

**HALF YEARLY
FINANCIAL
STATEMENTS
31ST DECEMBER, 2014**



HAFIZ LIMITED

COMPANY INFORMATION

CEO	:	Fakhruddin Usmani
Directors	:	Quamruddin Usmani
	:	Muhammad Farooq Usmani
:		Mahmood Wali Muhammad
:		Muhammad Atiq
	:	Ali Muhammad Usmani
	:	Muhammad Shehzad Fakir
Board of Audit Committee		
Chairman	:	Quamruddin Usmani
Members	:	Muhammad Farooq Usmani
		Mahmood Wali Muhammad
Chief Financial Officer	:	Muhammad Shahid Siddiqui
Company Secretary	:	S. Shafiq Hasan
Bankers	:	Habib Metropolitan Bank Ltd.
	:	HLB Bank Limited
	:	United Bank Limited
	:	NIB Bank Limited
	:	National Bank of Pakistan
Auditors	:	MOOCHHALA GANGAT & CO. Chartered Accountants, Karachi.
Registered Office	:	MG ASSOCIATES (Pvt.) LTD. F-4/2, Mustafa Avenue, Block-9, Behind "THE FORUM" Clifton, Karachi.
Registered Office	:	97, Alliance Building, 2 nd Floor, Moolji Street, Mereweather Tower, Karachi – 74000.
Mill at	:	D-9, S.I.T.E., Karachi.
Website	:	www.hafiztm.com

MID YEAR REVIEW

The Directors of your company are pleased to present their Half Yearly un-audited Accounts for the half year ended December 31, 2014. The accounts have been reviewed by the auditors of the company M/s. MOOCHHALA GANGAT & CO., (Chartered Accountants).

During the period under review, the country has been facing the worst crises for the last two years and suffering from serious financial problems due to prevailing economic circumstances. The current economic crisis in Pakistan can be traced not only to the continuation of inappropriate macroeconomic policies but also to a sudden and debilitating weakening of the international economic and financial environment. Given the weaker domestic economic foundations, Pakistan's economy was more seriously affected by external forces than its competitors. Interestingly, the issues--sharply declining growth, rising unemployment, increasing poverty, high inflation, and widening external imbalances--are easy to grasp, policy options to address them are also not difficult to articulate, but there is seemingly a singular lack of will to implement the needed reforms in a timely fashion. In particular, political inaptitude, lack of national consensus on economic objectives, and a continued misreading of the depth of challenges faced by the economy-- in the face of a worsening security situation-- have compounded the crisis. Although, recently there has been some recognition of the underlying problems hence the deepening vicious circle--inaction and declining ability to act feeding on themselves-- militating against corrective action.

Your management is constantly making efforts to overcome the problems of the company in order to improve the over all performance of the company.

The directors wish to place on record their deep appreciation for continuous supports by bankers, friends, and well wishers and also thank the members of staff of the company for their hard work and devotion of duty.

FOR AND ON BEHALF OF THE BOARD



Fakhruddin Usmani
CEO

Karachi:
26th February, 2015.

**AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM
FINANCIAL INFORMATION**

Introduction

We have reviewed the accompanying condensed interim balance sheet of Hafiz Limited (formerly Hafiz Textile Mills Limited) as at December 31, 2014 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2013 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2014.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended December 31, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Moochhala Gangat & Co.

Chartered Accountants

Karachi: 26th February, 2015.

Name of the audit engagement partner:

Mr. Hussaini Fakhruddin

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT DECEMBER 31, 2014

		Un-audited 31-Dec-14	Audited 30-Jun-14
	Note	Rupees.....	Rupees.....
NON-CURRENT ASSETS			
Property, plant and equipment	4	4,427,629	3,036,633
Investment Property	5	390,118,728	390,118,728
Long term investments		1	1
		<u>394,546,358</u>	<u>393,155,362</u>
CURRENT ASSETS			
Trade debts		1,368,000	-
Deposits and income tax	6	1,090,362	1,538,768
Cash at bank		2,623,680	5,039,611
		<u>5,082,042</u>	<u>6,578,379</u>
Net assets in Bangladesh		1	1
TOTAL ASSETS		<u><u>399,628,401</u></u>	<u><u>399,733,742</u></u>
SHARE CAPITAL AND RESERVES			
Authorized:			
Shares of Rs. 10/- each		<u>20,000,000</u>	<u>20,000,000</u>
Issued, subscribed and paid up:			
Shares of Rs. 10/- each		12,000,000	12,000,000
Reserves		312,152,758	311,908,730
		<u>324,152,758</u>	<u>323,908,730</u>
NON-CURRENT LIABILITIES			
Loan from directors	7	65,255,805	65,255,805
Deferred liability - Gratuity		274,757	261,712
		<u>65,530,562</u>	<u>65,517,517</u>
CURRENT LIABILITIES			
Trade and other payables		8,681,715	7,906,926
Provision for taxation		1,263,366	2,400,569
		<u>9,945,081</u>	<u>10,307,495</u>
CONTINGENCIES AND COMMITMENTS	8	-	-
TOTAL EQUITY AND LIABILITIES		<u><u>399,628,401</u></u>	<u><u>399,733,742</u></u>

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

Karachi:
26th February, 2015.


