4,153,833
		<u>7,378,247</u>	<u>8,999,463</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>53,714,717</u></b>	<b><u>52,986,955</u></b>
<b>CONTINGENCIES AND COMMITMENTS</b>	15		

The annexed notes from 1 to 30 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

**HAJI MOHAMMAD ISMAIL MILLS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Note	2014 Rupees	2013 Rupees
Sales	16	-	1,587,167
Cost of sales	17	-	(2,672,940)
<b>Gross (loss)</b>		-	<b>(1,085,773)</b>
<b>Operating expenses</b>			
Administrative expenses	18	(1,673,073)	(1,987,140)
Other expenses	19	(1,570,533)	(38,966,259)
Other income	20	5,871,483	4,183,740
Finance cost	21	(519,021)	(953,639)
		2,108,856	(37,723,298)
<b>Profit / (Loss) before taxation</b>		<b>2,108,856</b>	<b>(38,809,071)</b>
<b>Taxation</b>			
Current	22	(586,284)	-
<b>Profit / (Loss) after taxation</b>		<b>1,522,572</b>	<b>(38,809,071)</b>
Earning / (Loss) per share-basic and diluted	23	<b>0.13</b>	<b>(3.24)</b>

The annexed notes from 1 to 30 form an integral part of these financial statements.

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**CHIEF EXECUTIVE**



**DIRECTOR**

**HAJI MOHAMMAD ISMAIL MILLS LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Note	2014 Rupees	2013 Rupees
<b>Profit / (Loss) after taxation</b>		1,522,572	(38,809,071)
<b>Other Comprehensive income for the year</b>			
Surplus arising of re-measurement of available for sales investment	6	826,406	-
<b>Total comprehensive profit / (loss) for the year</b>		<u><u>2,348,978</u></u>	<u><u>(38,809,071)</u></u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

  
CHIEF EXECUTIVE

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DIRECTOR

**HAJI MOHAMMAD ISMAIL MILLS LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Note	2014 Rupees	2013 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit / (Loss) before taxation		2,108,856	(38,809,071)
<b>Adjustments for non cash charges and other items</b>			
Provision for gratuity		-	89,697
Finance cost	21	519,021	953,639
Provision for doubtful debts	5	198,409	-
Gain on disposal of held for sales assets including unrealized gain		-	(6,010,359)
Loss on reclassification of assets held for sales		-	567,705
Loss on disposal of held for sale assets		-	56,703,227
Long-term deposit written off		560,931	-
Fair value adjustment of investment		826,406	(118,096)
		2,104,767	52,185,813
Profit before working capital changes		<b>4,213,623</b>	<b>13,376,742</b>
<b>(Increase)/decrease in current assets:</b>			
Stocks, stores and spares		-	6,010,359
Trade debts		5,000,000	30,424,270
Short term investment - net		(46,932,067)	-
Loan and advances		-	30,000
Trade deposits and short term prepayments		5,700,000	3,755,558
Other receivables		(108,456)	(2,338,852)
		<b>(36,340,523)</b>	<b>37,881,335</b>
<b>Increase / (decrease) in current liabilities:</b>			
Trade creditors, accrued and other liabilities		(2,137,395)	(49,551,329)
<b>Cash (used in) / generated from operations</b>		<b>(34,264,295)</b>	<b>1,706,748</b>
<b>Payments for:</b>			
Taxes paid		(588,922)	(405,407)
Gratuity paid		-	(379,120)
Finance cost paid		(2,842)	(1,986,858)
		(591,764)	(2,771,385)
<b>Net cash (used in) / generated from operating activities</b>		<b>(34,856,059)</b>	<b>(1,064,637)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchased of plant and machinery		-	(2,924,221)
Proceeds from disposal of fixed assets		-	111,192,291
<b>Net cash generated from investing activities</b>		<b>-</b>	<b>108,268,070</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>			
Increase / (Decrease) in long term loan		-	(69,314,726)
Short term loan		-	(6,251,311)
<b>Net cash (used in) financing activities</b>		<b>-</b>	<b>(75,566,037)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(34,856,059)</b>	<b>31,637,396</b>
Cash and cash equivalents at beginning of the year		35,491,021	3,853,625
Cash and cash equivalents at end of the year	10	<b>634,962</b>	<b>35,491,021</b>

The annexed notes from 1 to 30 form an integral part of these financial statements.

