



HUSSAIN GROUP

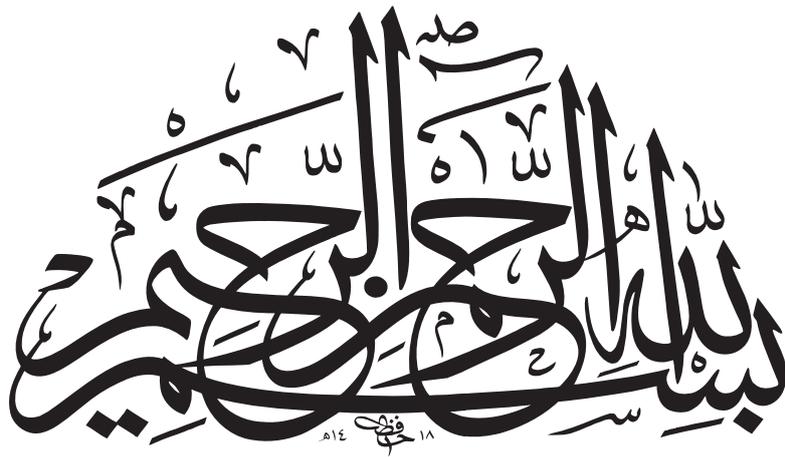
Bringing Perfection to quality



Annual Report 2015

HUSSAIN MILLS LIMITED







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Company Information

Board of Directors	Mr. Muhammad Ismail (Chief Executive) Mr. Umar Farooq Sheikh Mr. Hussain Ahmad Fazal Mr. Mushtaq Ahmad Mst. Ghazala Nasreen Mr. Nishat Ahmad Sheikh Mr. Ashar Fazal Mst. Tahira Imtiaz
Chief Financial Officer	Mr. Mushtaq Ahmad
Auditors	Rafaqat Hussain & Co. Chartered Accountants
Bankers	Al-Baraka Bank (Pakistan) Limited Allied Bank Limited Askari Bank Limited Faysal Bank Limited Habib Bank Limited MCB Bank Limited National Bank of Pakistan Pak Oman Investment Co. Ltd. Soneri Bank Limited The Bank of Khyber
Offices:	
Karachi:	Room # 808, 8th Floor, Saima Trade Tower-B, I.I. Chundrigar Road, Karachi.
Multan (Unit-1&3)	Fazalabad, Vehari Road, Opp. Timber Market, Multan. Ph. No. 92-61-6527238, 6528245, 6760524 Fax No. 92-61-6526487, 6526572 Web Site: www.hussaingroup.com
Multan (Unit-2)	35-KM Bahawalpur Road, Near Adda Muhammad Pur, Multan.
Multan (Unit-4)	Qadir Pur Rawan Bypass, Khanewal Road, Multan. Ph. No. 92-61-4578866-7
Kabir Wala (Unit-5)	17-KM Mauza Kohi Wala, Kabirwala, Khanewal.



Directors' Report to the Shareholders

It is my privileged on behalf of the Board of Directors to present the 37th Annual Report and audited financial statements, setting out the detailed financial results of the company for the financial year ended on 30th June, 2015.

Our Performance:

The key business results achieved in 2015 are divulged below for you to have a bird's eye view over the performance of the company:

	2015 Rupees	2014 Rupees
Sales	11,796,521,501	13,772,309,581
Gross Profit	705,372,816	1,289,415,796
Operating Profit	213,806,171	658,766,800
Finance Cost	(469,944,003)	(538,463,528)
Profit before Tax	(256,137,832)	120,303,272
Profit after Tax	(322,927,642)	24,054,370
Earning per Share	(17.44)	1.28

Company observed a phase of slump during the financial year under review due to a host of external threats i.e. increase in tariff of electricity and sui gas, imposition of exorbitant rate of GIDC over sui gas consumption, constant energy crisis, unstable and unpredictable cotton/yarn prices etc. All contributed against our plans and perhaps, first time, we experienced a bad taste of loss in the foreseeable history of the company. But it is not our fortune for ever as we are committed, have enough credentials to come over this situation because where there is a will there is a way. Another factor that played very odd role in stemming the profitability shrinkage of your company was the exchange rate that suddenly plunged resulting into less repatriation of foreign exchange to the company and country as well. Our sales plummeted owing to said factors and logically our bottom line also ailed. Despite all, we managed to earn gross profit and operating profit for the company but profit before tax and profit after tax are the grey areas that collapsed as a result of reduction in our sales by about Rs.2.00 billion approximately.

Our company succeeded in maintaining the trend of curtailing its finance cost with respect to preceding year by thanks to prudent use of good package of credit exposure and moderate pricing offered by the financial sector too.

Operational Review:

The financial year 2015 was a blend of pressure i.e. inordinate increase in tariff of energy and levy of GIDC and other factors with nerves taking load shedding in either field of energy, political uncertainty, etc. The management, well cognizant of the situation is determined to yield improved results for the company in following financial year.

Future outlook and Strategy:

We foresee Financial Year 2016 as a challenging one in the backdrop of existing stumbling blocks i.e. energy crisis, high cost of doing business, exchange rate fluctuation, high tariff, both for electricity and sui gas and many others. We would consume our energy prudently and effectively in rejuvenating the business activities in order to recoup the financial loss.

The government, on the other hand, must show resolute attitude to resolve / mitigate the growing problems of the textile sector to keep it at parity with its competitors in the region failing which we would be deprived of getting sizeable chunk of foreign exchange for the country. Further, the government should also take remedial measures to eradicate the load shedding within least possible time for larger interests of Pakistan. Persistent continuity of the load shedding may cause the closure of textile units and drastic increase in number of unemployment.



Unstable prices of cotton and yarn are another serious issues needed to be ironically dealt with by the government authorities. Moderate / stable prices throughout the year would help the textile sector in envisaging future plans successfully.

Audit of Financial Statements and Reply to Auditor's Qualification

M/S Rafqat Hussain & Co., Chartered Accountants audited the financial statements of the Company and issued audited report in this respect for the financial year that comes to an end on June 30, 2015 and the same is annexed to the financial statements and qualified their report on non-provision of further deferred tax liability. The management of your Company decided not to provide any further deferred tax liability as any taxable timing difference is not expected to reverse in foreseeable future as the entire taxation of the Company comprises of deemed and presumptive taxation.

Auditors

The present auditors M/S Rafqat Hussain & Co., Chartered Accountants retire and being eligible offer themselves for reappointment. The board recommends their re-appointment until the conclusion of next annual general meeting. Said chartered accountants have been given satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan.

Expansion Plan

Normal BMR will continue as and when required. Whereas the expansion plans are concerned, they are directly linked with the business environment and opportunities in the country. Conducive business environment attracts expansion plans. In present scenario, it is difficult to predict or initiate any expansion plan at this time when the textile sector throughout the country is on the verge of disaster.

Acknowledgment

The strenuous work of the company's executives, managers, technicians and rest of the workforce is appreciable. We are proud to delineate here that the workforce our company has is our competitive edge in the market. It remained shoulder to shoulder with us through thick and thin. Rightfully stated, contribution of our bankers, valued customers, suppliers, shareholders and government authorities during the year is also commendable.

Lahore
October 28, 2015

For and on behalf of the Board
Sd/-

Hussain Ahmad Fazal
Director



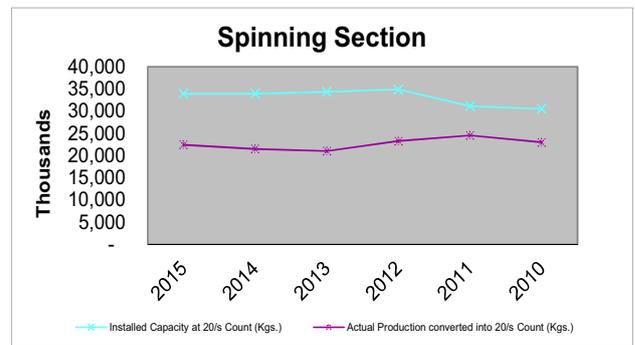
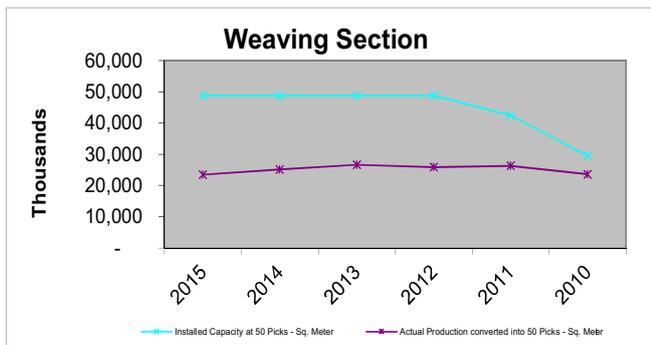
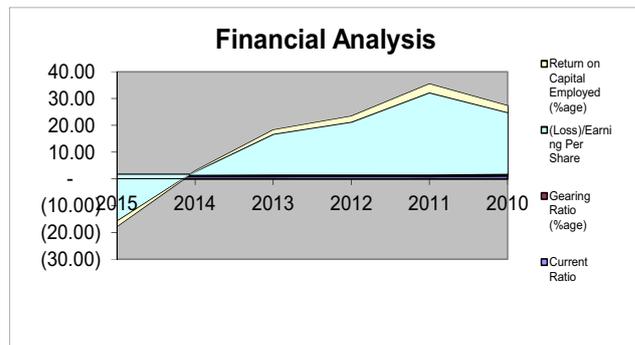
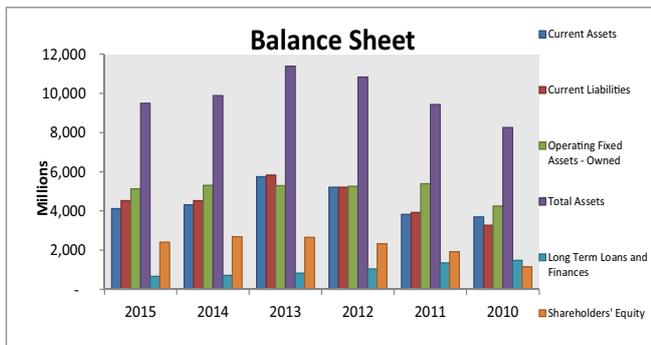
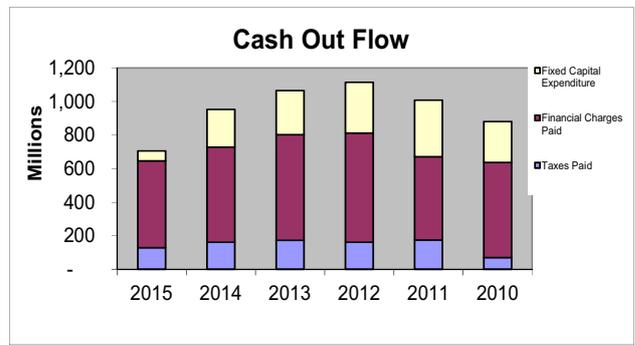
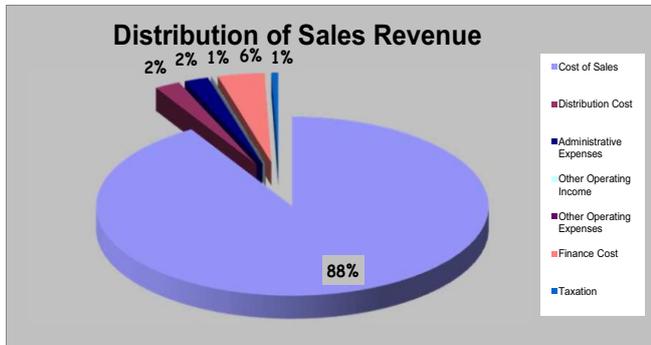
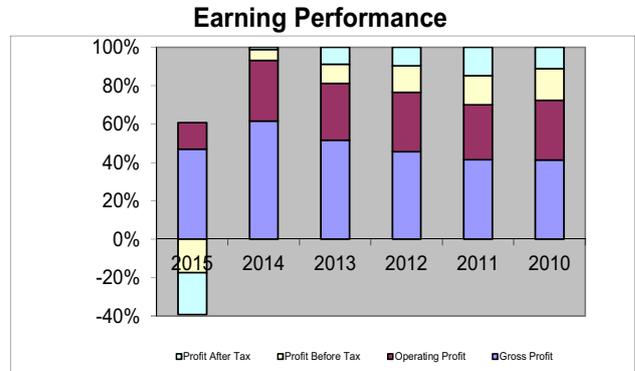
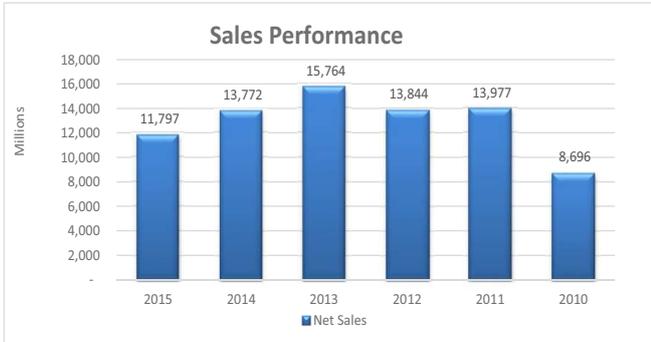
FINANCIAL HIGHLIGHTS