Fakhruddin Usmani
CEO


Quamruddin Usmani
Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	For the Second Quarter ended		For the Half Year ended	
	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13
	-----Rupees-----		-----Rupees-----	
Rental Income	2,223,768	2,155,017	5,292,356	4,571,448
Direct Expenses	-	-	-	-
	2,223,768	2,155,017	5,292,356	4,571,448
Administrative expenditure	(1,374,508)	(980,902)	(2,521,631)	(1,895,138)
Financial charges	(6,300)	(6,367)	(10,671)	(9,771)
	(1,380,808)	(987,269)	(2,532,302)	(1,904,909)
	842,960	1,167,748	2,760,054	2,666,539
Other income	-	-	323,478	-
Net profit before taxation	842,960	1,167,748	3,083,532	2,666,539
Taxation	(455,381)	(1,218,082)	(1,039,504)	(1,404,718)
Net profit after taxation	387,579	(50,334)	2,044,028	1,261,821
Earning per share - Basic and Diluted	0.32	(0.04)	1.70	1.05

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

Karachi:
26th February, 2015.


Fakhruddin Usmani
CEO


Quamruddin Usmani
Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2014.

	31-Dec-14 Rupees	31-Dec-13 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	3,083,532	2,666,539
Depreciation	515,512	220,813
Provision for gratuity	13,045	6,000
Gain on sale of fixed asset	(323,478)	-
Financial charges	10,671	9,771
	<u>215,750</u>	<u>236,584</u>
Operating profit before working capital changes	<u>3,299,282</u>	<u>2,903,123</u>
<i>(Increase) /decrease in Current Assets</i>		
Deposits		-
Increase / (decrease) in Current Liabilities		
Trade and other payable	(1,760,941)	496,365
Cash generated from operations	<u>1,538,341</u>	<u>3,399,488</u>
Payment for:		
Taxes	(967,899)	(549,140)
Financial charges	(10,671)	(9,771)
Net cash inflow from operating activities (A)	<u>559,771</u>	<u>2,840,577</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(2,413,030)	-
Sale proceed of fixed assets	830,000	-
Net cash flows from investing activities (B)	<u>(1,583,030)</u>	<u>-</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Loan paid to directors	-	(2,650,000)
Dividend Paid	(1,392,672)	(1,970,236)
Net cash (outflow) from financing activities (C)	<u>(1,392,672)</u>	<u>(4,620,236)</u>
Net Increase in cash at bank balances	<u>(2,415,931)</u>	<u>(1,779,659)</u>
Cash at bank balances at beginning of the period	5,039,611	8,982,832
Cash at bank balances at end of the period	<u><u>2,623,680</u></u>	<u><u>7,203,173</u></u>

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

Karachi:
26th February, 2015.


Fakhruddin Usmani
CEO


Qamruddin Usmani
Director

HAFIZ LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	Share Capital	Unappropriate (Loss)/Profit	Revaluation Reserve for Investment Property	Total Reserves	Total Equity
-----Rupees-----					
Balance as at July 01, 2013	12,000,000	(76,357,552)	371,752,394	295,394,842	307,394,842
Net profit for the period	-	1,261,821		1,261,821	1,261,821
Final cash dividend for the year ended June 30, 2013 @ Rs. 2/- per share i.e. 20%	-	(2,400,000)		(2,400,000)	(2,400,000)
Balance as at December 31, 2013	12,000,000	(77,495,731)	371,752,394	294,256,663	306,256,663
Balance as at July 01, 2014	12,000,000	(59,843,664)	371,752,394	311,908,730	323,908,730
Net profit for the period	-	2,044,028		2,044,028	2,044,028
Final cash dividend for the year ended June 30, 2014 @ Rs. 1.50 per share i.e. 15%	-	(1,800,000)		(1,800,000)	(1,800,000)
Balance as at December 31, 2014	12,000,000	(59,599,636)	371,752,394	312,152,758	324,152,758


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

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	For the Second Quarter ended		For the Half Year ended	
	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13
-----Rupees-----				
Profit for the period	934,919	834,388	2,044,028	1,261,821
Other comprehensive income	-	-	-	-
Total Comprehensive Income for the period	934,919	834,388	2,044,028	1,261,821

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

Karachi:
26th February, 2015.