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**CHIEF EXECUTIVE**

  
**DIRECTOR**

**HALI MOHAMMAD ISMAIL MILLS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Issued, subscribed and paid-up capital	Reserves				Total
		Capital Share premium	Accumulated Losses	Revenue Reverse for assets classified as Held for Sales	Sub total	
<b>Balance as at July 01, 2012</b>	119,750,400	6,912,000	(57,818,385)	-	(50,906,385)	68,844,015
Total Comprehensive Loss for the year	-	-	(38,809,071)	-	(38,809,071)	(38,809,071)
Unrealized gain on assets classified as held for sale	-	-	-	20,531,072	20,531,072	20,531,072
Realized gain as a result of disposal of assets held for sale	-	-	-	(20,531,072)	(20,531,072)	(20,531,072)
Deferred Tax realized pertains to surplus on revaluation	-	-	13,952,548	-	13,952,548	13,952,548
<b>Balance as at June 30, 2013</b>	<b>119,750,400</b>	<b>6,912,000</b>	<b>(82,674,908)</b>	<b>(75,762,908)</b>	<b>(75,762,908)</b>	<b>43,987,492</b>
Total Comprehensive income for the year	-	-	2,348,978	-	2,348,978	2,348,978
<b>Balance as at June 30, 2014</b>	<b>119,750,400</b>	<b>6,912,000</b>	<b>(80,325,930)</b>	<b>(73,413,930)</b>	<b>(73,413,930)</b>	<b>46,336,470</b>

The annexed notes from 1 to 30 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

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**HAJI MOHAMMAD ISMAIL MILLS LIMITED**  
**NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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**1 THE COMPANY AND ITS OPERATIONS**

- 1.1** 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 Karachi Stock Exchange on November 29, 1994.
- 1.2** Due to adverse factors and non-clearance of CIB report, bankers are reluctant to finance the company for setting up new unit. Liabilities of the creditors have been settled during the year except with a bank. Negotiation with the said bank was continue. Deal has been finalized amicably outside the court after the close of financial year. Formalities are being completed to withdraw the cases against each other. After settlement with the bank we will be able to decide future business plan looking the available funds in hand and business opportunities with small capital.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives prevail.

**2.2 Amendments / interpretation to existing standard and forthcoming requirements**

**a) Standards, amendments or interpretations which became effective during the year**

Standards, amendments to published standards and interpretations that are effective in year beginning from July 01, 2013 and are relevant to the company:

- IAS 1, 'Financial statement presentation' regarding other comprehensive income, emphasises on the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The application of the amendment has not affected the results or net assets of the Company as it is only concerned with presentation and disclosures.
- IAS 16 *Property, Plant and Equipment* is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. Applicable to annual periods beginning on or after January 1, 2013.
- IAS 28 "Investments in Associates and Joint Ventures", applicable to annual reporting periods beginning on or after January 1, 2013.
- IAS 32 *Financial Instruments: Presentation - Applicable to annual periods beginning on or after 1 January 2013* , is amended to clarify that IAS 12 *Income Taxes* applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction.
- IFRS 12, 'Disclosure of interests in other entities', effective for annual periods beginning on or

after January 1, 2013.

- IFRS 13, 'Fair value measurement', effective for annual periods beginning on or after January 1, 2013.
- IAS 19 (revised) 'Employee Benefits' has eliminated the corridor approach and requires to calculate finance cost on net funding bases. The Company has applied this change in accounting policy retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and recorded unrecognized actuarial losses net of taxes associated with retirement benefit plan by adjusting the opening balance of unappropriated profit and retirement benefit for the prior years presented.

**b) New / revised accounting standards, amendments to published accounting standards and interpretations that are not yet effective:**

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The interpretation is not likely to have an impact on Company's financial statements.
- Amendments to IAS 27 'Separate Financial Statements' (effective for annual period beginning on or after 1 January 2016). The amendments to IAS 27 allow entities to use equity method to account for its investment in subsidiaries, joint ventures and associates in the Separate Financial Statements. Management is currently evaluating the implication of the amendment.
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement. The amendments are not likely to have an impact on Company's financial statements.
- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.
- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.
- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" Continuing hedge accounting after derivative novation (effective for annual periods beginning on or after 1 January 2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.
- Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:
  - IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.
  - IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.
  - IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.
- Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.
- IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.
- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. These are not expected to have any impact other than increased disclosures.
- IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess

whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.
- Securities and Exchange Commission of Pakistan (SECP) vide SRO 633(1)/2014 dated 10th July 2014 has approved the below IFRSs:
  - IFRS 10 'Consolidated Financial Statements'
  - IFRS 11 'Joint Arrangements'
  - IFRS 12 'Disclosure of interests in other entities'
  - IFRS 13 'Fair Value Measurement'

### **3 BASIS OF MEASUREMENT**

**3.1** These financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments at fair value and recognition of certain employee retirement benefits at present value.

**3.2** The company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

#### **Provision for taxation**

The company takes into account the current income tax law and decisions taken by the appellate authorities. Instances where the company's view differs from the view taken by the income tax department at the assessment stage and where the company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

#### **Staff retirement benefits - gratuity**

Certain actuarial assumptions have been adopted as disclosed in relevant note to the financial statements for valuation of present value of defined benefit obligation. Any changes in these assumptions in future year might affect unrecognized gains and losses in those years.