SIX YEAR GROWTH AT GLANCE

PARTICULARS	YEAR ENDED 30TH JUNE,					
	2015	2014	2013	2012	2011	2010
Profit and Loss						
Net Sales	11,796,521,501	13,772,309,581	15,764,216,623	13,843,782,833	13,976,822,318	8,695,516,488
Gross Profit	705,372,816	1,289,415,796	1,650,242,341	1,735,312,176	1,616,317,418	1,591,134,741
Operating Profit	208,630,201	658,766,800	948,534,992	1,174,231,678	1,113,581,346	1,200,314,948
Profit Before Tax	(261,313,802)	120,303,272	322,017,632	525,243,892	595,636,837	632,703,699
Profit After Tax	(328,103,612)	24,054,370	283,488,860	369,364,416	575,729,030	432,870,714
Cash Out Flows						
Taxes Paid	129,515,571	160,620,527	173,266,147	161,643,265	175,456,298	69,590,225
Financial Charges Paid	516,302,454	567,013,277	630,420,236	650,573,182	495,936,004	566,803,516
Fixed Capital Expenditure	59,936,217	226,300,860	261,396,460	301,827,847	337,536,607	245,275,172
Balance Sheet						
Current Assets	4,115,639,961	4,318,677,167	5,749,081,598	5,215,010,339	3,835,328,189	3,700,803,054
Current Liabilities	4,520,509,203	4,532,696,850	5,837,600,775	5,205,456,482	3,924,929,241	3,271,374,802
Operating Fixed Assets - Owned	5,135,651,509	5,314,280,046	5,289,036,660	5,263,190,435	5,394,691,901	4,258,404,902
Total Assets	9,488,290,306	9,889,560,565	11,382,031,097	10,830,022,489	9,434,095,210	8,265,017,304
Long Term Loans and Finances	676,864,096	720,852,703	840,489,667	1,051,615,026	1,361,139,967	1,482,665,993
Shareholders' Equity	2,407,468,961	2,689,782,379	2,658,208,889	2,329,440,586	1,917,781,078	1,158,873,548
Financial Ratios						
Current Ratio	0.91	0.95	0.98	1.00	0.98	1.13
Gearing Ratio (%age)	0.65	0.63	0.69	0.71	0.71	0.79
Gross Profit Ratio (%age)	5.98	9.36	10.47	12.53	11.56	18.30
Net (Loss)/Profit Ratio (%age)	(2.74)	0.18	0.02	0.03	0.05	0.055
Return on Capital Employed (%age)	(1.74)	0.13	1.51	1.96	3.06	2.30
(Loss)/Earning Per Share	(17.44)	1.28	15.07	19.64	30.61	23.03
Production Machines						
Spinning Section						
Spindles Installed	92,640	92,640	93,720	93,720	93,720	76,440
Spindles Works	92,640	92,640	93,720	93,720	93,720	76,440
Number of Rotors Installed	-	-	-	-	2,000	2,000
Number of Rotors Worked	-	-	-	-	2,000	2,000
No. of Shifts Worked per Day	3	3	3	3	3	3
Installed Capacity at 20/s Count (Kgs.)	33,934,991	33,934,991	34,330,606	34,880,573	31,139,671	30,513,554
Actual Production converted into 20/s Count (Kgs.)	22,431,477	21,500,041	20,996,992	23,276,824	24,539,948	22,969,510
Weaving Section						
Number of Looms Installed	210	210	210	210	130	120
Number of Looms Worked	210	210	210	210	130	120
Number of Shifts Worked per day	3	3	3	3	3	3
Installed Capacity at 50 Picks - Sq. Meter	48,754,207	48,754,207	48,754,207	48,754,207	42,381,432	29,471,525
Actual Production converted into 50 Picks - Sq. Meter	23,494,215	25,131,641	26,616,461	25,912,353	26,295,716	23,571,213



FINANCIAL HIGHLIGHTS





AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **HUSSAIN MILLS LIMITED** as at **30th June, 2015** and the related Profit and Loss Account, 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 the explanations which to the best of our knowledge and belief were necessary for the purpose 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 conduct 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 the Management, as well as, evaluating the overall presentation of the above said Statements. We believe that our audit provides a reasonable basis for our Opinion and, after due verification, we report that:

- a) The Company has not recognised deferred tax expense for the year amounting to Rs. 268,838,948/-. Had the aforesaid deferred tax been recognised, the after tax loss for the year and non-current liabilities would have been higher by Rs. 268,838,948/-.
- b) In our opinion, except for the matter described in para (a) above, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- c) In our opinion except for the matter described in para (a) above:
 - i) the Balance Sheet and the 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.
 - ii) the Expenditure incurred during the Year was for the purpose of Company's business; and
 - iii) the Business Conducted, Investments made and the Expenditure incurred during the Year were in accordance with the objects of the Company;
- d) in our opinion and to the best of our information and according to the explanations given to us, except for the matter described in para (a) above, the Balance Sheet, Profit and Loss Account, Cash Flow Statement and the Statement of Changes in Equity, together with the Notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of Company's affairs as at 30th June, 2015 and of the Profit, its Cash Flows and Changes in Equity for the Year then ended; and
- e) In our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

The Financial Statements for the Year ended 30th June, 2014 were audited by another firm of Chartered Accountants who issued audit report dated 8th November, 2014. The aforesaid auditors expressed an unqualified opinion on the Financial Statements, with following emphasis of matter paragraph as stated by us in the following paragraph.

Without qualifying our opinion we draw your attention to the fact that the Company is defendant in a lawsuit preferred by the aggrieved share holders, holding 41.28% equity shares in the Company. The pray of aforesaid lawsuit includes the winding up of the Company. Preliminary hearings and case proceeding are in progress. The management of the Company and its legal counsel are confident to defeat the petition being baseless and without merit.

Sd/-

Rafqat Hussain & Co.

Chartered Accountants

Engagement Partner: Rafqat Hussain, FCA

Place: Lahore

Dated: October 28, 2015



HUSSAIN MILLS LIMITED

BALANCE SHEET

AS AT JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Capital:			
40,000,000 (2014: 40,000,000) Ordinary Shares of Rs.. 10 each		400,000,000	400,000,000
Issued, Subscribed and Paid-up Capital	4	188,102,570	188,102,570
Capital Reserves		129,738,223	129,738,223
Un-appropriated Profit		2,089,628,168	2,371,941,586
		2,407,468,961	2,689,782,379
SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS	5	1,729,299,420	1,775,024,274
NON CURRENT LIABILITIES			
Long Term Finances	6	676,864,096	720,852,703
Liabilities against Assets subject to Finance Lease	7	48,588,365	69,767,856
Deferred Liabilities	8	105,560,261	101,436,503
		831,012,722	892,057,062
CURRENT LIABILITIES			
Trade and Other Payables	9	545,428,550	460,079,032
Accrued Interest and Mark-up	10	57,861,882	104,220,333
Short Term Borrowings	11	3,661,127,083	3,639,819,039
Current Portion of Long Term Liabilities	12	256,091,688	328,578,446
		4,520,509,203	4,532,696,850
CONTINGENCIES AND COMMITMENTS	13	-	-
		9,488,290,306	9,889,560,565
ASSETS			
NON CURRENT ASSETS			
Property, Plant and Equipment	14	5,287,669,981	5,471,381,023
Long Term Investments	15	12,206,154	12,400,138
Long Term Loans and Advances	16	28,115,200	37,824,000
Long Term Deposits and Prepayments	17	44,659,010	49,278,237
		5,372,650,345	5,570,883,398
CURRENT ASSETS			
Stores, Spares and Loose Tools	18	350,124,117	292,348,919
Stock in Trade	19	2,220,531,978	2,635,673,821
Trade Debts	20	846,564,195	837,634,473
Loans and Advances	21	120,698,709	63,033,663
Trade Deposits and Short Term Pre-payments	22	1,027,406	870,063
Interest Accrued	23	227,506	263,508
Other Receivables	24	152,308,634	126,364,619
Short Term Investments	25	1,207,750	5,399,100
Tax Refunds Due from Government Departments	26	155,620,609	92,894,848
Cash and Bank Balances	27	267,329,056	264,194,153
		4,115,639,961	4,318,677,167
		9,488,290,306	9,889,560,565

The annexed Notes from 1 to 43 form an integral part of these Financial Statements

Sd/-
DIRECTOR

Sd/-
CHIEF EXECUTIVE



HUSSAIN MILLS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
Sales	28	11,796,521,501	13,772,309,581
Cost of Sales	29	(11,091,148,685)	(12,482,893,785)
Gross Profit		705,372,816	1,289,415,796
Distribution Cost	30	(255,222,663)	(372,884,329)
Administrative Expenses	31	(242,151,560)	(257,135,684)
Other Operating Expenses	32	(4,317,579)	(6,383,527)
		(501,691,802)	(636,403,540)
Operating Profit		203,681,014	653,012,256
Other Income	33	4,949,187	5,754,544
Finance Cost	34	(469,944,003)	(538,463,528)
(Loss) / Profit before taxation		(261,313,802)	120,303,272
Taxation	35	(66,789,810)	(96,248,902)
Net (loss) / profit for the year - after taxation		(328,103,612)	24,054,370
<u>Other Comprehensive (Loss)/Income:</u>			
Un-realized Gain on Re-measurement of Defined Benefit Obligation (Net of Deferred Tax)		-	446,862
Realized Gain on Plant and Machinery Disposed Off		5,175,970	-
Un-realized Gain/(Loss) on Re-measurement of Fair Value of Investments Held for Sale		65,340	(67,980)
		5,241,310	378,882
<u>Total Comprehensive (Loss)/Income</u>		<u>(322,862,302)</u>	<u>24,433,252</u>
(Loss) / Earning Per Share - Basic And Diluted	36	(17.44)	1.28

The annexed Notes from 1 to 43 form an integral part of these Financial Statements

Sd/-
DIRECTOR

Sd/-
CHIEF EXECUTIVE



HUSSAIN MILLS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015

	2015 Rupees	2014 Rupees
Cash Flow from Operating Activities		
Profit before Taxation	(261,313,802)	120,303,272
Adjustment for:		
Provision for Gratuity	38,275,088	30,611,516
Workers' (Profit) Participation Fund	-	6,331,751
Depreciation	232,981,330	238,848,547
Re-Measurement on Investments	134,789	51,776
Loss / (gain) on Disposal of Fixed Assets	3,760,329	(738,142)
Dividend Income	(115,000)	(131,781)
Interest Income	(1,494,430)	(362,642)
Return on Bank Deposits	(1,114,083)	(3,203,490)
Amortization of Intangible Asset	-	2,187,893
Gain on Investments	422,461	(1,199,382)
Finance Cost	469,944,003	538,463,528
	742,794,487	810,859,574
	481,480,685	931,162,846
Effect on Cash Flow of Working Capital Changes		
(Increase)/Decrease in Current Assets		
Stores, Spares and Loose Tools	(57,775,198)	(138,306,898)
Stock in Trade	415,141,843	889,067,298
Trade Debtors	(8,929,722)	717,186,917
Loans and Advances	(57,665,046)	85,263,179
Trade Deposits and Short Term Prepayments	(157,343)	86,898
Other Receivables	(25,944,015)	13,766,705
Increase/(Decrease) in Current Liabilities		
Trade and Other Payables	108,629,565	(105,275,456)
	373,300,084	1,461,788,643
Cash Generated from Operations	854,780,768	2,392,951,489
Income Tax Paid	(129,515,571)	(160,620,527)
Finance Cost Paid	(516,302,454)	(567,013,277)
Gratuity Paid	(34,151,330)	(31,215,161)
Workers' (Profit) Participation Fund Paid	(23,280,047)	
Net Cash Inflow from Operating Activities	151,531,366	1,634,102,524
CASH FLOW FROM INVESTING ACTIVITIES		
Interest Income	1,530,432	406,560
Return on Bank Deposits	1,114,083	3,203,490
Dividend Paid	115,000	(37,488,733)
Fixed Capital Expenditure	(59,936,217)	(226,300,860)
Proceeds from Disposal of Operating Fixed Assets	6,905,600	37,784,988
Proceeds from Long Term Investments	259,324	104
Short Term Investments	3,634,100	(2,497,994)
Long Term Loan Recovered	9,708,800	3,872,000
Long Term Deposits and Prepayments	4,619,227	(210,647)
Net Cash Outflow from Investing Activities	(32,049,651)	(221,231,092)
Cash Flow from Financing Activities		
Long Term Finances - net	(185,568,550)	(179,458,096)
Finance Lease Liabilities	(28,164,864)	(32,997,218)
Loan from Directors/Sponsors	76,078,558	646,815
Short Term Borrowings	21,308,044	(1,117,454,690)
Net Cash (Outflow)/Inflow from Financing Activities	(116,346,812)	(1,329,263,189)
Net Increase in Cash and Cash Equivalents	3,134,903	83,608,243
Cash and Cash Equivalents at Beginning of the Year	264,194,153	180,585,910
Cash and Cash Equivalents at end of the Year	267,329,056	264,194,153

The annexed Notes from 1 to 43 form an integral part of these Financial Statements

Sd/-
DIRECTOR

Sd/-
CHIEF EXECUTIVE

**HUSSAIN MILLS LIMITED****STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2015**

Particulars	Paid-up Share Capital	Capital Reserves			Un-Appropriated Profit	Total
		Premium on Shares Issued	Merger Reserve	Total		
Rupees						
Balance as at 30th June, 2013	188,102,570	3,352,334	126,385,889	129,738,223	2,340,368,096	2,658,208,889
Final Dividend on Ordinary Shares @ 2% for the Year ended 30th June, 2014	-	-	-	-	(37,620,514)	(37,620,514)
Total Comprehensive Income for the Year ended 30th June, 2014	-	-	-	-	24,433,252	24,433,252
Incremental Depreciation on Revaluation of Fixed Assets	-	-	-	-	44,760,752	44,760,752
Balance as at 30th June, 2014	188,102,570	3,352,334	126,385,889	129,738,223	2,371,941,586	2,689,782,379
Total Comprehensive (Loss)/Income for the Year ended 30th June, 2015	-	-	-	-	(322,862,302)	(322,862,302)
Incremental Depreciation on Revaluation of Fixed Assets	-	-	-	-	40,548,884	40,548,884
Balance as at 30th June, 2015	188,102,570	3,352,334	126,385,889	129,738,223	2,089,628,168	2,407,468,961

The annexed Notes from 1 to 43 form an integral part of these Financial Statements

Sd/-
DIRECTOR

Sd/-
CHIEF EXECUTIVE



HUSSAIN MILLS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

1 STATUS AND NATURE OF BUSINESS

Hussain Mills Limited ("the Company") was incorporated in Pakistan on 31st March, 1980 as a Public Limited Company under the Companies Act 1913 (Now Companies Ordinance, 1984). This is an unquoted Company which is principally engaged in manufacturing/purchase and sale of Yarn and Fabric. The manufacturing units of the Company are located in the vicinity of Multan. The Registered office of the Company is situated at Saima Trade Tower-B, I. I. Chundrigar Road, Karachi.

2 BASIS OF PREPARATION

2.1 BASIS OF MEASUREMENT

These Financial Statements have been prepared as going concern under the historical cost convention except for revaluation/re-measurement as indicated in Note 5.2, 15.2 and 25, without any adjustment of Inflation or Current Values, if any, using, except for Cash Flow Statement, Accrual basis of Accounting.

2.2 STATEMENT OF COMPLIANCE

These Financial Statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the 'Ordinance') and approved accounting standards as applicable in Pakistan, unless otherwise stated (note 6.12). Approved accounting standards for Economically Significant Entities (ESEs) 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. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.3 Amendments to published approved standards and interpretation that are effective in current year and are relevant to the Company

The following amendments to published approved standards and interpretation are mandatory for the Company's accounting periods beginning on or after 01 July 2014:

IAS 32 (Amendments) 'Financial Instruments: Presentation' (effective for annual periods beginning on or after 01 January 2014). Amendments have been made to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas: the meaning of 'currently has a legally enforceable right of set-off'; the application of simultaneous realization and settlement; the offsetting of collateral amounts and the unit of account for applying the offsetting requirements.

IAS 36 (Amendments) 'Impairment of Assets' (effective for annual periods beginning on or after 01 January 2014). Amendments have been made in IAS 36 to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

IFRIC 21 'Levies' (effective for annual periods beginning on or after 01 January 2014). The interpretation provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and those where the timing and amount of the levy is certain. The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation.





HUSSAIN MILLS LIMITED

Notes to and forming part of the Financial Statements

Note 2, Basis of Preparation - contd...

On 12 December 2013, IASB issued Annual Improvements to IFRSs: 2010 – 2012 Cycle, incorporating amendments to seven IFRSs more specifically in IFRS 8 'Operating Segments' and IAS 24 'Related Party Disclosures', which are considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 July 2014. The amendments to IFRS 8 require an entity to disclose the judgments made by the management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'. Further, the amendment to IFRS 8 clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker. The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity must disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The application of the above amendments and interpretation does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Amendments to published standards that are effective in current year but not relevant to the Company

There are other amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2014 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

Standards and amendments to published standards that are not yet effective but relevant to the Company

Following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2015 or later periods:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.



