

**HALF YEARLY  
FINANCIAL  
STATEMENTS  
31ST DECEMBER, 2015**



**HAFIZ LIMITED**

## COMPANY INFORMATON

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

## 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, 2015. The Accounts have been reviewed by the Auditors of the company M/s. Moochhala Gangat & Co., Chartered Accountants.

During the period under review, the textile remain under pressure as All Pakistan Textile Mills Association (Aptma) Chairman S. M. Tanveer states that the textile industry of Pakistan could not compete with the regional players in international market due to the lake of facilities to the textile sector. He said a latest study by the GHERZI/IBA has revealed that the manufacturing of 20s and 30s single cotton yarn is around 15 percent cheaper in India due to availability of raw material of better quality and cultivation. According to report India industrialist can replace their old machinery with latest machines at almost zero interest rate under the TUFs scheme that cause high production.

In India, energy is available at affordable tariff, cheaper finances, lower wages and workforce were such indicators that strengthen the Indian industries while in Pakistan textile sector was facing various problems and is struggling for energy availability without break over the last six years. Resultantly, the textile mills are converting fast into the category of sick units and closing down one after another.

We pray to Almighty Allah to help us and give us strength to improve the environments and conditions of textile sector.

The Board would like to place on record their strong appreciation for the efforts of the Senior Executives and staff members for their hard work, cooperation and sincerity to the company in achieving best possible results.

FOR AND ON BEHALF OF THE BOARD



**Fakhruddin Usmani**  
CEO

Karachi:  
25th February, 2016.

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

### Introduction

We have reviewed the accompanying condensed interim balance sheet of Hafiz Limited (the "Company") as at December 31, 2015 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "Interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express conclusion on this interim financial information based on our review.

The figures of the condensed interim profit and loss account for the quarter ended December 31, 2015 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2015.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagement 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, 2015 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

Engagement partner:  
**Mr. Hussaini Fakhruddin**

Karachi: 25th February, 2016.

HAFIZ LIMITED

**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)**  
AS AT DECEMBER 31, 2015

Assets	Note	(Un-audited) 31-Dec-15	(Audited) 30-Jun-15
.....(Rupees).....			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	4,087,631	4,253,855
Investment property	5	403,092,184	403,092,184
Long term investments		<u>1</u>	<u>1</u>
		<u>407,179,816</u>	<u>407,346,040</u>
<b>CURRENT ASSETS</b>			
Trade debts		<u>264,185</u>	<u>3,589,785</u>
Deposits and income tax	6	<u>1,924,276</u>	<u>2,638,117</u>
Cash at bank		<u>5,733,292</u>	<u>3,013,058</u>
		<u>7,921,753</u>	<u>9,240,960</u>
Net assets in Bangladesh		<u>1</u>	<u>1</u>
<b>TOTAL ASSETS</b>		<u><u>415,101,570</u></u>	<u><u>416,587,001</u></u>
Capital and Liabilities	Note	(Un-audited) 31-Dec-15	(Audited) 30-Jun-15
.....(Rupees).....			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized Capital:</b>			
2,000,000 (June 30, 2015: 2,000,000)			
Ordinary Shares of Rs. 10/- each		<u>20,000,000</u>	<u>20,000,000</u>
<b>Issued, subscribed and paid up capital:</b>			
1,200,000 (June 30, 2015: 1,200,000) Ordinary			
Shares of Rs. 10/- each		<u>12,000,000</u>	<u>12,000,000</u>
Reserves		<u>328,279,680</u>	<u>326,594,919</u>
		<u>340,279,680</u>	<u>338,594,919</u>
<b>NON-CURRENT LIABILITIES</b>			
Loan from directors	7	<u>64,020,805</u>	<u>65,000,805</u>
Deferred liability - Gratuity		<u>296,592</u>	<u>275,232</u>
		<u>64,317,397</u>	<u>65,276,037</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		<u>9,112,356</u>	<u>9,275,393</u>
Provision for taxation		<u>1,392,137</u>	<u>3,440,652</u>
		<u>10,504,493</u>	<u>12,716,045</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8	<u>-</u>	<u>-</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>415,101,570</u></u>	<u><u>416,587,001</u></u>

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

Karachi:  
25th February, 2016.