## **Financial instruments**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on assumptions that are dependent on market conditions existing at balance sheet date.

## **Property, plant and equipment**

The company reviews recoverable amount, useful life, residual value and possible impairment on an annual basis. Any changes, if material in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

## **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **4.1 Staff retirement benefit**

#### **Defined benefit plan**

The company operates as unfunded gratuity scheme covering for all its permanent employees who have attained the minimum qualifying period for entitlement to the gratuity.

Provision is made annually to cover the obligation on the basis of actuarial valuation and charged to income. The most recent actuarial valuation was carried on June 30, 2013 using the Projected Unit Credit Method.

Actuarial gains and losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses for the plan at the end of previous reporting exceeds 10 percent of the present value of defined benefit obligation at that date.

### **4.2 Taxation**

#### **Current**

Provision for current taxation is made on the taxable income, if any, after taking into account tax credit and tax rebate available.

#### **Deferred**

Deferred tax is provided in full using the balance sheet liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

The carrying amount of all deferred tax assets are reviewed at each balance sheet date and reduced to the extent, if it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

Deferred income tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

### **4.3 Trade and other payables**

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

#### **4.4 Provisions**

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of past event, and it is probable that an outflow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

#### **4.5 Property, plant and equipment**

##### **Owned assets**

Property, plant and equipment are stated at cost or revalued amount less accumulated depreciation and impairment loss, if any except freehold land which is stated at revalued amount. Depreciation is calculated on straight line method to write-off the cost or revalued amount of assets, less their residual values, over their expected useful lives. Remaining useful lives of significant assets and their residual values are reviewed periodically and changes in estimates arising from such review is accounted for in current and future years.

Depreciation on additions during the year is charged on pro-rata basis when the asset is acquired or capitalized. Similarly the depreciation was charged on additions and no depreciation was charged on deletion during the period.

In the year of revaluation depreciation is charged after the date of valuation until the year end. Gain or Loss on disposal of property, plant and equipments are included in operating income. Normal repairs and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalized.

##### **Assets subject to finance lease**

Assets held under finance leases are stated at lower of present value of minimum lease payments under the lease agreement and the fair value of assets acquired on lease. Aggregate amount of related obligations under the lease less financial charges allocated to future payments are shown as liability. The financial charges are allocated to accounting period in a manner to provide constant periodic rate of charge on the outstanding liability. Assets acquired under finance lease are depreciated apply straight-line method on a basis similar to owned assets. Depreciation of leased assets is charged to income currently.

#### **4.6 Impairment**

At each balance sheet date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

If the recoverable amount of an asset is estimated to be less than its carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

#### **4.7 Capital Work-in-progress**

Capital work-in-progress (CWIP) is stated at cost. All expenditures connected to the specific assets incurred during installation and construction period are carried under CWIP. These are transferred to specific assets as and when assets are ready for their intended use.

#### **4.8 Investment**

The management determines the appropriate classification of its investment in accordance with the requirements of International Accounting Standard (IAS 39) Financial Instrument: Recognition and measurement at the time of the purchase and classifies these investments as fair value through profit or loss account, held to maturity or available for sale.

##### **(a) Financial assets at fair value through profit or loss account**

Investments that are acquired principally for the purpose of generating profit from short term fluctuation in prices are classified as “fair value through profit or loss account”. These investments are initially recognised at cost and transaction cost associated with the investment are taken directly to profit and loss account. Subsequent to initial measurement, investments at fair value through profit or loss are marked to market, using the closing market rates at the end of each day and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these investments, based on the quoted market rates ruling at the day-end, are taken to profit and loss account.

##### **(b) Held to maturity**

Held to maturity investments are financial assets with fixed or determinable payments and fixed maturities that the company’s management has the positive intent and ability to hold to maturity.

##### **(c) Available for sale**

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices, are classified as “available for sale” These investments are initially recognized at cost which includes transaction cost which includes transaction costs associated with the investment. Subsequent to initial measurement, “available for sale” investments are revalued and are remeasured at fair value. Net gains and losses arising on changes in fair values of these investments are taken to shareholder’s equity.

All purchases and sales of investments that required delivery within the time frame established by regulation or market convention (“regular way” purchases and sales) are recognised at trade date, which is the date that the company commits to purchase or sale the asset. All other purchases and sales are recognised as derivative forward transactions until settlement occurs.

Investments are derecognized when the right to received cash flows from the investments have expired, have been realized or transferred and the company has transferred substantially all risk and rewards of ownership.

Impairment of investments is recognised when there is a permanent diminution in their values.