HUSSAIN MILLS LIMITED

Notes to and forming part of the Financial Statements

Note 2, Basis of Preparation - contd...

IFRS 10 'Consolidated Financial Statements' (effective for annual periods beginning on or after 01 January 2015). Concurrent with the issuance of IFRS 10, the IASB has also issued IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities', IAS 27 (revised 2011) 'Separate Financial Statements' and IAS 28 (revised 2011) 'Investments in Associates and Joint Ventures'. The objective of IFRS 10 is to have a single basis for consolidation for all entities, regardless of the nature of the investee, and that basis is control. The definition of control includes three elements: power over an investee, exposure or rights to variable returns of the investee and the ability to use power over the investee to affect the investor's returns. IFRS 10 replaces those parts of IAS 27 that address when and how an investor should prepare consolidated financial statements and replaces Standing Interpretations Committee (SIC) 12 'Consolidation – Special Purpose Entities' in its entirety. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IFRS 12 'Disclosures of Interests in Other Entities' (effective for annual periods beginning on or after 01 January 2015). This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other offbalance sheet vehicles. This standard is not expected to have a material impact on the Company's financial statements.

IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 01 January 2015). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This standard is not expected to have a material impact on the Company's financial statements.

Amendments to IFRS 10, IFRS 11 and IFRS 12 (effective for annual periods beginning on or after 01 January 2015) provide additional transition relief in by limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Also, amendments to IFRS 12 eliminate the requirement to provide comparative information for periods prior to the immediately preceding period.

Amendments to IFRS 10 and IAS 28 (effective for annual periods beginning on or after 01 January 2016) to clarify the treatment of the sale or contribution of assets from an investor to its associates or joint venture, as follows: require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 'Business Combinations'); require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture. These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occur by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves. The management of the Company is in the process of evaluating the impacts of the aforesaid amendments on the Company's financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 27 (effective for annual periods beginning on or after 01 January 2015) provide 'investment entities' an exemption from the consolidation of particular subsidiaries and instead require that: an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss; requires additional disclosures; and require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements. The management of the Company is in the process of evaluating the impacts of the aforesaid amendments on the Company's financial statements.





HUSSAIN MILLS LIMITED

Notes to and forming part of the Financial Statements

Note 2, Basis of Preparation - contd...

Amendments to IFRS 10, IFRS 12 and IAS 28 (effective for annual periods beginning on or after 01 January 2016) to address issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points: the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value; a subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity; when applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries; and an investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12. The management of the Company is in the process of evaluating the impacts of the aforesaid amendments on the Company's financial statements.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2017). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognise revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IAS 1 (Amendments) 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 January 2016). Amendments have been made to address perceived impediments to preparers exercising their judgment in presenting their financial reports by making the following changes: clarification that information should not be obscured by aggregating or by providing immaterial information, materiality consideration apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality consideration do apply; clarification that the list of the line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss; and additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in IAS 1. However, the amendments are not expected to have a material impact on the Company's financial statements.

IAS 16 (Amendments) 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2016). The amendments clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment; and add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset. However, the amendments are not expected to have a material impact on the Company's financial statements.

IAS 27 (Amendments) 'Separate Financial Statements' (effective for annual periods beginning on or after 01 January 2016). The amendments have been made to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements. The management of the Company is in the process of evaluating the impacts of the aforesaid amendments on the Company's financial statements.



HUSSAIN MILLS LIMITED

Notes to and forming part of the Financial Statements

Note 2, Basis of Preparation - contd...

Standard and amendments to published standards that are not yet effective and not considered relevant to the Company

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2015 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of Financial Statements in conformity with the approved accounting standards and application of the Company's significant accounting policies stated in Note 3, requires the use of certain critical accounting estimates. It also requires the 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, including expectations of future events that are believed to be reasonable under the circumstances, Following are the areas where various assumptions and estimates are significant to the Company's Financial Statements or where judgment was exercised in application of accounting policies are as follows:

- | | |
|--|-------------|
| (i) Taxation | (Note 3.1) |
| (ii) Useful Life of Assets and Depreciation/Amortization | (Note 3.4) |
| (iii) Employees Retirement Benefits | (Note 3.10) |
| (iv) Financial Instruments and Investments | (Note 3.14) |

2.5 CORRESPONDING FIGURES

Corresponding Figures have been rearranged and reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison.

2.6 FUNCTIONAL AND PRESENTATION CURRENCY

These Financial Statements are presented in Pakistani Rupees which is the Company's functional and presentation currency.

2.7 FIGURES are rounded off to the nearest Rupee.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 TAXATION

Current:

Charge for Taxation is based on taxable income if any, at the current rates of tax after taking into account available tax credits and tax rebates, if any. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred:

Deferred Tax is recognized using balance sheet liability method in respect of all taxable temporary timing differences between the amounts used for financial reporting purpose and amounts used for taxation purposes. However, Deferred Tax is not provided if it can be established with reasonable accuracy that these differences will not reverse in the foreseeable future.

The Company recognizes deferred tax assets on all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which these deductible temporary differences, unused tax losses and tax credits can be utilized.



HUSSAIN MILLS LIMITED

Notes to and forming part of the Financial Statements

Note 3, Significant accounting policies - contd...

Deferred tax is calculated using rates that are expected to apply to the period when these differences are expected to reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is charged or credited in the profit and loss account, except where deferred tax arises on the items credited or charged directly to the equity, in which case it is included in equity.

3.2 FOREIGN CURRENCY TRANSLATIONS

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into Pak Rupees at the spot rate. All non-monetary items are translated into Pak Rupees exchange rates prevailing on the date of transaction or on the date when fair values are determined.

Exchange gains/losses due to exchange fluctuations on principal loans are capitalized as part of the cost of machinery acquired out of the proceeds of such Foreign Currency Loans. All other exchange differences are taken to the Profit and Loss Account.

3.3 BORROWING COST

Borrowing Costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to income in the period of incurrence.

Investment income earned on the temporary investment of specific borrowings spend their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

3.4 PROPERTY, PLANT AND EQUIPMENT

These are stated at Cost less accumulated Depreciation and impairment, if any, except Freehold Land, Buildings, Plant and Machinery and Capital work-in-Progress. Buildings on freehold land and Plant and Machinery are stated at re-valued amount less accumulated Depreciation thereon. Freehold Land and Capital Work-in- Progress are stated at Re-Valued Amount and Cost, respectively. Cost, in relation to Capital Work in Progress, consists of expenditure incurred in respect of Fixed Assets in the course of their construction, installation and acquisition.

Cost of certain items of Plant and Machinery consists of historical cost and exchange fluctuations on foreign currency loans utilized for acquisition thereof. Borrowing Costs pertaining to erection / construction period are capitalized as part of the historical cost.

Depreciation is charged to income applying the reducing balance method to write-off the Cost, capitalized Exchange Fluctuations and Borrowing Costs over the estimated remaining useful life of the assets. The useful life and depreciation method is reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these items of Fixed Assets. Rates of Depreciation are stated in Note 14.2. In respect of additions and disposals during the year, depreciation is charged from the month of acquisition and up to the month preceding the disposal respectively. Gains/losses on disposal of Fixed Assets are taken to Profit and Loss Account.

Depreciation on major additions to the Fixed Assets is charged from the month in which Fixed Asset is put to use or becomes operational while no depreciation is charged for the month in which Fixed Asset is disposed off.



HUSSAIN MILLS LIMITED

Notes to and forming part of the Financial Statements

Note 3, Significant accounting policies - contd...

Minor Repairs and Maintenance are charged to Income, as and when incurred. Major Renewals and Replacements are capitalized and the Assets so replaced, if any, other than those retained as stand by, are retired.

3.5 ASSETS SUBJECT TO FINANCE LEASE

These are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligation of lease are accounted for as liabilities. Financial charges are allocated to the accounting periods in a manner so as to provide a constant periodic rate of financial cost on the remaining balance of principal liability for each period.

Depreciation is charged at the rates stated in Note 14.2 applying the reducing balance method to write-off the Cost of the Asset over its estimated remaining useful life in view of certainty of ownership of Assets at the end of the lease period.

Financial Charges and Depreciation on leased Assets are charged to Income currently.

3.6 INTANGIBLE ASSETS

Intangible assets are stated at cost less accumulated amortization and identified impairment losses, if any. Amortization is charged to income on straight line basis during the estimated useful life of assets. The useful life is reviewed periodically to ensure that it is consistent with the expected pattern of economic benefits.

Amortization is charged from the month of acquisition and up to the month preceding the disposal respectively. Gain/ loss on disposal of intangible assets are taken to profit and loss account.

3.7 INVESTMENTS AND OTHER FINANCIAL ASSETS

Financial Assets in the scope of IAS 39: "Financial Instruments - Recognition and Measurement", are classified as either Financial Assets at Fair Value through Profit and Loss, Loans and Receivables, Held to Maturity Investments and Held for Sale Financial Assets as appropriate. When Financial Assets are recognized initially, they are measured at fair value, plus, in the case of Investments not at Fair Value through Profit or Loss, directly attributable transaction costs. The Company determines the classification of its financial assets after initial recognition and where allowed and appropriate revalue these designation at each financial year end.

All regular way purchases and sales of Financial Assets are recognized on the trade date i.e. the date the Company commits to purchase the Asset. Regular way purchases or sales are purchases/sales of Financial Assets that require delivery of Assets within the period generally established by regulation or convention in the Market place.

Investment at fair value through profit or loss

Financial Assets classified as held for trading are included in this category. Financial Assets are classified as held for trading if these are acquired for the purpose of selling in the short term. Gains or losses on investments held-for-trading are recognized in profit and loss account.

Held to Maturity Investments

Investment with fixed or determinable payments and fixed maturity are classified as held to maturity when the Company has the positive intention and ability to hold to maturity. Held to maturity investments are initially recognized at cost inclusive of transaction cost and are subsequently measured at amortized cost using effective interest rate method. Gains or Losses on investments held-to-maturity are recognized in profit and loss account when the investments are de-recognized or impaired, as well as through the amortization process.





HUSSAIN MILLS LIMITED

Notes to and forming part of the Financial Statements

Note 3, Significant accounting policies - contd...

Loans and Receivables

These are non derivative Financial Assets with Fixed or Determinable payments that are not Quoted in an Active market. Such assets are carries at amortized cost using the effective interest method. Gains and Losses are Recognized in Income when the Loans and Receivables are De-recognized or impaired, as well as through the amortization process.

Held for Sale Financial Assets

Financial Assets intended to be held for an indefinite period of time, which may by sold in response to need for liquidity or changes in interest rates or equity prices are classified as available for sale. These investments are initially recognized at fair value plus transaction cost and subsequently re-measured at fair value. Gains and losses arising from re-measurement at fair value is recognized in the equity under fair value reserve until sold, collected, or otherwise disposed off at which time, the cumulative gain or loss previously recognized in equity is included in profit and loss account.

The fair value of investments that are actively traded in organized financial markets is determined by reference to Quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques.

The un-recognized gain on re-measurement of investments at fair value is not available for distribution. This will be transferred to Profit and Loss Account on de-recognition of Investments.

De-recognition

All investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. These investments are accounted for in accordance with IAS-39 "Financial Instruments: Recognition and Measurement".

3.8 STORES, SPARES AND LOOSE TOOLS

These are valued at moving average Cost less allowance for obsolete and slow moving items. Stores-in-transit are valued at Cost accumulated to the Balance Sheet date.

3.9 STOCKS - IN - TRADE are valued as follows:

<u>Particulars</u>	<u>Mode of Valuation</u>
Raw Materials:	
At mills	At the Lower of Cost and Net Realizable Value
In-transit	At Cost Accumulated to the Balance Sheet' date.
Work-in-Process:	At Raw Material Cost and Conversion Cost appropriate to the Stage of Completion.
Finished Goods	At the Lower of Cost and Net Realizable Value.
Waste	At Realizable Value.
Other Stocks	At Cost.

Cost in relation to Work-in-Process and Finished Goods represents the annual average Manufacturing Cost which consists of Prime Cost and appropriate Production Overheads.

Net Realizable Value signifies the Selling Price in the ordinary course of business less Cost necessary to be incurred to effect such Sale.



HUSSAIN MILLS LIMITED

Notes to and forming part of the Financial Statements

Note 3, Significant accounting policies - contd...

3.10 STAFF RETIREMENT BENEFITS

The Company operates an unfunded Gratuity Scheme covering all the employees of the Company with minimum qualifying period of service as defined under the respective scheme. Provision is made annually on the basis of actuarial valuation. The most recent actuarial valuation was carried out as at June 30, 2014 using the Projected Unit Credit Method. Actuarial gains and losses are recognized in accordance with the recommendations of the actuary. Further, the management of the company could not determine the expected payments in next period reasonably.

Principal Actuarial Assumptions	2015	2014
Discount Rate	13.25%	13.25%
Expected rate of eligible salary increase in future years	12.25%	12.25%

3.11 REVENUE RECOGNITION:

Sales are recorded on dispatch of goods to the Customers. Processing Charges are recorded when Goods are delivered to Customers and Invoices are raised. Return on Investments and Deposits are recorded on time proportion basis. Dividend Income is recognized when right to receive is established. Interest/Mark up is recognized as this becomes due.

3.12 TRADE DEBTS, ADVANCES TO SUPPLIERS AND OTHER RECEIVABLES

These are carried at original invoice amount less estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified.

3.13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, cash at banks on current accounts, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amount of cash and which are subject to insignificant risk of changes in values.

3.14 FINANCIAL INSTRUMENTS

Recognition and Measurements

Financial instruments are recognized at fair value when the Company becomes party to the contractual provisions of the instruments by the following trade date accounting. Any gain or loss on the subsequent measurement is charged to the profit and loss account. The Company derecognizes a financial asset or a portion of financial asset when, and only when, the enterprise loses the control over contractual right that comprises the financial asset or a portion of financial asset. While a financial liability or a part of financial liability is derecognized from the balance sheet when, and only when, it is extinguished, i.e., when the obligation specified in contract is discharged, cancelled or expired.

The particular measurement methods adopted are disclosed in the individual policy statements associated with each item, if any.

Financial assets are long term investments, trade debts, deposits, loans and advances, other receivables, short term investments and cash and bank balances.

Financial liabilities are classified according to the substance of the contractual agreements entered into. Significant financial liabilities are long term financing, short term financing and trade and other payables.

Off-setting of Financial Assets and Financial Liabilities

A financial asset and financial liability is offset against each other and the net amount is reported in the Balance Sheet, if the Company has a legally enforceable right to set off the recognized amount and intends either to settle on net basis or realize the assets and settle the liability simultaneously.





HUSSAIN MILLS LIMITED

Notes to and forming part of the Financial Statements

Note 3, Significant accounting policies - contd...

3.15 TRADE AND OTHER PAYABLES

Liabilities for Trade and Other Payables are carried at Cost which is the fair value of the consideration to be paid in the future for goods and services received, whether billed to the Company or not.