  
Fakhruddin Usmani  
CEO

  
Quamruddin Usmani  
Director

HAFIZ LIMITED

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT  
(UN-AUDITED)**

FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	For the Second Quarter Ended		For the Half Year Ended	
	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
	----- <i>(Rupees)</i> -----		----- <i>(Rupees)</i> -----	
Rental income	3,480,636	2,223,768	6,165,705	5,292,356
Administrative expenditure	(1,172,200)	(1,374,508)	(2,589,139)	(2,521,631)
Financial charges	(22,805)	(6,300)	(26,548)	(10,671)
	(1,195,005)	(1,380,808)	(2,615,687)	(2,532,302)
	<u>2,285,631</u>	<u>842,960</u>	<u>3,550,018</u>	<u>2,760,054</u>
Other income	-	-	-	323,478
Net profit before taxation	<u>2,285,631</u>	<u>842,960</u>	<u>3,550,018</u>	<u>3,083,532</u>
Taxation	<u>484,811</u>	<u>(455,381)</u>	<u>(65,258)</u>	<u>(1,039,504)</u>
Net profit after taxation	<u><u>2,770,442</u></u>	<u><u>387,579</u></u>	<u><u>3,484,760</u></u>	<u><u>2,044,028</u></u>
Earning per share - Basic and diluted	<u>2.31</u>	<u>0.32</u>	<u>2.90</u>	<u>1.70</u>

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

Karachi:  
25th February, 2016.

  
Fakhruddin Usmani  
CEO

  
Quamruddin Usmani  
Director

HAFIZ LIMITED

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**

FOR THE HALF YEAR ENDED DECEMBER 31, 2015.

	31-Dec-15	31-Dec-14
	-----( <i>Rupees</i> )-----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	3,550,018	3,083,532
Depreciation	321,142	515,512
Provision for gratuity	21,360	13,045
Gain on sale of fixed asset	-	(323,478)
Financial charges	(26,548)	10,671
	<u>315,954</u>	<u>215,750</u>
Operating profit before working capital changes	3,865,972	3,299,282
<b>Increase / (decrease) in Current Liabilities</b>		
Trade and other payable	1,733,893	(1,760,941)
Cash generated from operations	<u>5,599,865</u>	<u>1,538,341</u>
<b>Payment for:</b>		
Taxes	(1,399,932)	(967,899)
Financial charges	(26,548)	(10,671)
Net cash inflow from operating activities (A)	<u>4,173,385</u>	<u>559,771</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(154,918)	(2,413,030)
Sale proceed of fixed assets	-	830,000
Net cash used in investing activities (B)	<u>(154,918)</u>	<u>(1,583,030)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Loan paid to directors	(980,000)	-
Dividend Paid	(318,233)	(1,392,672)
Net cash outflow from financing activities (C)	<u>(1,298,233)</u>	<u>(1,392,672)</u>
Net Increase in cash at bank balances	2,720,234	(2,415,931)
Cash at bank balances at beginning of the period	3,013,058	5,039,611
Cash at bank balances at end of the period	<u>5,733,292</u>	<u>2,623,680</u>

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

Karachi:  
25th February, 2016.