#### **4.9 Stores, spares and loose tools**

These are valued at cost or net realizable value whichever is less. Cost is determined by moving average method. Items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges incurred.

#### **4.10 Stock in trade**

Stock in trade are valued at lower of average cost and net realizable value applying the following basis.

##### **Raw material**

At average cost except those in transit which are stated at actual cost

##### **Work in process and finished goods**

Cost of direct material and a proportion of manufacturing overhead based on normal capacity

##### **Waste**

At net realizable value

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily incurred in order to make the sale.

#### **4.11 Foreign currencies**

Transactions in foreign currency are recorded in Rupees at rates of exchange prevailing at the date of transaction. All monetary assets and liabilities in foreign currency are re-translated at exchange rate prevailing on the balance sheet date. All exchange differences are accounted for in income currently.

#### **4.12 Cash and cash equivalents**

Cash and cash equivalents comprises of cash in hand and bank balances.

#### **4.13 Financial instruments**

Financial instruments carried at the balance sheet date include trade debts, loans and advances, trade deposits, other receivables, cash and bank balances, long term financing, short term borrowings, trade and other payables and interest/mark-up on loans. Financial assets and liabilities are recognized when the company becomes a party to the contractual provisions of the instrument and derecognized when the company loses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified into the contract is discharged, cancelled or expired.

#### **4.14 Off setting of financial assets and financial liabilities**

A financial asset and a financial liability is off set and the net account is reported in the balance sheet if the company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

#### **4.15 Trade debts**

Trade Debts are carried at original invoice less an estimate made for doubtful debts based on a review of all out standing amounts at the year end. Bad debts are written off when identified.

#### **4.16 Borrowings**

Financing and borrowings are recorded at the proceeds received. Finance cost are accounted for on accrual basis.

#### **4.17 Trade and other payables**

These are recognised using the trade date accounting and are measured at cost which is the fair value of the consideration to be paid for the goods and services in future.

#### **4.18 Borrowing cost**

Borrowing costs directly attributable to acquisition and construction of qualifying assets are capitalized up to the date of commencement of commercial production. All other borrowing costs are charged to the income.

#### **4.19 Related party transactions and transfer pricing**

Transactions and contracts with related parties are carried out at an arm's length price determined in accordance with the comparable uncontrolled price method.

#### **4.20 Revenue recognition**

Export sales are accounted for on shipment basis and exchange difference, if any on account of export proceeds are adjusted in the period realization. Local sales are recognised on dispatch of goods to the customer. Dividend is recognized as income when the right to receive dividend is established. Profit on deposits is recognized on time proportion basis by reference to the principal outstanding and the applicable rate of return.

#### **4.21 Dividend**

The dividend distribution to the shareholders is recognised as a liability in the period in which it is approved by the shareholders.

	Note	2014 Rupees	2013 Rupees
<b>5 TRADE DEBTORS</b>			
Unsecured		198,409	5,198,409
Less: Provision for doubtful debts		(198,409)	-
		<u>-</u>	<u>5,198,409</u>

<b>6 SHORT TERM INVESTMENT - AVAILABLE FOR SALE</b>		<u>47,120,267</u>	<u>188,200</u>
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2014	2013	Name of the investee company	2014	2014	2014	2013
No of shares / certificates			Market value		Cost	
			Rupees	Rupees		
-	47,050	First equity Modarba	-	188,200	-	358,886
20,000	-	Nishat Power limited	700,200	-	621,468	-
41,400	-	Pakistan petroleum limited	9,022,716	-	9,920,406	-
50,000	-	Askari bank limited	952,000	-	845,013	-
90,000	-	Bank al falah limited	2,496,600	-	2,528,844	-
10,000	-	Century paper and board mills limited	538,700	-	641,102	-
100,000	-	Faisal bank limited	1,616,000	-	1,368,960	-
20,000	-	Oil and gas development company limited	5,085,400	-	5,430,073	-
200,000	-	Pak elektron limited	5,348,000	-	4,729,423	-
100,000	-	Summit bank limited	340,000	-	444,024	-
20,000	-	Engro corporation limited	3,741,200	-	3,992,673	-
5,000	-	Habib sugar mills limited	177,550	-	155,207	-
900	-	Pakistan state oil company limited	344,871	-	394,930	-
75,000	-	Fuji cement company limited	1,449,000	-	1,278,113	-
8,000	-	International industries limited	395,120	-	452,761	-
500,000	-	Lafarge pakistan cement limited	8,095,000	-	6,044,634	-
1,000	-	Engro fertilizers limited	57,880	-	-	-
68,500	-	Pakistan international bulk terminal limited -Lor	985,030	-	1,671,230	-
<b>1,309,800</b>	<b>47,050</b>		<b>41,345,267</b>	<b>188,200</b>	<b>40,518,861</b>	<b>358,886</b>
		Add /(Less):Adjustment arising from re-measurement to Fair value	-	-	826,406	(170,686)
26,860		Pakistan petroleum limited - subscription	5,775,000	-	5,775,000	-
<u>1,336,660</u>	<u>47,050</u>		<u>47,120,267</u>	<u>188,200</u>	<u>47,120,267</u>	<u>188,200</u>