3.16 PROVISIONS

A Provision is recognized in the Balance Sheet when the Company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

3.17 IMPAIRMENT

The carrying amounts of the Company's Assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the Asset's recoverable amount is estimated and Impairment Losses are recognized in the Profit and Loss Account.

3.18 CONTINGENCIES AND COMMITMENTS

Unless these are actual liabilities these are not incorporated in the Financial Statements.

3.19 SEGMENT REPORTING

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the chief decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Segments results that reported to the chief decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Company has two reportable business segments. Spinning (producing different quality of yarn using natural fibers). Weaving (producing different quality of grey fabric using cotton yarn).

3.20 RELATED PARTY TRANSACTIONS

All transactions involving Related Parties arising in the normal course of business are conducted at arm's length on Normal Commercial Rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the Board of Directors, it is in the interest of the Company to do so.

3.21 DIVIDEND AND OTHER APPROPRIATIONS

Dividend distribution to Company's shareholders is recognized as a liability in the period in which dividends are approved by and paid to the Company's shareholders.

**HUSSAIN MILLS LIMITED**

Notes to and forming part of the Financial Statements

		2015	2014
		Rupees	Rupees
4	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL represents Ordinary Shares of Rs.10 each and comprises of:		
		2015	2014
		NUMBER OF SHARES	
	17,024,093	17,024,093	Fully paid in Cash
	1,760,809	1,760,809	Issued as fully paid Bonus Shares
	25,355	25,355	Issued against Consideration Other than Cash
	<u>18,810,257</u>	<u>188,102,570</u>	<u>188,102,570</u>

The Honorable Sindh High Court, Karachi, vide its interim order dated 1st February, 2013, has restrained the management of the Company from changing the composition of the shareholding of the Company.

5 SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS**5.1** This is made up as follows:

Balance at beginning of the Year			
Land - Freehold	1,002,158,584	1,002,158,584	
Buildings - on Freehold Land	283,036,832	298,000,031	
Plant and Machinery	<u>489,828,858</u>	<u>526,180,649</u>	
	1,775,024,274	1,826,339,264	
Realized on Plant and Machinery Disposed Off during the Year	(5,175,970)	(6,554,238)	
Incremental Depreciation on Revaluation (Net of Deferred Tax) transferred to Comprehensive Income (Note 5.3)	<u>(40,548,884)</u>	<u>(44,760,752)</u>	
	<u>1,729,299,420</u>	<u>1,775,024,274</u>	

5.2 The Company re-valued its entire class of certain assets as at 28th January, 2003. The Revaluation was carried-out by independent Values, M/S Hamid Mukhtar and Co., Lahore and has been duly certified by M. Yousaf Adil Saleem and Co., Chartered Accountants. and on 30th June, 2007, again, the Company had carried out revaluation of aforesaid assets through M/S BFA (Private) Limited, Multan. Subsequently, on 30th June, 2010, again, the Company carried out revaluation of aforesaid assets through M/S Maricon Consultants (Private) Limited, Multan.

5.3 The incremental depreciation charged for the period on re-valued assets has been transferred to Statement of Changes in Equity to record realization of Surplus to the extent of incremental depreciation to comply with the requirement of Section 235 of the Companies Ordinance, 1984 and further notification of SECP to clarify the treatment of Surplus arising on revaluation of Fixed Assets.

6 LONG TERM FINANCES**6.1** These Comprise of:

Secured from Banking Companies/Financial Institutions (Note 6.2)	347,424,428	467,491,593
Unsecured from Related Parties (Note 6.10)	<u>329,439,668</u>	<u>253,361,110</u>
	<u>676,864,096</u>	<u>720,852,703</u>

6.2 LONG TERM FINANCING FROM BANKING COMPANIES AND FINANCIAL INSTITUTIONS represents secured Term Finances which have been obtained from:

Askari Commercial Bank Limited (Note 6.3)	23,246,054	61,957,061
Soneri Bank Limited (Note 6.4)	197,810,861	198,568,536
National Bank of Pakistan (Note 6.8)	55,629,162	89,068,744
Bank of Khyber Limited (Note 6.9)	<u>70,738,351</u>	<u>117,897,252</u>
	<u>347,424,428</u>	<u>467,491,593</u>

**HUSSAIN MILLS LIMITED***Notes to and forming part of the Financial Statements**Note 6, Long term finances - contd...*

In addition to securities indicated under respective finances, these are secured by way of Joint Pari Passu Charge amounting to Rs. 3,320.000 Million (2014: Rs. 3,836.333 Million) over Fixed Assets and Personal Guarantees of the Sponsoring Directors of the Company, except other wise stated.

	2015	2014
	Rupees	Rupees
6.3 TERM FINANCES FROM ASKARI BANK LIMITED is made up as follows:		
Balance at beginning of the Year	61,957,061	95,043,067
Less: Current Portion Shown under Current Liabilities (Note 12.2)	38,711,007	33,086,006
Balance at end of the Year	<u>23,246,054</u>	<u>61,957,061</u>

These have been obtained for the import of Plant and Machinery for BMR/Expansion of Spinning Section. These are repayable over a period from 28th July, 2015 to 1st March, 2019, in 3 to 8 equal half yearly instalments.

These are secured by way of Joint Pari Passu Charge amounting to Rs. 1,475 Million (2014: Rs. 1,475 Million) over Fixed Assets and Personal Guarantees of the Directors of the Company. These carry mark-up ranging from 10.88% to 12.67% (2014: 10.34% to 12.60%) per annum for TF and 12.60% (2014: 12.60%) per annum for LTFF Scheme introduced by SBP, payable semi annually.

6.4 FINANCES FROM SONERI BANK LIMITED comprise of:		
Term Finance (Note 6.5)	187,310,861	177,568,536
Demand Finance (Note 6.6)	10,500,000	21,000,000
(Note 6.7)	<u>197,810,861</u>	<u>198,568,536</u>

6.5 TERM FINANCE FROM SONERI BANK LIMITED is made up as follows:		
Balance at beginning of the Year	177,568,536	89,659,546
Add: Disbursement during the Year	100,000,000	150,000,000
	<u>277,568,536</u>	<u>239,659,546</u>
Less:		
Payments made during the Year	8,333,333	7,500,000
Current Portion Shown under Current Liabilities (Note 12.2)	81,924,342	54,591,010
	<u>90,257,675</u>	<u>62,091,010</u>
Balance at the end of the Year	<u>187,310,861</u>	<u>177,568,536</u>

6.6 DEMAND FINANCE FROM SONERI BANK LIMITED is made up as follows:		
Balance at beginning of the Year	21,000,000	31,500,000
Less: Current Portion Shown under Current Liabilities (Note 12.2)	10,500,000	10,500,000
Balance at the end of the Year	<u>10,500,000</u>	<u>21,000,000</u>

6.7 These are secured by way of Joint Pari Passu Charge amounting to Rs. 620 Million (2014: Rs. 620 Million) over Fixed Assets and Personal Guarantees of the Directors of the Company and specific charge amounting to Rs. 130 Million (2014: Rs. 130 Million) over 17 Air Jet Looms installed at Weaving Unit of the Company located at Qadirpur Rawn Bypass, Multan and Specific Charge of Rs. 200 Million (2014: Rs. 200 Million) over (03) three Draw Frames and (10) ten Cards installed at Unit - 01. This is repayable over a period from 1st July, 2015 to 13th February, 2019, in 8 to 30 equal quarterly instalments. This carries mark-up ranging from 10% to 12.68% (2014: 11.56% to 12.70%) per annum for TF and 12.60% (2014: 12.60%) per annum for LTFF Scheme introduced by SBP, payable semi annually.

**HUSSAIN MILLS LIMITED***Notes to and forming part of the Financial Statements*

Note 6, Long term finances - contd..

	2015	2014
	Rupees	Rupees
6.8 TERM FINANCES FROM NATIONAL BANK OF PAKISTAN is made up as follows:		
Balance at beginning of the Year	89,068,744	128,133,326
Less: Current Portion Shown under Current Liabilities (Note 12.2)	<u>33,439,582</u>	<u>39,064,582</u>
Balance at end of the Year	<u><u>55,629,162</u></u>	<u><u>89,068,744</u></u>

These are secured by way of Joint Pari Passu charge amounting to Rs. 292 Million (2014: Rs. 292 Million), over Fixed Assets and Personal Guarantees of the Directors of the Company. This is repayable over a period from 20th July, 2015 to 6th April, 2018, in 1 to 6 equal half yearly instalments. This carries Mark-up ranging from 11.63% to 12.17% (2014: 11.09% to 12.70%) per annum for TF and 12.60% (2014: 12.60%) per annum for LTF Scheme introduced by SBP, payable quarterly.

6.9 TERM FINANCE FROM THE BANK OF KHYBER is made up as follows:		
Balance at beginning of the Year	117,897,252	156,736,153
Add: Disbursement during the Year	<u>-</u>	<u>8,320,000</u>
	117,897,252	165,056,153
Less: Current Portion Shown under Current Liabilities	<u>47,158,901</u>	<u>47,158,901</u>
Balance at end of the Year	<u><u>70,738,351</u></u>	<u><u>117,897,252</u></u>

This is secured by way of Joint Pari Passu charge amounting to Rs. 267 Million (2014: Rs. 320 Million) over Fixed Assets and Personal Guarantees of the Directors of the Company. This is repayable over a period from 5th September, 2015 to 5th September, 2017, in 5 equal half yearly instalments. This carries Mark-up ranging from 10.50% to 12.66% (2014: 12.56% to 12.67%) per annum, payable quarterly.

6.10 LONG TERM FINANCING FROM RELATED PARTIES pertains to the directors of the Company and comprise of:		
Markup Bearing (Note 6.11)	51,652,562	51,652,562
Markup Free (Note 6.12)	<u>277,787,106</u>	<u>201,708,548</u>
	<u><u>329,439,668</u></u>	<u><u>253,361,110</u></u>

6.11 This represents the Cash Finance facility amounting to Rs. 54 Million (2014: Rs. 54 Million) from Soneri Bank Limited, sanctioned to a director of the Company and is subject to Markup ranging from 10% to 11.50% (2014: 13.50%) per annum, which is borne by the Company.

6.12 These are unsecured and are repayable at the option of the Company. These include an amount of Rs. 215 Million (2014: Rs. 215 Million) which has been subordinated to the Banks against Long Term Financing availed by the Company. Owing to the following, these could not be stated at amortized cost as required by IAS-39:

- Repayment terms have not yet been determined by the parties to these loans;
- Subsequent to the repayment of existing subordinated bank loans, the Company may avail to continue to subordinate these loans against future bank borrowings of the Company;
- Since these are interest free, therefore comparable market instruments are unavailable for reliable determination of amortization cost; and
- Subject to the consent by the concerned stakeholders and compliance of applicable law(s), the lenders have option to convert their lending into equity shares of the Company.



HUSSAIN MILLS LIMITED

Notes to and forming part of the Financial Statements

	2015 Rupees	2014 Rupees
7 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE is made up as follows:		
Liability due for the year ended 30th June :		
2014	-	43,091,758
2015	41,777,286	38,026,660
2016	30,411,850	25,924,804
2017	26,610,185	22,257,809
2018	22,334,608	21,841,330
Gross Minimum Lease Payments	121,133,929	151,142,361
Less: Payments during the Year	41,777,286	43,091,758
	79,356,643	108,050,603
Less: Future Period:		
Financial Charges	1,410,422	1,880,472
Insurance Charges	-	93,815
	1,410,422	1,974,287
Present Value of Gross Minimum Lease Payments	77,946,221	106,076,316
Less: Current Portion Shown under Current Liabilities	29,357,856	36,308,460
	48,588,365	69,767,856

The reconciliation between Gross Minimum Lease Payments, future Financial Charges and present value of Minimum Lease Payments is as follows:

GROSS MINIMUM LEASE PAYMENTS

Not later than one Year	30,411,850	38,026,660
Later than one Year but not later than five Years	48,944,793	70,023,943
Later than Five Years	-	-
	79,356,643	108,050,603

PRESENT VALUE OF MINIMUM LEASE PAYMENTS

Not later than one Year	32,732,971	36,308,460
Later than one Year but not later than five Years	49,219,835	69,767,856
Later than Five Years	-	-
	81,952,806	106,076,316

The Company entered into the Finance Lease agreements with various Financial Institutions to acquire Machinery and Motor Vehicles. The implicit Mark-up rate used to discount the minimum lease payments ranges from 11.90% to 17.25% (2014: 11.31% to 12.36%) per annum. These are secured against Title of the Leased Assets and Personal Guarantees of the Directors of the Company. The Company avails the option to purchase the Assets at the end of respective lease terms.



HUSSAIN MILLS LIMITED

Notes to and forming part of the Financial Statements

	2015	2014			
	Rupees	Rupees			
8 DEFERRED LIABILITIES:					
8.1 These comprise of					
Deferred Taxation (Note 8.2)	66,417,386	66,417,386			
Staff Retirement Benefits (Note 8.3)	39,142,875	35,019,117			
	<u>105,560,261</u>	<u>101,436,503</u>			
8.2 DEFERRED TAXATION is in respect of the following temporary differences:					
Taxable Temporary Differences					
Accelerated Depreciation	259,279,649	259,279,649			
Export Debtors	5,917,280	5,917,280			
Lease Liability	586,046	586,046			
Deductible Temporary Differences					
Staff Gratuity	(5,059,952)	(5,059,952)			
Unused Tax Losses	(16,325,914)	(16,325,914)			
Turnover Tax	(177,979,723)	(177,979,723)			
	<u>66,417,386</u>	<u>66,417,386</u>			
Balance at beginning of the Year	66,417,386	81,263,795			
Add: Charge for the Year:					
Profit and Loss Account	-	(14,921,882)			
Other Comprehensive Income	-	75,473			
	-	(14,846,409)			
	<u>66,417,386</u>	<u>66,417,386</u>			
8.3 STAFF RETIREMENT BENEFITS represent Gratuity and is made up as follows:					
Balance at beginning of the Year	35,019,117	36,145,097			
Expense for the Year	38,275,088	30,611,516			
Actuarial Gains due to Experience Adjustment	-	(522,335)			
Transfers to Accrued Liabilities	-	(1,758,805)			
Payments made during the Year	(34,151,330)	(29,456,356)			
Present Value of Defined Benefit Obligation	<u>39,142,875</u>	<u>35,019,117</u>			
ALLOCATION OF CHARGE FOR THE YEAR is as follows:					
Cost of Goods Manufactured	30,975,791	25,315,928			
Administrative Expenses	7,299,297	5,295,588			
	<u>38,275,088</u>	<u>30,611,516</u>			
Historical information is as follows:					
	2015	2014	2013	2012	2011
	Rupees	Rupees	Rupees	Rupees	Rupees
Charge for Gratuity	<u>38,275,088</u>	<u>30,611,516</u>	<u>33,354,854</u>	<u>16,787,326</u>	<u>25,266,617</u>
	2015	2014			
	Rupees	Rupees			
RECONCILIATION of the amount recognized in Balance Sheet is as follows:					
Present value of defined benefit obligation	<u>16,087,282</u>	<u>35,019,117</u>			



HUSSAIN MILLS LIMITED

Notes to and forming part of the Financial Statements

Note 8, Deferred Liabilities - contd...