  
Fakhruddin Usmani  
CEO

  
Quamruddin Usmani  
Director

**HAFIZ LIMITED**

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

	Share Capital	Unappropriated (Loss)/Profit	Revaluation Reserve for Investment Property	Total Reserves	Total Equity
	------(Rupees)-----				
Balance as at July 01, 2014.	12,000,000	(59,843,664)	371,752,394	311,908,730	323,908,730
Total comprehensive income 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.	<u>12,000,000</u>	<u>(59,599,636)</u>	<u>371,752,394</u>	<u>312,152,758</u>	<u>324,152,758</u>
Balance as at July 01, 2015.	12,000,000	(45,157,474)	371,752,394	326,594,920	338,594,920
Total comprehensive income for the period	-	3,484,760	-	3,484,760	3,484,760
Final cash dividend for the year ended June 30, 2015 @ Rs. 1.50 per share i.e. 15%	-	(1,800,000)	-	(1,800,000)	(1,800,000)
Balance as at December 31, 2015.	<u>12,000,000</u>	<u>(43,472,714)</u>	<u>371,752,394</u>	<u>328,279,680</u>	<u>340,279,680</u>

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	For the Second Quarter Ended		For the Half year ended	
	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
	------(Rupees)-----			
Profit for the period	2,770,442	934,919	3,484,760	2,044,028
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>2,770,442</u>	<u>934,919</u>	<u>3,484,760</u>	<u>2,044,028</u>

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

Karachi:  
25th February, 2016.

  
Fakhruddin Usmani  
CEO

  
Quamruddin Usmani  
Director



**NOTES ANNEXED TO THE CONDENSED INTERIM FINANCIAL  
INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

**1 Status and Nature of Business**

Hafiz 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 Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited). The registered office of the Company is situated at 97, Alliance Building, 2nd Floor, Moolji Street, Mereweather Tower, Karachi. 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, 2015 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, 2015.

**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, 2015.

**3.2 Accounting estimate and judgements**

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 judgement in the process of applying the company's accounting policies. Estimates and judgements 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 judgements 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, 2015.

**Initial application of standards, amendments or an interpretation to existing standards**

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the Company's accounting periods beginning from July 01, 2015 but are not considered to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in this condensed interim financial information.

4	PROPERTY, PLANT AND EQUIPMENT	Note	(Un-audited)	(Audited)
			31-Dec-15	30-Jun-15
			------(Rupees)-----	
	Operating fixed assets	4.1	4,087,631	4,253,855
4.1	<b>Movement in operating fixed assets:</b>			
	Opening - at net book value		4,253,855	3,036,633
	Add: Additions during the period	4.2	154,918	2,413,030
	Less: Deletions during the period	4.2	-	(980,000)
			4,408,773	4,469,663
	Less: Depreciation charged during the period		(321,142)	(689,286)
	Add: Disposals during the period - at net book value	4.2	-	473,478
			(321,142)	(215,808)
	Closing - at net book value		4,087,631	4,253,855

## HAFIZ LIMITED

### 5 INVESTMENT PROPERTY

	31-Dec-15		31-Dec-14	
	Cost	Fair value	Cost	Fair value
	----- (Rupees) -----		----- (Rupees) -----	
Opening value	1,709,224	403,092,184	1,709,224	403,092,184
Addition/(disposal)	-	-	-	-
Transfer from property, plant and equipment	-	-	-	-
	<u>1,709,224</u>	<u>403,092,184</u>	<u>1,709,224</u>	<u>403,092,184</u>

### 6 DEPOSITS AND INCOME TAX

	(Un-audited) 31-Dec-15	(Audited) 30-Jun-15
	----- (Rupees) -----	
Deposits	121,688	121,688
Advance income tax	1,801,814	2,515,655
Tax refund due from government	774	774
	<u>1,924,276</u>	<u>2,638,117</u>

### 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, 2015: 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, 2015: 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, 2015 (June 30, 2015: Nil).

### 9 Transactions with related parties

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

There are no transactions with key management personnel other than under the terms of employment.

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

Relationship	Nature of transactions	For the period	
		July-Dec, 2015	July-Dec, 2014
		----- (Rupees) -----	
Director	Repayment of Loan to Director	980,000	-

### 10 Authorization

These Financial Statements were authorised for issue by the Board of Directors of the Company on 25th February, 2016.

### 11. General

Figures have been rounded off of the nearest rupee.

Karachi:  
25th February, 2016.

  
**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