<b>7 ADVANCE INCOME TAX</b>			
Income tax		1,326,636	1,323,998
		<u>1,326,636</u>	<u>1,323,998</u>

<b>8 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>			
Bank guarantee margin		200,000	5,900,000
		<u>200,000</u>	<u>5,900,000</u>

	Note	2014 Rupees	2013 Rupees
<b>9 OTHER RECEIVABLES</b>			
Sales tax		642,103	642,103
Insurance claim receivable		-	1,935,544
Other receivable		3,740,749	1,696,749
		<b><u>4,382,852</u></b>	<b><u>4,274,396</u></b>
<b>10 CASH AND BANK BALANCES</b>			
Cash at bank in current accounts		216,559	33,943,911
Cash in hand		418,403	1,547,110
		<b><u>634,962</u></b>	<b><u>35,491,021</u></b>
<b>11 ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>			
9,576,240 (2013: 9,576,240) Ordinary shares of Rs. 10 each allotted for consideration paid in cash		95,762,400	95,762,400
2,398,800 (2013: 2,398,800) Ordinary shares of Rs.10 each issued as bonus share		23,988,000	23,988,000
		<b><u>119,750,400</u></b>	<b><u>119,750,400</u></b>
<b>11.1</b> 4,353,276 (2013: 4,353,276) Ordinary share held by associate company.			
<b>11.2</b> The Company has issued 1,995,840 right shares.			
<b>11.3</b> The Company has one class of ordinary shares which carry no rights to fixed income.			
<b>12 TRADE AND OTHER PAYABLE</b>			
Creditors		1,551,051	3,695,977
Accrued expenses		149,031	141,500
		<b><u>1,700,082</u></b>	<b><u>3,837,477</u></b>
<b>13 ACCRUED FINANCE COST ON SECURED LOANS</b>			
Long term loan		-	1,008,153
		<b><u>-</u></b>	<b><u>1,008,153</u></b>
<b>14 CURRENT PORTION OF LONG TERM FINANCING</b>			
Banking companies	14.1	5,678,165	4,153,833
		<b><u>5,678,165</u></b>	<b><u>4,153,833</u></b>
<b>14.1 Other Banking Companies</b>			
Opening balance		4,153,833	4,153,833
Transfer adjustment		1,524,332	-
		<b><u>5,678,165</u></b>	<b><u>4,153,833</u></b>

	Note	2014 Rupees	2013 Rupees
<b>15 CONTINGENCIES AND COMMITMENTS</b>			
<b>Contingencies</b>			
Letter of guarantee issued		<u>200,000</u>	<u>5,700,000</u>
<b>Commitments</b>			
There are no commitments as at June 30, 2014 (2013: Nil).			
<b>16 SALES</b>			
Local		<u>-</u>	<u>1,587,167</u>
<b>17 COST OF SALES</b>			
Stores and spares consumed		-	324,695
Salaries, wages and benefits		-	939,685
In house use of electric power and water charges		-	1,316,032
Insurance		-	5,025
Repairs and maintenance		-	87,503
		<u>-</u>	<u>2,672,940</u>

**18 ADMINISTRATIVE EXPENSES**

Salaries, benefits and allowances		425,251	411,603
Remuneration to chief executive	18.1	594,000	504,150
Traveling and conveyance		-	1,810
Printing and stationery		36,750	38,764
Communication expenses		74,928	90,141
Vehicle running and maintenance		-	13,580
Audit fee	18.2	78,000	75,000
Provision for doubtful debt		198,409	
Fees, subscription and periodicals		256,735	843,092
Computer expenses		9,000	9,000
		<u>1,673,073</u>	<u>1,987,140</u>

**18.1 Remuneration To Chief Executives , Directors And Executives**

	2014	2014	2013	2013
	----- Rupees -----			
	<u>Executives</u>	<u>Directors</u>	<u>Executives</u>	<u>Directors</u>
Meeting fee	-	-	-	-
Remuneration	594,000	-	504,150	-
Number of Persons	1	-	1	-

Chief executive and directors have waived their remuneration and meeting fees.