	2015	2014
	Rupees	Rupees
MOVEMENT IN PRESENT VALUE of Defined benefit Obligation		
Defined Benefit Obligation at the beginning of the Year	35,019,117	36,145,097
Current Service Cost	12,419,003	25,912,653
Interest on Defined Benefit Obligation	2,800,492	4,698,863
Benefit Paid during the Year	(34,151,330)	(29,456,356)
Benefit due but not Paid during the Year	-	(1,758,805)
Recognized as Other Comprehensive Income	-	(522,335)
Defined benefit Obligation at the end of the Year	<u>16,087,282</u>	<u>35,019,117</u>
CHARGE FOR THE YEAR in respect of this benefit comprises of:		
Current Service Cost	12,419,003	25,912,653
Net Interest on Net Defined Benefit Liability (Asset)	2,800,492	4,698,863
	<u>15,219,495</u>	<u>30,611,516</u>

PRINCIPAL ACTUARIAL ASSUMPTIONS

The actuarial valuation of Gratuity was conducted on 30th June, 2014 in accordance with IAS 19 "Employees Benefits" by using Projected Unit Credit Method. There was no major change in the assumptions used for year ended 30th June, 2014, So same assumptions were used during the year as follows:

PRINCIPAL ACTUARIAL ASSUMPTIONS

Discount Rate	13.25%	13.25%
Expected Rate of Salary Increase	12.25%	12.25%
Average Expected Remaining Working Life of Employees	7 Years	7 Years

9 TRADE AND OTHER PAYABLES

9.1 These comprise of:

Creditors	311,324,168	206,595,861
Accrued Liabilities	161,115,093	147,876,119
Advance from Customers	67,992,250	73,757,663
Income Tax Withheld	3,459,455	4,531,147
Unclaimed Dividend	124,939	107,090
Retention Money	685,489	890,027
Workers' (Profit) Participation Fund (Note 9.2)	-	23,280,047
Other Liabilities	727,156	3,041,078
	<u>545,428,550</u>	<u>460,079,032</u>

9.2 **WORKERS' (PROFIT) PARTICIPATION FUND** is made up as follows:

Balance at beginning of the Year	23,280,047	16,948,296
Less: Payments during the Year	23,280,047	-
	-	16,948,296
Add: Allocation for the Year	-	6,331,751
Balance at end of the Year	<u>-</u>	<u>23,280,047</u>



HUSSAIN MILLS LIMITED

Notes to and forming part of the Financial Statements

10 ACCRUED INTEREST AND MARK-UP relates to:

	2015 Rupees	2014 Rupees
Long Term Finances	13,043,752	13,307,301
Short Term Borrowings	40,650,590	80,897,852
Lease Finance	2,214,248	2,973,246
Workers' (Profit) Participation Fund	1,953,292	7,041,934
	<u>57,861,882</u>	<u>104,220,333</u>

11 SHORT TERM BORROWINGS

11.1 These secured borrowings have been obtained from Commercial Banks and comprise of:

Pre/Post-shipment Advance	(Note 11.2)	1,394,461,379	1,413,193,624
Cash/Running Finances	(Note 11.2)	2,237,413,391	2,189,195,444
Overdraft	(Note 11.3)	29,252,313	37,429,971
		<u>3,661,127,083</u>	<u>3,639,819,039</u>

11.2 These facilities have been obtained from various Commercial Banks with sanctioned limits aggregating Rs. 7.890 Billion (2014: Rs. 8.571 Billion). The aggregate facilities are secured by a joint pari passu hypothecation charge on all present and future current assets of the Company including Stock in Trade, Trade Debts, Lien on Export Bills and Personal Guarantees of the Working Directors of the Company. These include an amount of Rs. 165,631,000/- which is secured against the personal deposits of the working directors of the Company. The expiry dates of the facilities range during the period from 30th November, 2015 to 31st July, 2016. These facilities carry Mark up rates ranging from 1.25% to 8.81% (2014: 1.25% to 12.44%) per annum.

11.3 This represents the cheques issued in excess of the available balances in Current Accounts of the Banks of the Company, which have not been presented for payment by 30th June, 2015.

12 CURRENT PORTION OF LONG TERM LIABILITIES

12.1 These comprise of:

Current Portion of Long Term Finances	(Note 12.2)	226,733,832	292,235,217
Current Portion Lease Liabilities	(Note 7)	29,357,856	36,343,229
		<u>256,091,688</u>	<u>328,578,446</u>

12.2 CURRENT PORTION OF LONG TERM FINANCES is made up as follows:

Balance at beginning of the Year	292,235,218	351,409,534
Add: Transferred from Long Term Portion	211,733,832	271,103,779
	<u>503,969,050</u>	<u>622,513,313</u>
Less: Payments made during the Year	277,235,218	330,278,096
Balance at end of the Year	<u>226,733,832</u>	<u>292,235,217</u>

13 CONTINGENCIES AND COMMITMENTS

13.1 CONTINGENCIES

A case of the Company is pending for decision by Honorable Sind High Court, Karachi, against the imposition of a levy by the Excise and Taxation Officer, Karachi, amounting to Rs. 71.144 Million (2014: Rs. 61.644 Million), on imports of the Company, which has been recognized in the financial statements of the Company.

Company has filed a petition in the Islamabad High Court, Islamabad, vide No. 2710 of 2013 challenging levy of Gas Infrastructure Development Cess (GIDC) amounting to Rs. 12,709,344/-, which has not been recognized in these Financial Statements. Presently the recovery of the GIDC has been stayed by the Honorable Islamabad High Court. The legal counsel of the Company is pretty sure to win this case in favour of the Company.



HUSSAIN MILLS LIMITED

Notes to and forming part of the Financial Statements

Note 13, Contingencies and Commitments - contd...

	<u>2015</u>	<u>2014</u>
	Rupees	Rupees
Letters of Guarantee issued by the Banks on behalf of the Company in favour of:		
Sui Northern Gas Pipelines Limited	116,675,300	106,975,300
Excise and Taxation	71,144,299	61,644,299
Multan Electric Company	<u>9,770,600</u>	<u>9,770,600</u>
	<u>197,590,199</u>	<u>178,390,199</u>
Turnover Tax available for adjustment against Tax under Normal Law	<u>88,781,310</u>	<u>177,979,723</u>
13.2 COMMITMENTS		
Outstanding Letters of Credit for:		
Capital Expenditure	42,247,005	15,385,599
Raw Material	<u>188,156,013</u>	<u>-</u>
	<u>230,403,018</u>	<u>15,385,599</u>
14 PROPERTY, PLANT AND EQUIPMENT		
14.1 These comprise of:		
Operating Fixed Assets	(Note 14.2) 5,287,669,981	5,469,478,334
Capital Work in Progress	(Note 14.5) -	1,902,689
	<u>5,287,669,981</u>	<u>5,471,381,023</u>



14.2 OPERATING FIXED ASSETS are made up as follows:

PARTICULARS	C O S T / R E V A L U A T I O N					D E P R E C I A T I O N					WRITTEN DOWN AT END OF THE YEAR	
	AT BEGINNING OF THE YEAR	ADDITIONS	TRANSFERS TO/(FROM)	DELETIONS	AT END OF THE YEAR	RATE %	TO BEGINNING OF THE YEAR	ON TRANSFERS	ON DELETIONS	PROVIDED FOR THE YEAR		TO END OF THE YEAR
30TH JUNE, 2015												
OWNED ASSETS												
LAND - Freehold												
Cost	64,473,316	-	-	-	64,473,316	-	-	-	-	-	-	64,473,316
Revaluation Surplus	1,002,158,584	-	-	-	1,002,158,584	-	-	-	-	-	-	1,002,158,584
	1,066,631,900	-	-	-	1,066,631,900	-	-	-	-	-	-	1,066,631,900
BUILDINGS - on Freehold Land												
Cost	505,560,527	-	-	-	505,560,527	5	175,032,593	-	-	16,526,397	191,558,990	314,001,537
Cost-Factory	321,307,924	2,528,184	-	-	323,836,108	5	95,924,228	-	-	11,302,833	107,227,061	216,609,047
Cost-Non Factory	439,787,108	-	-	-	439,787,108	5	131,064,363	-	-	15,436,138	146,500,501	293,286,607
Revaluation Surplus	1,266,655,559	2,528,184	-	-	1,269,183,743	-	402,021,184	-	-	43,265,368	445,286,552	823,897,191
PLANT AND MACHINERY												
Cost	3,349,022,073	39,935,227	-	13,082,910	3,375,874,380	5	1,195,498,793	-	7,836,478	107,683,737	1,295,346,052	2,080,528,338
Revaluation Surplus	1,004,526,562	-	-	7,402,850	997,123,712	5	382,444,512	-	4,148,288	30,968,724	409,284,948	587,858,764
	4,353,548,635	39,935,227	-	20,485,760	4,372,998,102	5	1,577,943,305	-	11,984,766	138,652,461	1,704,611,000	2,668,387,102
WEIGHING BRIDGE AND SCALE												
LABORATORY EQUIPMENT	2,325,374	-	-	506,348,010	2,325,374	10	104,908,713	-	-	70,341	1,692,304	633,070
ELECTRIC INSTALLATION	73,722,397	-	-	73,722,397	73,722,397	10	38,566,399	-	-	3,515,600	42,081,999	31,640,398
TARPULINE	180,173,328	1,632,579	-	181,805,907	181,805,907	5	67,568,824	-	-	5,643,830	73,212,654	108,593,253
TUBE WELL	739,107	-	-	739,107	739,107	10	511,643	-	-	22,747	534,390	204,717
FURNITURE AND FIXTURE	8,873,559	-	-	8,873,559	8,873,559	10	4,936,840	-	-	393,672	5,330,512	3,543,047
COMPUTER	33,519,546	624,058	-	34,143,604	34,143,604	10	17,338,654	-	-	1,645,949	18,984,603	15,159,001
OFFICE EQUIPMENT	1,540,772	-	-	1,540,772	1,540,772	30	1,440,929	-	-	29,953	1,470,882	69,890
VEHICLES	15,586,009	4,298,153	-	15,586,009	15,586,009	10	9,087,582	-	-	649,842	9,737,424	5,848,585
FIRE FIGHTING EQUIPMENT	70,065,656	367,360	-	65,617,163	70,065,656	20	45,552,677	-	6,581,711	5,565,793	44,536,759	21,080,404
TELEPHONE	6,411,941	-	-	6,411,941	6,411,941	10	3,909,137	-	-	252,709	4,274,762	3,290,630
ARMS AND AMMUNITION	684,750	-	-	684,750	684,750	10	3,884,855	-	-	46,945	4,137,564	2,274,377
REFRIGERATORS	804,414	-	-	804,414	804,414	10	474,641	-	-	32,977	507,618	296,796
TOOLS AND EQUIPMENT	5,206,611	-	-	5,206,611	5,206,611	10	2,849,780	-	-	235,683	2,121,148	2,121,148
	7,596,944,117	52,477,044	-	29,232,406	7,620,188,755	-	2,282,664,071	-	18,566,477	220,439,652	2,484,537,243	5,135,651,509
LEASED ASSETS												
PLANT AND MACHINERY												
POWER HOUSE	144,497,071	-	-	144,497,071	144,497,071	25	17,348,680	-	-	6,357,420	23,706,100	120,790,971
VEHICLES	6,273,000	9,361,862	-	6,273,000	6,273,000	5	584,937	-	-	284,403	869,340	5,403,660
	35,627,423	9,361,862	-	44,989,285	44,989,285	20	13,285,589	-	-	5,899,855	19,165,444	25,823,841
	186,397,494	9,361,862	-	195,759,356	195,759,356	-	31,199,206	-	-	12,541,678	43,740,884	152,018,472
	7,783,341,611	61,838,906	-	29,232,406	7,815,948,111	-	2,313,863,277	-	18,566,477	232,981,330	2,528,278,130	5,287,669,981
30TH JUNE, 2014												
OWNED ASSETS												
LAND - Freehold												
Cost	94,730,316	-	-	30,257,000	64,473,316	-	-	-	-	-	-	64,473,316
Revaluation Surplus	1,002,158,584	-	-	1,002,158,584	1,002,158,584	-	-	-	-	-	-	1,002,158,584
	1,096,888,900	-	-	30,257,000	1,066,631,900	-	-	-	-	-	-	1,066,631,900
BUILDINGS - on Freehold Land												
Cost-Factory	500,777,666	4,782,861	-	505,560,527	505,560,527	5	157,699,319	-	-	17,333,274	175,032,593	330,527,934
Cost-Non Factory	309,752,681	11,555,243	-	321,307,924	321,307,924	5	84,619,165	-	-	11,305,063	95,924,228	225,383,696
Revaluation Surplus	439,787,108	-	-	439,787,108	439,787,108	5	114,815,798	-	-	16,248,565	131,064,363	308,722,745
	1,250,317,455	16,338,104	-	1,266,655,559	1,266,655,559	-	357,134,282	-	-	44,886,902	402,021,184	864,634,375
PLANT AND MACHINERY												
Cost	3,076,749,817	192,605,003	100,000,000	20,332,747	3,349,022,073	5	1,073,580,002	26,447,823	12,711,062	108,182,030	1,195,498,793	2,153,523,280
Revaluation Surplus	4,092,823,476	192,605,003	100,000,000	11,547,097	4,383,548,635	5	356,883,757	-	7,218,693	32,779,448	382,444,512	622,082,050
	501,210,152	2,046,375	-	503,256,527	503,256,527	5	84,027,718	26,447,823	19,929,755	20,880,995	104,908,713	398,347,814
POWER HOUSE												
WEIGHING BRIDGE AND SCALE	2,325,374	-	-	2,325,374	2,325,374	10	1,543,806	-	-	78,157	1,621,963	703,411
LABORATORY EQUIPMENT	73,722,397	-	-	73,722,397	73,722,397	10	34,660,177	-	-	3,906,222	38,566,399	35,155,998
ELECTRIC INSTALLATION	174,145,330	6,027,998	-	180,173,328	180,173,328	5	61,853,779	-	-	5,715,045	67,568,824	112,604,504
TARPULINE	739,107	-	-	739,107	739,107	10	486,369	-	-	146,077	632,446	106,661
TUBE WELL	8,873,559	-	-	8,873,559	8,873,559	10	4,499,426	-	-	467,344	4,966,770	3,906,789
FURNITURE AND FIXTURE	32,674,395	845,151	-	33,519,546	33,519,546	10	15,587,568	-	-	1,746,621	17,314,189	16,205,357
OFFICE EQUIPMENT	17,039,281	87,500	-	17,126,781	17,126,781	10	9,768,534	-	-	1,673,293	11,441,827	5,684,954
VEHICLES	72,757,702	1,186,347	-	70,065,656	70,065,656	20	42,827,737	877,029	4,493,188	5,327,881	44,539,459	25,526,197
FIRE FIGHTING EQUIPMENT	6,127,605	1,070,427	-	6,411,941	6,411,941	10	3,652,728	-	-	282,119	3,934,847	3,263,185
TELEPHONE	6,411,941	-	-	6,411,941	6,411,941	10	3,604,068	-	-	228,711	3,832,779	2,579,162
ARMS AND AMMUNITION	101,350	583,400	-	684,750	684,750	10	16,528	-	-	30,417	46,945	637,805
REFRIGERATORS	804,414	-	-	804,414	804,414	10	438,000	-	-	36,641	474,641	329,773
TOOLS AND EQUIPMENTS	5,206,611	-	-	5,206,611	5,206,611	10	2,587,910	-	-	261,870	2,849,780	2,366,831
	7,342,169,049	220,790,305	102,008,790	68,024,027	7,596,944,117	-	2,053,132,389	27,324,852	24,422,943	226,629,773	2,282,664,071	5,314,280,046
LEASED ASSETS												
PLANT AND MACHINERY												
POWER HOUSE	244,497,071	3,803,000	(100,000,000)	144,497,071	144,497,071	5	37,104,482	(26,447,823)	-	6,692,021	17,348,680	127,148,391
POWER HOUSE	34,758,812	2,877,401	(2,008,790)	6,273,000	6,273,000	5	352,284	(677,029)	-	232,653	584,937	5,688,063
VEHICLES	281,725,883	6,680,401	(102,008,790)	186,397,494	186,397,494	20	46,305,284	(27,324,852)	-	5,294,100	13,265,589	22,361,834
	7,623,894,932	227,470,706	-	68,024,027	7,783,341,611	-	2,099,437,673	-	24,422,943	238,848,547	2,313,863,277	5,469,478,334