Fakhruddin Usmani
CEO


Quamruddin Usmani
Director

NOTES ANNEXED TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2014

1 Status and Nature of Business

- 1.1 Hafiz Limited (Formerly Hafiz Textile Mills Limited) (the Company) is a public limited Company incorporated in 1951 under the Companies Ordinance, 1984. The shares of the Company are listed on the Karachi Stock Exchange. The registered office of the Company is situated at 97, Alliance Building, 2nd Floor, Moolji Street, Mereweather Tower, Karachi. In the year ended 30 June 2013, the company has changed the name and nature of its business. Previously the principal activity of the company was to deal in spinning of textile fibers and now the principal activity of the company is to earn rentals on land and building.

2 Basis of Preparation

This condensed interim financial information is un-audited and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984. It has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 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. The figures for the half year ended December 31, 2014 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and therefore, should be read in conjunction with the annual financial statements for the year ended June 30, 2014.

3 Significant Accounting Policies

- 3.1 The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial report are the same as those applied in the preparation of the financial statements for the year ended June 30, 2014.

3.2 Accounting estimates and judgments

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. During the preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the audited annual financial statements for the year ended June 30, 2014.

	Note	Un-audited 31-Dec-14	Audited 30-Jun-14
		-----Rupees-----	
4 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	4,427,629	3,036,633
4.1 Movement in operating fixed assets:			
Opening - at net book value		3,036,633	3,478,258
Add: Additions during the period / year		2,413,030	-
Less: Deletions during the period / year		(980,000)	-
		4,469,663	3,478,258
Less: Depreciation charged during the period / year		(515,512)	(441,625)
Less: Disposals/transfer during the period / year - at net book value		473,478	-
		(42,034)	(441,625)
Closing - at net book value		4,427,629	3,036,633

HAFIZ LIMITED

5 INVESTMENT IN PROPERTY

	31-Dec-14		30-Jun-14	
	Cost	Fair value	Cost	Fair value
Opening value	1,709,224	390,118,728	1,709,224	390,118,728
Additions/(disposals)	-	-	-	-
Transfers from property, plant and equipment	-	-	-	-
	1,709,224	390,118,728	1,709,224	390,118,728

	Un-audited 31-Dec-14	Audited 30-Jun-14
	-----Rupees-----	
Deposits	121,688	121,688
Advance income tax	967,899	1,285,648
Tax refund due from government	775	131,432
	1,090,362	1,538,768

7 LOAN FROM DIRECTORS

- unsecured and considered good

This represents unsecured interest free loan from directors and it is not repayable on demand.

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

8.1.1 The company has a contingent liability of Rs 1.12 million (June 30, 2014: Rs 1.12 million) in respect of "War Risk Insurance Dues" for the year 1971 imposed by Federation of Pakistan through its secretary commerce. The company has filed an appeal with High Court of Sindh and the case is still in progress. As a matter of prudence the company has provided a liability of Rs 0.4 million (June 30, 2014: Rs 0.4 million).

8.1.2 During the year 1992, the company was served by a notice from High Court of Sindh in respect of termination of various employees. The notice says that company should pay 0.41 million as a compensation to them. The management is hopeful that the case will be in their favour.

8.2 Commitments

There were no commitments outstanding as at December 31, 2014 (June 30, 2014: Nil).

9 Transactions with related parties

Related parties comprise of associated undertakings, directors and key management personnel of the Company.

Details of transactions with related parties during the period were as follows:


Relationship	Nature of transactions	For the period July-Dec, 2014	For the period July-Dec, 2013
		Rupees	Rupees
Director	Repayment of Loan to Director	-	2,650,000

10 General

10.1 These Financial Statements were authorised for issue by the Board of Directors of the Company on 26th February, 2015.

10.2 Figures have been rounded off to the nearest rupee.

Karachi:
26th February, 2015.


Fakhruddin Usmani
CEO


Quamruddin Usmani
Director

**SHAREHOLDERS ATTENTION REQUIRED REGARDING
SUBMISSION OF COMPUTERIZED NATIONAL IDENTITY CARD
(CNIC) / NATIONAL TAX NUMBER (NTN) TO COMPANY
REGISTERED OFFICE**

SECP vide SRO No. 831(1)/2012 dated July 05, 2012 directed the companies to issue dividend warrant crossed as "A/c Payee only" which should also bear the Computerized National Identity Card (CNIC) of the registered member. However, availability of valid CNIC of all members is also necessary for filing, with SECP, of the list of members along with Annual Return of the Company. Members, who have not yet submitted attested photocopy of their valid CNIC along with folio number are requested to send the same, at the earliest, directly to the Company's Share Registrar. In case of non-availability of valid copy of CNIC of any member, in the Company's records, the Company may withhold the Dividend Payment, which will be released only upon providing the copy. The copy of valid CNIC can be sent to: Company Secretary, HAFIZ LIMITED, 97, Alliance Building, 2nd Floor, Moolji Street, Mereweather Tower, Karachi - 74000.

BOOK POST
UNDER POSTAL CERTIFICATE

If undelivered pleased return to:

HAFIZ LIMITED

97, Alliance Building, Mooji Street, M.W. Tower, Karachi-74000