**18.2 Auditors Remuneration**

Half yearly review fee	13,000	10,000
Statutory audit fee	65,000	65,000
	<u>78,000</u>	<u>75,000</u>

	Note	2014 Rupees	2013 Rupees
<b>19 OTHER EXPENSES</b>			
Loss on reclassification/disposal of assets held for sales		-	567,705
Loss on disposal of assets held for sale		-	56,703,227
Accrued markup waived off		-	(18,304,673)
Long term deposit write off		560,931	-
Insurance claim not receivable		1,009,602	-
		<b><u>1,570,533</u></b>	<b><u>38,966,259</u></b>
<b>20 OTHER INCOME</b>			
Fair value adjustment investments		-	118,096
Lease of industrial land and building receivable		-	2,805,788
Profit on PLS Account		1,100,133	830,298
Profit on Gas Deposit		-	416,940
Profit on TDR		951,672	-
Capital Gain on Sales of Shares		3,427,678	-
Dividend Income		392,000	-
Scrape Sales		-	12,618
		<b><u>5,871,483</u></b>	<b><u>4,183,740</u></b>
<b>21 FINANCE COST</b>			
<i>Interest/Mark-up on</i>			
Long term loan		516,179	872,580
Bank charges and commission		2,842	81,059
		<b><u>519,021</u></b>	<b><u>953,639</u></b>
<b>22 TAXATION</b>			
Current		586,284	-
		<b><u>586,284</u></b>	<b><u>-</u></b>
<b>23 (LOSS) PER SHARE-BASIC AND DILUTED</b>			
Profit / (Loss) after taxation for the year in rupees		<b><u>1,522,572</u></b>	<b><u>(38,809,071)</u></b>
Number of ordinary shares		<b><u>11,975,040</u></b>	<b><u>11,975,040</u></b>
Earning / (Loss) per share in rupees		<b><u>0.13</u></b>	<b><u>(3.24)</u></b>

## 24 FINANCIAL INSTRUMENT AND RELATED DISCLOSURES

The company has exposures to the following risks from its use of financial instruments.

- 24.1 Credit risk
- 24.2 Liquidity risk
- 24.3 Market risk

The board of directors has overall responsibility for the establishment and oversight of company's risk management framework. The board is also responsible for developing and monitoring the company's risk management policies.

### 24.1 Credit risk

#### 24.1.1 Exposure to credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, loans and advances, trade deposits and cash and bank balances. Out of total financial assets of Rs. 4.62 million (June 30, 2013 : Rs. 51.02 million), financial assets which are subject to credit risk aggregate to Rs. 4.57 million (June 30, 2013 : Rs. 50.38 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	<b>2014</b>	<b>2013</b>
	<b>Rupees</b>	<b>Rupees</b>
Long term deposit	50,000	610,931
Trade debts	-	5,198,409
Other financial assets	200,000	6,088,200
Other receivables	3,740,749	3,632,293
Cash and bank balances	634,962	35,491,021
	<b><u>4,625,711</u></b>	<b><u>51,020,854</u></b>

**24.1.2** The maximum exposure to credit risk for trade debts at the balance sheet date by geographical region is as follows:

Domestic	-	<b><u>5,198,409</u></b>
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**24.1.3** The maximum exposure to credit risk for trade debts at the balance sheet date by type of customer is as follows:

Yarn	-	4,158,727
Waste	-	1,039,682
	-	<b><u>5,198,409</u></b>

**24.1.4** The aging of trade debtors at the balance sheet is as follows:

Past due more than 1 year (Gross debtors)	-	<b><u>5,198,409</u></b>
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## 24.2 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

2014						
Carrying Amount	Contractual Cash flows	Six months or less	Six to twelve months	One to five years	More than five years	
----- Rupees -----						
<b>Non - derivative Financial liabilities</b>						
Long term financing	-					-
Long term financing from directors	-					
Liability against assets subject to finance lease	-					
Trade and other payables	1,700,082	1,700,082				
Accrued mark up / interest	-					
Current portion of long term financing	5,678,165		5,678,165			
	<b>7,378,247</b>	<b>-</b>	<b>1,700,082</b>	<b>5,678,165</b>	<b>-</b>	<b>-</b>
----- Rupees -----						
2013						
Carrying Amount	Contractual Cash flows	Six months or less	Six to twelve months	One to five years	More than five years	
----- Rupees -----						
<b>Non - derivative Financial liabilities</b>						
Long term financing	4,153,833	-	-	-		4,153,833
Long term financing from directors	-	-	-	-		-
Liability against assets subject to finance lease	-	-	-	-		-
Trade and other payables	3,837,477	-	3,837,477	-	-	-
Accrued mark up / interest	1,008,153	-	-	-	872,580	135,573
Short term borrowings	-	-	-	-	-	-
	<b>8,999,463</b>	<b>-</b>	<b>3,837,477</b>	<b>-</b>	<b>872,580</b>	<b>4,289,406</b>

**24.2.1** The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark up rates effective as at June 30. The rates of mark up have been disclosed in relevant notes to these financial statements.