14.3 DISPOSAL OF OPERATING PROPERTY, PLANT AND EQUIPMENT comprises of:

	COST	ACCUMULATED DEPRECIATION	BOOK VALUE	PROCEEDS	GAIN / (LOSS)	MODE OF DISPOSAL	PARTICULARS OF PURCHASER
PLANT AND MACHINERY							
Crosstol Card MK5D Along Accessories and Chute Feed20,485,760							
VEHICLES							
Toyota Corolla - MLK-63	1,247,380	1,041,592	205,788	900,000	694,212	Negotiation	Sprincot Textiles Mills (Pvt.) Ltd., Suite # 2-A, Craze One Plaza, Main Boulevard, DHA, Lahore.
Toyota Altis - MN-11-5213	1,946,445	1,269,217	678,228	900,000	221,772	Negotiation	Mr. Shazfi Khurshed Chandia, House # 5, Usman Block, New Garden Town, Lahore.
Suzuki Mehran - MNA-09-4318	520,637	387,709	132,928	450,000	317,072	Insurance Claim	Mr. Muhammad Asif, House# 1270, Sameeja abad colony# 02, Burtub Road Peeran, Multan.
Honda CG-125 - MLN-6170	77,689	64,367	13,302	20,000	6,698	Negotiation	EFU General Insurance Limited, Multan Division.
Suzuki Cultus MLF-4064	521,440	471,867	49,573	100,000	50,427	Negotiation	Mr. Kashtif, Liaqat abad, Old Shujabad Road, Street# 1, Islam Pura, Multan.
Honda City, MNA-07-2433	863,900	708,856	155,044	332,000	176,956	Negotiation	Muhammad Tahir S/O Sardar Muhammad, Justice Hameed Colony, Nishtar Road, Multan.
Honda Civic, MLM 7663	1,521,700	1,214,980	306,720	570,000	263,280	Negotiation	Mr. Muhammad Yasir Bashir S/O Bashir Ahmed, Shersah Road, Multan.
CD 70 Bike, MNP-13-7348	71,985	13,197	58,788	61,600	2,812	Negotiation	Mr. Muhammad Nazim S/O Abdul Jabbar, Chowk Abbas shah, Vehari Road, Koohe-Noor Colony, Multan.
Honda Motor Cycle CD 70-MLG-9445	56,752	49,182	7,570	18,000	10,430	Negotiation	EFU General Insurance Limited, Multan Division.
Honda Motor Cycle CD-70 MLC-9812	60,921	53,511	7,410	16,000	8,590	Negotiation	Mr. Muhammad Tufail Khan, Chah Fazalwala, Mahni Sayaj, Dakhkhana, Khanewal.
Honda Civic, MNA-09-3728	1,857,817	1,308,233	549,584	738,000	188,416	Negotiation	Mr. Muhammad Shakeel, M/s Shakeel Autos, Garden Town, Multan.
	29,232,406	18,566,477	10,665,929	6,905,600	(3,760,329)		Mr. Amir Nadeem Malik, House No. 212, Tariq Road, Nawwa Sheher, Multan.
LAND - Freehold							
Land	30,257,000	-	30,257,000	31,510,988	1,253,988	Negotiation	Sanwer Hameed S/o Abdul Majeed H # 13, Mehran Block Allama Iqbal Town, Lahore
PLANT AND MACHINERY							
Ring Spinning Frame, EIM-128	25,325,606	19,929,755	5,395,851	2,500,000	(2,895,851)	Negotiation	Shangi P & F Import & Export Co. China.
VEHICLES							
Honda City MNA-09-2951	1,238,075	823,931	414,144	1,300,000	885,856	Insurance Claim	Premier Insurance, 162-Shadman II, Lahore
Hyundai Santro FDY-7972	360,000	329,935	30,065	150,000	119,935	Negotiation	Mr. M. Shakeel S/o Abdul Aziz, Ward # 9, Sher Shah Road, Mohalla Khuda Daat Colony, Multan
Honda CD-70 (MNA-9319)	24,485	24,379	106	4,000	3,894	Negotiation	Mr. M. Shakeel S/o Abdul Aziz, Ward # 9, Sher Shah Road, Mohalla Khuda Daat Colony, Multan
Yamaha 100 CC (MNU-2778)	65,120	63,770	1,350	6,000	4,650	Negotiation	Mr. M. Shakeel S/o Abdul Aziz, Ward # 9, Sher Shah Road, Mohalla Khuda Daat Colony, Multan
Yamaha 100 CC (MNT-4114)	58,475	57,506	969	6,000	5,031	Negotiation	Mr. M. Shakeel S/o Abdul Aziz, Ward # 9, Sher Shah Road, Mohalla Khuda Daat Colony, Multan
Yamaha 100 CC (MLC-9804)	63,135	56,897	6,238	10,000	3,762	Negotiation	Mr. M. Shakeel S/o Abdul Aziz, Ward # 9, Sher Shah Road, Mohalla Khuda Daat Colony, Multan
Honda CG 125 (MNY-9814)	79,780	74,736	5,044	16,000	10,956	Negotiation	Mr. M. Shakeel S/o Abdul Aziz, Ward # 9, Sher Shah Road, Mohalla Khuda Daat Colony, Multan
Honda CD 70 (MNZ-9703)	68,500	63,494	5,006	17,000	11,994	Negotiation	Mr. M. Shakeel S/o Abdul Aziz, Ward # 9, Sher Shah Road, Mohalla Khuda Daat Colony, Multan
Honda Motor Cycle CG-125, MLD-7863	73,395	64,499	8,896	27,000	18,104	Negotiation	Mr. M. Shakeel S/o Abdul Aziz, Ward # 9, Sher Shah Road, Mohalla Khuda Daat Colony, Multan
Yamaha Motor Cycle MLH-9615	63,008	55,071	7,937	15,000	7,063	Negotiation	Mr. M. Shakeel S/o Abdul Aziz, Ward # 9, Sher Shah Road, Mohalla Khuda Daat Colony, Multan
Core ML 1881 CX 847 CC	473,650	429,503	44,147	340,000	295,853	Negotiation	Miss Sidha Afzal Dio Muhammad Afzal, Street no. 10, Imam Din Town, Tehsil Khanewal
Honda Civic MNA-09-1191	1,825,034	1,280,803	544,231	1,040,000	485,769	Negotiation	Mr. Muhammad Shafi, Shah Rukhne Alam, Multan
Suzuki Cultus MLM-6391	606,600	489,610	116,990	450,000	333,010	Negotiation	Mr. Murad Ali, Iqbal Chowk New Multan, Multan
Suzuki Cultus, MLE-9987	717,975	613,044	104,931	283,000	178,069	Negotiation	Mr. Waqar Ahmed Awan, 9 No. Bocsan road, Multan
Honda M. Cycle, MNQ-8485	88,985	40,346	48,619	75,000	26,381	Insurance Claim	Premier Insurance, 162-Shadman II, Lahore
Yamaha M.Cycle MNN-12-2849	80,986	25,664	55,322	35,000	(20,322)	Negotiation	Mr. M. Shakeel S/o Abdul Aziz, Ward # 9, Sher Shah Road, Mohalla Khuda Daat Colony, Multan
	61,468,789	24,422,943	37,046,846	37,784,988	738,142		
14.4 DEPRECIATION ALLOWANCE provided for the Year has been allocated as follows:							
Cost of Goods Manufactured				218,086,445	223,655,406		
Administrative Expenses				14,894,885	15,193,141		
				232,981,330	238,848,547		
				37,046,846	37,784,988		



HUSSAIN MILLS LIMITED

Notes to and forming part of the Financial Statements

Note 14, Property, Plant and Equipment - contd...

14.5 CAPITAL WORK IN PROGRESS comprises of:

	2015 Rupees	2014 Rupees
Non Factory Buildings	-	1,886,389
Vehicle	-	16,300
	<u>-</u>	<u>1,902,689</u>

15 LONG TERM INVESTMENTS

15.1 These comprise of:

Investments Held for Sale	(Note 15.2)	12,206,154	12,140,814
Investment Held to Maturity	(Note 15.3)	-	259,324
		<u>12,206,154</u>	<u>12,400,138</u>

15.2 INVESTMENT HELD FOR SALE are not intended to be sold in next 12 months and comprise of:

Quoted Companies	2015	2014		
Fatima Enterprises Limited			6,536,572	6,536,572
No of Ordinary Shares of Rs. 10 each	829,808	829,808		
Per Share Quoted Price at Year End	14.30	14.30		
Mubarak Textile Mills Limited			182,700	182,700
No of Ordinary Shares of Rs. 10 each	66,000	66,000		
Per Share Quoted Price at Year End	5.15	4.16		
Cost at end of the Year			<u>6,719,272</u>	<u>6,719,272</u>
Fair Value Adjustment			<u>5,486,882</u>	<u>5,421,542</u>
Fair Value at end of the Year			<u>12,206,154</u>	<u>12,140,814</u>

The current quoted Price of the share of Fatima Enterprises Limited (FEL) represents the last trading price on 21st March, 2012, when the trading of shares of this FEL has been suspended by Karachi Stock Exchange.

15.3 INVESTMENT HELD TO MATURITY

Term Finance Certificates issued by Bank Al-Habib Limited on 7th March, 2007 having Redeemable Value amounting to Rs. 7,736.75 per certificate with maturity date of 7th February, 2015 carrying Mark-up @ 6 month KIBOR + 1.95% (2014: 6 month KIBOR + 1.95%) per annum.

16 LONG TERM LOANS AND ADVANCES

These represent the unsecured amount advanced by the Company to Sui Northern Gas Pipelines Limited, to meet the cost of Gas Pipeline to be laid for supply of Gas to the weaving unit of the Company at Qadir Pur Rawn, Khanewal Road, Multan. This is recoverable in 12 years (including two years grace period) commencing from 28th September, 2007, in 07 equal annual instalments. This is subject to a Return @ 1.5% (2014: 1.5%) per annum, receivable annually.

17 LONG TERM DEPOSITS AND PREPAYMENTS comprise of.

17.1 These Comprise of:

Deposits		19,659,010	39,778,237
Pre-Payments	(Note 17.2)	<u>25,000,000</u>	<u>9,500,000</u>
		<u>44,659,010</u>	<u>49,278,237</u>

17.2 This represents a payment against the manufacturing facilities utilized by the Company which is adjustable towards the end of the respective lease term.



HUSSAIN MILLS LIMITED

Notes to and forming part of the Financial Statements

	2015	2014
	Rupees	Rupees
18 STORES, SPARES AND LOOSE TOOLS comprise of:		
Stores	230,262,823	179,092,408
Spares	119,678,637	113,198,315
Loose Tools	182,657	58,196
	<u>350,124,117</u>	<u>292,348,919</u>
19 STOCK IN TRADE comprise of:		
Raw Material		
At Factory	1,386,722,427	2,025,375,043
In Transit	317,027,183	-
	1,703,749,610	2,025,375,043
Work in Process	122,675,243	118,007,853
Finished Goods	394,107,126	492,290,925
	<u>2,220,531,978</u>	<u>2,635,673,821</u>
20 TRADE DEBTS		
20.1 These are in respect of:		
Export - Secured	(Note 20.2) 550,911,024	591,727,961
Local - Unsecured Considered Good	295,653,171	245,906,512
	<u>846,564,195</u>	<u>837,634,473</u>
20.2 Secured Debtors represent Foreign Bills under collection against Letters of Credit which are secured against Bank Guarantees.		
21 LOANS AND ADVANCES		
21.1 These are unsecured but are considered good by the management and comprise of:		
Advances to:		
Employees against Salaries and Expenses	(Note 21.2) 3,360,523	3,088,496
Suppliers of Goods and Services	107,617,997	44,901,304
Immature Letters of Credit	(Note 21.3) 5,384,894	11,193,568
Guarantee Margin	4,335,295	3,850,295
	<u>120,698,709</u>	<u>63,033,663</u>
21.2 Included therein amounts due from Executives.	2,336,991	1,535,494
21.3 These comprise of Opening Charges, Bank Charges and Cost of Documents.		
22 TRADE DEPOSITS AND SHORT TERM PRE-PAYMENTS comprise of:		
Security Deposits	388,526	388,526
Short Term Pre-Payments	638,880	481,537
	<u>1,027,406</u>	<u>870,063</u>
23 ACCRUED INTEREST relates to Interest Recoverable from Sui Northern Gas Pipelines Limited.		
24 OTHER RECEIVABLES comprise of:		
Sales Tax	141,904,146	109,241,371
Insurance Claims	1,186,671	2,182,989
Others	9,217,817	14,940,259
	<u>152,308,634</u>	<u>126,364,619</u>



HUSSAIN MILLS LIMITED

Notes to and forming part of the Financial Statements

			2015 Rupees	2014 Rupees
25 SHORT TERM INVESTMENTS comprise of:				
	2015	2014		
Held for Trading				
Pakgen Power Limited			829,304	-
No of Ordinary Shares	25,000	-		
Per Share Quoted Price at Year End	30.01	-		
Lalpir Power Limited			513,235	-
No of Ordinary Shares	15,000	-		
Per Share Quoted Price at Year End	30.50	-		
National Bank of Pakistan			-	615,781
No of Ordinary Shares	-	10,000		
Per Share Quoted Price at Year End	-	62.23		
Pakistan Petroleum Limited			-	4,500,363
No of Ordinary Shares	-	20,000		
Per Share Quoted Price at Year End	-	224.34		
Fatima Fertilizer Company Limited			-	334,732
No of Ordinary Shares	-	10,000		
Per Share Quoted Price at Year End	-	29.00		
Cost at end of the Year			<u>1,342,539</u>	<u>5,450,876</u>
Fair Value Adjustment			<u>(134,789)</u>	<u>(51,776)</u>
Fair Value at end of the Year			<u><u>1,207,750</u></u>	<u><u>5,399,100</u></u>

26 TAX REFUNDS DUE FROM GOVERNMENT DEPARTMENTS relates to Income Tax.

27 CASH AND BANK BALANCES

27.1 These comprise of:

Cash in Hand		2,952,639	5,737,331
Cash with Banks in:			
Current Accounts		220,317,486	222,390,454
Saving Accounts	(Note 27.2)	68,931	66,368
Deposit Accounts	(Note 27.3)	43,990,000	36,000,000
		<u>264,376,417</u>	<u>258,456,822</u>
		<u><u>267,329,056</u></u>	<u><u>264,194,153</u></u>

27.2 Saving Accounts are subject to return ranging from 4.25% to 5.50% (2014: 4.25% to 5.50%) per annum.

27.3 These Term Deposit Receipt (TDRs) are subject to return ranging from 8.50% to 12.50% (2014: 8.50% to 12.50%) per annum.

28 SALES comprises of:

Local Sales:			
Goods		4,591,146,332	5,968,849,819
Waste		60,855,706	61,382,998
Total Local Sales		<u>4,652,002,038</u>	<u>6,030,232,817</u>
Export Sales:			
Goods		7,085,619,008	7,556,734,695
Waste		27,283,721	94,209,959
		<u>7,112,902,729</u>	<u>7,650,944,654</u>
Exchange Rate Gain		31,616,734	91,132,110
Total Export Sales		<u>7,144,519,463</u>	<u>7,742,076,764</u>
		<u><u>11,796,521,501</u></u>	<u><u>13,772,309,581</u></u>



HUSSAIN MILLS LIMITED

Notes to and forming part of the Financial Statements

	2015 Rupees	2014 Rupees
29 COST OF SALES		
29.1 This is made up as follows:		
Finished Goods at beginning of the Year	492,290,925	552,778,243
Add: Cost of Goods:		
Manufactured (Note 29.2)	10,366,445,584	11,506,138,531
Purchased	626,519,301	916,267,936
	<u>10,992,964,885</u>	<u>12,422,406,467</u>
	11,485,255,810	12,975,184,710
Finished Goods at end of the Year	394,107,126	492,290,925
	<u>11,091,148,685</u>	<u>12,482,893,785</u>
29.2 COST OF GOODS MANUFACTURED is made up as follows:		
Work in Process at beginning of the Year	118,007,853	135,227,998
Raw Material Consumed (Note 29.3)	7,642,580,615	8,725,311,528
Packing Material Consumed	170,718,430	170,444,384
Stores Consumed	320,719,691	339,658,361
Salaries, Wages and Benefits	713,864,706	642,066,090
Power and Fuel	1,167,131,528	1,244,225,945
Insurance	27,274,012	28,914,270
Repair and Maintenance	32,538,365	23,885,392
Processing Charges	14,614,491	26,648,244
Manufacturing Hire Charges	48,000,000	48,000,000
Depreciation (Note 14.4)	218,086,445	223,655,406
Other Manufacturing Expenses	15,584,691	16,108,766
	<u>10,489,120,827</u>	<u>11,624,146,384</u>
Work in Process at end of the Year	122,675,243	118,007,853
	<u>10,366,445,584</u>	<u>11,506,138,531</u>
29.3 RAW MATERIAL CONSUMED is made up as follows:		
Balance at beginning of the Year	2,025,375,043	2,836,734,878
Add: Purchases including Expenses	7,003,927,999	7,913,951,693
Available for Consumption	<u>9,029,303,042</u>	<u>10,750,686,571</u>
Balance at end of the Year	1,386,722,427	2,025,375,043
	<u>7,642,580,615</u>	<u>8,725,311,528</u>
30 DISTRIBUTION COST comprises of:		
Local Freight, Octroi and Other Charges	10,339,725	38,810,481
Sea and Trailer Freight	108,184,597	92,607,958
Clearing and Forwarding Expenses	16,888,723	15,905,428
Commission on:		
Local Sales	10,441,687	11,219,356
Export Sales	77,529,867	177,796,985
Insurance	6,046,294	2,528,953
Bill of Lading Charges	2,591,045	2,291,147
Export Development Surcharge	14,829,306	19,422,075
Quality Claim	-	1,524,317
Sales Promotion Expenses	2,542,706	3,251,110
Others Expenses	5,828,713	7,526,519
	<u>255,222,663</u>	<u>372,884,329</u>



HUSSAIN MILLS LIMITED

Notes to and forming part of the Financial Statements

	2015 Rupees	2014 Rupees
31 ADMINISTRATIVE EXPENSES		
31.1 These comprise of:		
Directors' Remuneration	4,620,000	4,620,000
Staff Salaries and Benefits	146,108,262	146,456,153
Printing and Stationery	957,825	762,487
Communication	5,260,045	5,020,976
Sui Gas and Water Charges	1,657,223	1,825,693
Electricity	3,612,295	2,857,034
Insurance	4,071,490	5,161,155
Travelling and Conveyance	13,144,847	26,101,219
Entertainment	4,210,925	4,330,431
Rent, Rates and Taxes	1,555,857	1,152,975
Vehicle Running and Maintenance	11,277,818	10,237,210
Repair and Maintenance	10,204,325	8,091,434
Fees and Subscriptions	871,026	1,207,209
Legal and Professional Charges	5,707,115	3,153,177
Auditors' Remuneration (Note 31.2)	825,000	825,000
Advertisement and Publicity	878,661	5,041,322
ISO Expenses	4,247,091	4,517,016
Charity and Donations	3,404,090	3,012,434
Newspapers and Periodicals	98,995	135,936
Amortization of Intangible Asset	-	2,187,893
Depreciation (Note 14.4)	14,894,885	15,193,141
General Expenses	4,543,785	5,245,789
	<u>242,151,560</u>	<u>257,135,684</u>
31.2 AUDITORS' REMUNERATION relates to:		
Company's Statutory Audit	800,000	800,000
Workers' (Profit) Participation Fund Audit	25,000	25,000
	<u>825,000</u>	<u>825,000</u>
32 OTHER OPERATING EXPENSES comprises of:		
Loss on Re- Measurement of Investment (Note 25)	134,789	51,776
Loss on Investment	422,461	-
Loss on Disposal of Property, Plant and Equipment	3,760,329	-
Workers' (Profit) Participation Fund	-	6,331,751
	<u>4,317,579</u>	<u>6,383,527</u>
33 OTHER INCOME comprises of:		
Fine, Penalties and Claims	297,791	117,007
Sale of Salvage	-	2,100
Gain on Investment	-	1,199,382
Interest Income	1,494,430	362,642
Return on Financial Assets	1,114,083	3,203,490
Gain on Disposal of Property, Plant and Equipment	-	738,142
Dividend Income	115,000	131,781
Creditors Written Back	1,927,883	-
	<u>4,949,187</u>	<u>5,754,544</u>



HUSSAIN MILLS LIMITED

Notes to and forming part of the Financial Statements

34 FINANCE COST comprises of:

Interest/Mark-up on:

Short Term Borrowings

Long Term Finance

Worker's (Profit) Participation Fund

Lease Finance Charges

Exchange Loss/(Gain) on Foreign Currency Finances

Bank Charges and Commission

	2015	2014
	Rupees	Rupees
Short Term Borrowings	289,169,236	388,074,662
Long Term Finance	86,465,273	105,790,539
Worker's (Profit) Participation Fund	1,953,292	2,118,537
Lease Finance Charges	2,700,583	3,873,939
Exchange Loss/(Gain) on Foreign Currency Finances	49,008,507	(9,290,074)
Bank Charges and Commission	40,647,112	47,895,925
	<u>469,944,003</u>	<u>538,463,528</u>

35 TAXATION

35.1 This relates to:

Current Taxation

Current Year

Prior Years

Deferred Taxation

Current Year	113,968,447	123,644,540
Prior Years	(47,178,637)	(12,473,756)
	<u>66,789,810</u>	<u>111,170,784</u>
Deferred Taxation	-	(14,921,882)
	<u>66,789,810</u>	<u>96,248,902</u>

35.2 In view of available Tax Losses, Current Taxation represents tax levied on Turnover U/S 113 on Local Sale and Final Tax U/S 169 deducted on export proceeds realized during the Year.

35.3 Income Tax Assessments of the Company up to Tax Year 2014 have either been Finalized or the Income Tax Returns were filed under self assessment scheme in accordance with the provisions of Income Tax Ordinance, 2001, hence deemed to be assessed as declared.

35.4 Numerical reconciliation between the effective tax and the applicable tax has not been provided as the entire taxation of the Company comprises of Deem / Presumptive Tax only.

36 (LOSS) / EARNING PER SHARE (EPS)

36.1 Basic (Loss) / Earning per Share

After Tax (Loss) / Profit for the Year

	(328,103,612)	24,054,370
--	---------------	------------

NUMBER OF SHARES

Weighted Average Number of Ordinary

Shares Outstanding during the Year

	18,810,257	18,810,257
--	------------	------------

R U P E E S

Basic (Loss) / Earning per Share

	(17.44)	1.28
--	---------	------

36.2 Diluted (Loss) / Earning per Share

There is no dilution effect on the basic (loss) / earning per share as the Company has no such commitments.

37 TRANSACTIONS WITH RELATED PARTIES

The company's related parties comprise chief executive, directors and key management personnel who may substantially influence the entity's decisions. The company in the normal course of business carries out transactions with various related parties. Significant transactions with related parties except those disclosed in Note 38 are as follows:

Relationship

Nature of transaction

		2015	2014
		Rupees	Rupees
Director	Long term loan - obtained	195,764,142	49,402,243
	Long term loan - repaid	119,685,584	48,755,428
Staff and management	Short term advances	2,336,991	1,535,494

**HUSSAIN MILLS LIMITED***Notes to and forming part of the Financial Statements***38 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES**

Executive means an employee whose basic salary exceeds Rs. 500,000 (2014: Rs. 500,000) per year. The aggregate amount charged in the account for the year for remuneration, including certain benefits, to the Chief Executive, Director and Executives of the Company is as follows:

PARTICULARS

Managerial Remuneration
House Rent allowance
Utility Allowance
Medical Allowance

2 0 1 5		
Rupees		
Chief Executive	Director	Executives
654,000	3,600,000	48,297,181
264,000	-	-
36,000	-	-
66,000	-	4,829,718
<u>1,020,000</u>	<u>3,600,000</u>	<u>53,126,899</u>
1	1	61

NUMBER OF PERSONS**PARTICULARS**

Managerial Remuneration
House Rent allowance
Utility Allowance
Medical Allowance

2 0 1 4		
Rupees		
Chief Executive	Director	Executives
654,000	3,600,000	42,539,535
264,000	-	-
36,000	-	-
66,000	-	4,253,953
<u>1,020,000</u>	<u>3,600,000</u>	<u>46,793,488</u>
1	1	56

NUMBER OF PERSONS

In addition to above Chief Executive, Director and certain Executives are provided with Company maintained vehicles.



HUSSAIN MILLS LIMITED

Notes to and forming part of the Financial Statements

39 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

39.1 Financial assets and liabilities of the Company are as follows:

	2 0 1 5						
	R U P E E S						
	Mark-Up Bearing			Non Mark-Up Bearing			Total
	Maturity up to One Year	Maturity after One Year	Sub-Total	Maturity up to One Year	Maturity after one Year	Sub-Total	
Financial Assets							
Long Term Investments	-	-	-	12,206,154	-	12,206,154	12,206,154
Long Term Loan	-	28,115,200	28,115,200	-	-	-	28,115,200
Long Term Deposits	-	-	-	-	19,659,010	19,659,010	19,659,010
Trade Debtors	-	-	-	846,564,195	-	846,564,195	846,564,195
Loans and Advances	-	-	-	115,313,815	-	115,313,815	115,313,815
Trade Deposits	-	-	-	1,027,406	-	1,027,406	1,027,406
Interest Accrued	-	-	-	227,506	-	227,506	227,506
Short Term Investments	-	-	-	1,207,750	-	1,207,750	1,207,750
Dues with Government Dept.	-	-	-	155,620,609	-	155,620,609	155,620,609
Other Receivables	-	-	-	152,308,634	-	152,308,634	152,308,634
Cash and Bank Balances	44,058,931	-	44,058,931	223,270,125	-	223,270,125	267,329,056
	44,058,931	28,115,200	72,174,131	1,507,746,194	19,659,010	1,527,405,204	1,599,579,335
Financial Liabilities							
Long Term Financing	226,733,832	347,424,428	574,158,260	-	-	-	574,158,260
Trade and Other Payables	-	-	-	545,428,550	-	545,428,550	545,428,550
Interest and Mark up accrued	57,861,882	-	57,861,882	-	-	-	57,861,882
Short Term Finances	3,661,127,083	-	3,661,127,083	-	-	-	3,661,127,083
	3,945,722,797	347,424,428	4,293,147,225	545,428,550	-	545,428,550	4,838,575,775
On Balance Sheet Gap	(3,901,663,866)	(319,309,228)	(4,220,973,094)	962,317,644	19,659,010	981,976,654	(3,238,996,440)

	2 0 1 4						
	R U P E E S						
	Mark-Up Bearing			Non Mark-Up Bearing			Total
	Maturity up to One Year	Maturity after One Year	Sub-Total	Maturity up to One Year	Maturity after one Year	Sub-Total	
Financial Assets							
Long Term Investments	-	-	-	12,140,814	259,324	12,400,138	12,400,138
Long Term Loan	-	37,824,000	37,824,000	-	-	-	37,824,000
Long Term Deposits	-	-	-	-	39,778,237	39,778,237	39,778,237
Trade Debtors	-	-	-	837,634,473	-	837,634,473	837,634,473
Loans and advances	-	-	-	51,840,095	-	51,840,095	51,840,095
Trade Deposits	-	-	-	870,063	-	870,063	870,063
Interest Accrued	-	-	-	263,508	-	263,508	263,508
Short Term Investments	-	-	-	5,399,100	-	5,399,100	5,399,100
Dues with Government Dept.	-	-	-	92,894,848	-	92,894,848	92,894,848
Other Receivables	-	-	-	126,364,619	-	126,364,619	126,364,619
Cash and Bank Balances	36,066,368	-	36,066,368	228,127,785	-	228,127,785	264,194,153
	36,066,368	37,824,000	73,890,368	1,355,535,305	40,037,561	1,395,572,866	1,469,463,234
Financial Liabilities							
Long Term Financing	292,235,217	467,491,593	759,726,810	-	-	-	759,726,810
Trade and Other Payables	-	-	-	460,079,032	-	460,079,032	460,079,032
Interest and Mark up accrued	104,220,333	-	104,220,333	-	-	-	104,220,333
Short Term Finances	3,639,819,039	-	3,639,819,039	-	-	-	3,639,819,039
	4,036,274,589	467,491,593	4,503,766,182	460,079,032	-	460,079,032	4,963,845,214
On Balance Sheet Gap	(4,000,208,221)	(429,667,593)	(4,429,875,814)	895,456,273	40,037,561	935,493,834	(3,494,381,980)

**HUSSAIN MILLS LIMITED***Notes to and forming part of the Financial Statements*

FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

*Note 39, Financial Instruments and Related Disclosures - contd...***39.2 FINANCIAL RISK FACTORS**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by Board of Directors of the Company. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

(a) Market Risk**(i) Currency Risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD) and other currencies. Currently, the Company's foreign exchange risk exposure is restricted to bank balances and amounts receivables/ payables from / to the foreign entities. The Company exposure to currency risk was as follows:

	2015 USD	2014 USD	2015 RUPEES	2014 RUPEES
Trade Debts	4,978,269	6,052,741	550,911,024	591,727,961
Advances from Customers	(164,416)	(482,523)	(16,352,608)	(47,729,933)
Net Exposure	<u>4,813,853</u>	<u>5,570,218</u>	<u>534,558,416</u>	<u>543,998,028</u>

The following significant exchange rates have been applied:

	<u>AVERAGE RATE</u>		<u>REPORTING RATE</u>	
	2015	2014	2015	2014
USD to PKR	105.06	98.34	101.70	98.75

Sensitivity Analysis:

At reporting date, if the PKR had strengthened by 10% (2014: 10%) against the foreign currencies with all other variables held constant, post-tax profit for the year would have been higher by the amount shown below, mainly as a result of net foreign exchange gain on translation of foreign debtors and outstanding letter of credits.