## 24.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. The company is exposed to interest rate risk only.

### 24.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposures arises from short and long term borrowings from bank and term deposits and deposits in PLS saving accounts with banks. At the balance sheet date the interest rate profile of the company's interest bearing financial instrument is as follows.

	2014 Rupees	2013 Rupees
<b>Fixed rate instruments</b>		
Financial liabilities	-	-
<b>Variable rate instruments</b>		
Financial liabilities	<b>5,678,165</b>	<b>4,153,833</b>

#### Fair value sensitivity analysis for fixed rate instruments

The company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account.

#### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for June 30, 2014.

	Profit and loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	----- Rupees -----			
Cash flow sensitivity - variable rate instruments 2014	56,782	(56,782)	-	-
Cash flow sensitivity - variable rate instruments 2013	41,538	(41,538)	-	-

### 24.4 Fair value of financial assets and liabilities

The carrying value of all financial instruments reflected in the financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

### 24.5 Off balance sheet items

#### Contingencies

Letter of guarantee issued	<b>200,000</b>	<b>5,900,000</b>
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#### Commitments

There is no commitments as on Balance sheet date	-	-
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### 24.6 The effective rate of interest / mark up for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

## 25 CAPITAL RISK MANAGEMENT

The company's prime object when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. The ratio is calculated as total borrowings divided by total capital employed. Borrowings represent long term financing, long term loan from directors and others and short term borrowings. Total capital employed includes total equity as shown in the balance sheet plus borrowings.

	<b>2014</b>	<b>2013</b>
	<b>Rupees</b>	<b>Rupees</b>
Borrowings	5,678,165	4,153,833
Total equity	46,336,470	43,987,492
Total capital employed	<u><u>52,014,635</u></u>	<u><u>48,141,325</u></u>
Gearing ratio (%)	<b>10.92</b>	<b>8.63</b>

## 26 PLANT CAPACITY AND PRODUCTION

Since the company has sold out its plant therefore no analysis has been given.

	<b>2014</b>	<b>2013</b>
	<b>Rupees</b>	<b>Rupees</b>
Total number of rotors installed	-	-
Total number of rotors worked	-	-
Number of shifts per day	-	-
Installed capacity after conversion into 10/s count (Kgs.)	-	-
Actual production of yarn after conversion into 10/s counts (Kgs.)	-	-

## 27 POST BALANCE SHEET EVENT

There are no significant post balance sheet events.

## 28 ACCOUNTING ESTIMATES AND JUDGMENTS

### 28.1 Income taxes

The company takes into account the current income tax law and decisions taken by the appellate authorities. Instances where the company's view differs from the view taken by the income tax department at the assessment stage and where the company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities. Furthermore, the company may be able to avail the benefit of the payment of turnover tax, provided sufficient taxable profits are available in next five years when this credit can be utilized.

### 28.2 Property, plant and equipment

The company reviews the value of the assets for possible impairment on an annual basis. Any changes in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge.

29 GENERAL

29.1 Number of persons employed

The number of employees of the Company as at June 30, 2014 is 2 (2013: 2).

29.2 Figures have been rounded off to the nearest Rupees.

30 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on 02 OCT 2014 by the board of directors of the Company.

*NR*



CHIEF EXECUTIVE



DIRECTOR

# HAJI MOHAMMAD ISMAIL MILLS LIMITED

## PATTERN OF HOLDING OF SHARES HELD BY THE SHAREHOLDERS AS AT 30TH JUNE, 2014

No. of Shareholders		Share Holding		Shares Held
61	1	To	100	1,265
28	101	To	500	14,000
84	501	To	1,000	62,860
74	1,001	To	5,000	223,049
30	5,001	To	10,000	251,503
16	10,001	To	15,000	199,000
10	15,001	To	20,000	183,820
7	20,001	To	25,000	170,000
2	25,001	To	30,000	57,500
2	30,001	To	35,000	62,500
1	35,001	To	40,000	38,000
3	40,001	To	45,000	134,000
1	45,001	To	50,000	49,500
-	50,001	To	55,000	-
-	55,001	To	60,000	-
-	60,001	To	65,000	-
-	65,001	To	70,000	-
2	70,001	To	75,000	147,235
1	75,001	To	80,000	80,000
-	80,001	To	85,000	-
-	85,001	To	90,000	-
-	90,001	To	95,000	-
2	95,001	To	100,000	195,340
-	100,001	To	150,000	-
1	150,001	To	200,000	161,280
3	200,001	To	250,000	664,045
-	250,001	To	300,000	-
-	300,001	To	350,000	-
-	350,001	To	400,000	-
-	400,001	To	450,000	-
-	450,001	To	500,000	-
1	500,001	To	550,000	500,887
1	550,001	To	600,000	569,075
-	600,001	To	650,000	-
-	650,001	To	700,000	-
-	750,001	To	800,000	-
-	800,001	To	850,000	-
-	850,001	To	900,000	-
-	900,001	To	950,000	-
-	950,001	To	1,000,000	-
2	1,000,001	To	1,500,000	2,262,255
1	1,500,001	To	2,000,000	1,594,650
-	2,000,001	To	2,500,000	-
-	2,500,001	To	3,000,000	-
-	3,000,001	To	3,500,000	-
-	3,500,001	To	4,000,000	-
1	4,000,001	To	4,500,000	4,353,276
-	4,500,001	To	5,000,000	-
<u>334</u>				<u><u>11,975,040</u></u>

### CATEGORY WISE SUMMARY OF SHAREHOLDERS

<b>S. No.</b>	<b>Category Name</b>	<b>No. of Shareholders</b>	<b>Share Held</b>	<b>Percentage</b>
1.	Individuals	319	4,837,764	40.40
2.	Joint Stock Companies	12	4,533,376	37.86
3.	Financial Institutions	3	2,603,900	21.74
		<u>334</u>	<u>11,975,040</u>	<u>100.00</u>

**HAJI MOHAMMAD ISMAIL MILLS LIMITED**

PATTERN OF SHAREHOLDING AS PER LISTING  
REGULATIONS AS AT JUNE 30,2014

<u>SHARE HOLDERS' CATEGORY</u>	No.of Share held.	Percentage
1 Associated Companies, Undertaking and related parties.		
Pak Mehran (Pvt) Limited	4,353,276	36.353
2 Mutual Funds	-	-
3 CEO,Directors & their Spouses and minor children.		
Mr.Najeeb Mushtaq Vohra (CEO)	1,254,030	10.472
Mr.Muhammad Sarfraz	577	0.005
Mr.Muhammad Sadiq	577	0.005
Mr.Gulzar Siddiq	525	0.004
Mr.Mohammad Irfan	525	0.004
Mr.Farrukh Shafiq	525	0.004
Mr.Amer Zaheer	525	0.004
4 Executives.	-	-
5 Public Sector Companies & Corporation.	-	-
6 Joint Stock Companies/Trust	180,100	1.504
7 Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies Takaful, Modarabas and Pension Funds.		
Industrial Development Bank Limited.		
National Bank of Pakistan	1,594,650	13.316
Samba Bank Limited	1,008,225	8.419
Investment Corp.of Pakistan.	1,025	0.009
8 Individuals.	3,580,480	29.900
Total	11,975,040	100.000
9 Shareholders holding 5% or more voting rights in the listed company.		
Pak Mehran (Pvt)Ltd	4,353,276	36.353
Najeeb Mushtaq Vohra	1,254,030	10.472
National Bank of Pakistan	1,594,650	13.316
Samba Bank Limited	1,008,225	8.419

# HAJI MOHAMMAD ISMAIL MILLS LIMITED

## FORM OF PROXY 34TH ANNUAL GENERAL MEETING

I/We \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ being a member(s) of the HAJI MOHAMMAD ISMAIL MILLS LIMITED holding \_\_\_\_\_ ordinary share, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him/her \_\_\_\_\_ of \_\_\_\_\_ who is/are also member(s) HAJI MOHAMMAD ISMAIL MILLS LIMITED vide Registered Folio No. \_\_\_\_\_ as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company being held on Wednesday, 29th October, 2014 at 10.30 a.m. at 409 Commerce Centre, Hasrat Mohani Road, Karachi and/or any adjournment thereof.

Folio No.  
CDC A/c No.

Affix Five  
Rupees Revenue Stamp

Signature \_\_\_\_\_  
(Signature should be agree with the specimen signature registered with the company)

Signed on \_\_\_\_\_

### NOTE:

1. No person shall act as proxy unless he/she himself/herself is a member of the Company, except that a corporation may appoint a person who is not a member.
2. In the case of bank or company, the proxy form must be executed under its common seal and signed by its authorized person.
3. If this proxy form is signed under power of attorney then a notarilly certified copy of that power of attorney/authority must be deposited alongwith this proxy form.
4. Proxy form duly completed and signed, must be received at the registered office of the company at 409 Commerce Centre, Hasrat Mohani Road, Karachi at least 48 hours before the time of holding the meeting.
5. If a member appoints more than one proxy and more than one instrument of proxy are deposited by a member with the company, all such instruments of proxy shall be rendered invalid.
6. In case of CDC account holders:
  - i) The proxy form shall be witnessed by two persons whose names, address and NIC numbers shall be mentioned on the form
  - ii) Attested copies of NIC or Passport of the beneficial owners and the proxy shall be furnished with the proxy form.
  - iii) The proxy shall produce his original NIC or Original passport at the time of meeting.

Witness: 1. \_\_\_\_\_

2. \_\_\_\_\_