	<u>2015</u>	<u>2014</u>
	Rupees	Rupees
<u>Effect on Profit and Loss</u>		
Trade Debts	55,091,102	59,172,796
Trade and Other Payables	(1,635,261)	(4,772,993)
Short Term Borrowings as FE-25, Export Loan	(139,446,138)	(141,319,362)
Accrued Mark-up on FE 25, Export Loans	(1,547,083)	(1,253,078)
Net Exposure	<u>(87,537,379)</u>	<u>(88,172,637)</u>

The weakening of the PKR against foreign currencies would have had an equal but opposite impact on the post tax profit.

The sensitivity analysis prepared is not necessarily indicative of the effects on Profit / (Loss) for the year and assets / liabilities of the Company.



HUSSAIN MILLS LIMITED

Notes to and forming part of the Financial Statements

Note 39, Financial Instruments and Related Disclosures - contd...

(ii) Price Risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), Other price risk arises from the Company's investment in ordinary shares of listed companies. To manage its price risk arising from aforesaid investments, the Company actively monitors the key factors that affect stock price movement.

		2015	2014
Reporting date all index points		24037	21973
		Changes in KSE all Index	Effects on Profit Before Tax
			Effects on Other Comprehensive Income
(Rupees)			
Available-for-sale investments			
	2015	+10%	1,220,615
		-10%	(1,220,615)
	2014	+10%	1,214,081
		-10%	(1,214,081)
Held for trading investments			
	2015	+10%	120,775
		-10%	(120,775)
	2014	+10%	539,910
		-10%	(539,910)

(iii) Interest Rate Risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long-term interest-bearing assets. The Company's interest rate risk arises from long term financing, short term borrowings and liabilities against assets subject to finance lease. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk. Borrowings obtained at fixed rate expose the Company to fair value interest rate risk.

At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments was:

Financial Liabilities	EFFECTIVE PERCENTAGE		CARRYING AMOUNT	
	2015	2014	2015	2014
Fixed Rate Instruments				
Long Term Financing	7.00 - 12.60	7.00 - 12.70	111,363,910	228,571,420
Variable Rate Instruments				
Long Term Financing	9.70 - 13.16	9.70 - 13.16	462,794,350	531,155,390
Short Term Borrowings	1.25 - 8.81	1.25 - 12.44	3,661,127,083	3,639,819,039



HUSSAIN MILLS LIMITED

Notes to and forming part of the Financial Statements

Note 39, Financial Instruments and Related Disclosures - contd...

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 or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

The following analysis demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax. This analysis is prepared assuming the amounts of floating rate instruments outstanding at balance sheet dates were outstanding for the whole year.

		Changes in Interest Rate	Effects on Profit before Tax (Rupees)
Bank balances - deposit accounts			
	2015	+1.50	660,884
		-1.50	(660,884)
	2014	+1.50	540,996
		-1.50	(540,996)
Long term financing			
	2015	+2.00	(9,255,887)
		-2.00	9,255,887
	2014	+2.00	(10,623,108)
		-2.00	10,623,108
Liabilities against assets subject to finance lease			
	2015	+2.00	(1,558,924)
		-2.00	1,558,924
	2014	+2.00	(2,121,526)
		-2.00	2,121,526
Short term borrowings			
	2015	+2.00	(73,222,542)
		-2.00	73,222,542
	2014	+2.00	(72,796,381)
		-2.00	72,796,381



HUSSAIN MILLS LIMITED

Notes to and forming part of the Financial Statements

Note 39, Financial Instruments and Related Disclosures - contd...

(b) Credit Risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2015 Rupees	2014 Rupees
Investments	13,413,904	17,799,238
Loans and Advances	7,695,818	6,938,791
Deposits	20,047,536	40,166,763
Trade Debts	846,564,195	837,634,473
Other Receivables	9,217,817	14,940,259
Bank Balances	264,376,417	258,456,822
	<u>1,161,315,687</u>	<u>1,175,936,346</u>

Credit risk related to trade debts is managed by established procedures and controls relating to customers credit risk management. Outstanding receivables are regularly monitored and shipments to foreign customers are covered by letters of credit.

The Trade Debts at the Balance Sheet Date are Unsecured.

The aging of Trade Debts at the Balance Sheet Date is as follows:

	2015	2014
Past due 1 to 60 days	829,979,227	580,276,350
Past due 60 to 120 days	-	252,061,334
Past due 120 days	16,584,968	5,296,789
	<u>846,564,195</u>	<u>837,634,473</u>

The maximum credit risk exposure at reporting date is carrying value of financial assets stated above.

The Credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating		Agency	2015	2014
	Short Term	Long Term		Rupees	Rupees
AL Baraka Bank (Pakistan) Ltd.	A1	A	PACRA	8,799	48,303
Allied Bank Ltd.	A1+	AA+	PACRA	59,479	22,542
Askari Bank Ltd.	A-1+	AA	JCR-VIS	2,073,296	2,073,296
Bank Al- Habib Ltd.	A1+	AA+	PACRA	5,631,287	14,408
Bank Alfiah Ltd.	A1+	AA	PACRA	279,880	132,983
Bank Islami Pakistan Ltd.	A1	A+	PACRA	381,460	381,460
Habib Bank Ltd.	A-1+	AAA	JCR-VIS	5,573,865	2,142,676
Habib Metropolitan Bank Ltd.	A1+	AA+	PACRA	4,723,200	7,737,189
KASB Bank Ltd.	A3	BBB	PACRA	61,267	61,267
MCB Bank Ltd.	A1+	AAA	PACRA	555,639	55,478
Meezan Bank Ltd.	A-1+	AA	JCR-VIS	1,875,407	121,449
National Bank of Pakistan	A1+	AAA	PACRA	20,745,771	787,868
NIB Bank Ltd.	A1+	AA-	PACRA	41,787	17,943
Soneri Bank Ltd.	A1+	AA-	PACRA	131,704,298	139,179,348
Standard Chartered Bank Ltd.	A1+	AAA	PACRA	44,818	45,215
Summit Bank Ltd.	A-1	A	JCR-VIS	9,850	9,850
The Bank of Khyber	A1	A	PACRA	90,441,794	105,371,317
The Bank of Punjab	A1+	AA-	PACRA	120,344	244,099
United Bank Ltd.	A-1+	AA+	JCR-VIS	44,176	10,131
				<u>264,376,417</u>	<u>258,456,822</u>



HUSSAIN MILLS LIMITED

Notes to and forming part of the Financial Statements

Note 39, Financial Instruments and Related Disclosures - contd...

Due to Company's long outstanding business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

(c) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of founding through an adequate amount of committed credit facilities. At 30 June 2015, the Company had Rs. 9,333 Million (2014: Rs. 9,333 Million) available borrowings limits from financial institutions and Rs. 267,329,056/- (2014: Rs. 264,194,153/-) cash and bank balances. Further, the Company has a positive working capital position at the year end and management believes the liquidity risk too low. Following are the maturities of financial liabilities. The amount disclosed in the table are undiscounted cash flows:

Financial Liabilities' Maturities as at 30th June, 2015:

	Carrying Amount	6 Month or Less	6-12 Months	1-2 Years	More than 2 Years
Rupees					
Long Term Financing	574,158,260	136,040,299	90,693,533	178,584,968	168,839,460
Trade and Other Payables	545,428,550	381,799,985	163,628,565	-	-
Short Term Borrowings	3,661,127,083	2,745,845,312	915,281,771	-	-

Financial Liabilities' Maturities as at 30th June, 2014:

	Carrying Amount	6 Month or Less	6-12 Months	1-2 Years	More than 2 Years
Rupees					
Long Term Financing	759,726,810	175,341,130	116,894,087	179,540,499	287,951,094
Trade and other Payables	460,079,032	300,957,842	159,121,190	-	-
Short Term Borrowings	3,639,819,039	2,729,864,279	909,954,760	-	-

39.3 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value of available-for-sale financial assets is derived from quoted market prices in active markets, if available.

Fair value of unquoted available-for-sale financial assets is estimated using appropriate valuation techniques.

The carrying value of all financial assets and liabilities reflected in Financial Statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either, directly or indirectly

Level 3: techniques which use inputs that have a significant effect on

During the reporting year ended 30th June 2015 and 2014, there were no inter level transfers and at the year end the Company held the following financial instruments carried at fair value, which all fall under level 1:



HUSSAIN MILLS LIMITED

Notes to and forming part of the Financial Statements

Note 39, Financial Instruments and Related Disclosures - contd...

	2015 Rupees	2014 Rupees
Assets measured at fair value		
Held for trading		
Equity shares	1,207,750	5,399,100
Available-for-sale financial assets		
Equity shares	12,206,154	12,140,814
	<u>13,413,904</u>	<u>17,539,914</u>

There were no liabilities measured at fair value as at 30 June 2015.

39.4 FINANCIAL INSTRUMENTS BY CATEGORIES

As at 30th June 2015

	Cash and Cash Equivalent s	Loans and Advances	Fair Value through Profit and Loss	Available for Sale	Held to Maturity
	-----Rupees-----				
Investments	-	-	1,207,750	12,206,154	-
Loans and Advances	-	7,695,818	-	-	-
Deposits	-	20,047,536	-	-	-
Trade Debts	-	846,564,195	-	-	-
Other Receivables	-	9,217,817	-	-	-
Cash and Bank Balances	267,329,056	-	-	-	-
	<u>267,329,056</u>	<u>883,525,366</u>	<u>1,207,750</u>	<u>12,206,154</u>	<u>-</u>

Liabilities as per Balance Sheet

Long Term Financing	903,597,928
Accrued Mark-up	57,861,882
Short Term Borrowings	3,661,127,083
Trade and Other Payables	545,428,550
	Rs. <u>5,168,015,443</u>

As at 30th June 2014

	Cash and Cash Equivalent s	Loans and Advances	Fair value through Profit and Loss	Available for Sale	Held to Maturity
	-----Rupees-----				
Investments	-	-	5,399,100	12,140,814	259,324
Loans and Advances	-	6,938,791	-	-	-
Deposits	-	40,166,763	-	-	-
Trade Debts	-	837,634,473	-	-	-
Other Receivables	-	14,940,259	-	-	-
Cash and Bank Balances	264,194,153	-	-	-	-
	<u>264,194,153</u>	<u>899,680,286</u>	<u>5,399,100</u>	<u>12,140,814</u>	<u>259,324</u>



HUSSAIN MILLS LIMITED

Notes to and forming part of the Financial Statements

Note 39, Financial Instruments and Related Disclosures - contd...

Liabilities as per Balance Sheet

Long Term Financing	1,013,087,920
Accrued Mark-up	104,220,333
Short Term Borrowings	3,639,819,039
Trade and Other Payables	460,079,032

Rs. 5,217,206,324

39.5 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 to cost of capital.

In orders to maintain or adjust the capital structure, the Company may adjust the amount through return capital to shareholders through repurchase of shares, right issue, issue new shares, obtain loan from sponsors or sell assets to reduce debt.

Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. The ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing and short term borrowings obtained by the Company as referred to in Note 6 and 11 respectively. The capital employed includes 'Total Equity' as shown in the balance sheet plus 'External Borrowings' and 'Loan from Directors and Sponsors'.

	2015 Rupees	2014 Rupees
The gearing ratio of the Company as on the balance sheet date was as follows:		
External Borrowings	4,235,285,343	4,399,545,849
Loan from Directors and Sponsors	329,439,668	253,361,110
Total Debt	4,564,725,011	4,652,906,959
Total Equity	2,407,468,961	2,689,782,379
Total Capital Employed	6,972,193,972	7,342,689,338
Gearing Ratio	65.47%	63.37%



HUSSAIN MILLS LIMITED

Notes to and forming part of the Financial Statements

40 SEGMENT REPORTING

40.1 REPORTABLE SEGMENTS

The Company's reportable segments are as follows:

- Spinning segment - production of different quality of yarn using natural and artificial fibers
- Weaving segment - production of different quality of grey fabric using yarn

Information regarding the Company's reportable segments is presented below:

40.2 SEGMENTS REVENUE AND RESULTS

Follows is an analysis of the Company's revenue and results by reportable segments

	SPINNING	WEAVING	ELIMINATION OF INTER SEGMENT TRANSACTIONS	TOTAL
	RUPEES			
For the year ended 30 June 2015				
Sales	8,480,769,610	2,732,655,133	583,096,758	11,796,521,501
Cost of Sales	(7,797,672,999)	(2,710,378,928)	(583,096,758)	(11,091,148,685)
Gross Profit	683,096,611	22,276,205	-	705,372,816
Allocated Income and Expenses:				
Distribution Cost	(213,041,843)	(42,180,820)	-	(255,222,663)
Administrative Expenses	(191,605,829)	(47,475,179)	-	(239,081,008)
Other Operating Income	2,551,522	3,813,306	-	6,364,828
	(402,096,150)	(85,842,693)	-	(487,938,843)
Profit before tax and unallocated expenses	281,000,461	(63,566,488)	-	217,433,973
Unallocated Expenses:				
Administrative Expenses				(3,070,552)
Other operating expenses				(557,250)
Finance cost				(469,944,003)
Taxation				(66,789,810)
				(540,361,615)
Profit after Taxation				(322,927,642)

The accounting policies of the reportable segments are the same as the Company's accounting policies described in Note 3 to the financial statements. Administrative expenses are apportioned on the basis of actual expenses incurred for the segments. Finance cost relating to long term loan is also allocated on the basis of purpose of loan for which it is obtained. This is the measure reported to management for the purposes of resource allocation and assessment of segment performance.

40.3 GROSS REVENUE FROM MAJOR PRODUCTS AND SERVICES

	2015 Rupees	2014 Rupees
Yarn Export Sale	6,332,432,487	6,591,020,190
Fabric Export Sale	753,186,521	965,714,505
Waste Export Sale	27,283,721	94,209,959
Yarn Local Sale	2,621,433,945	3,408,845,851
Fabric Local Sale	1,969,712,387	2,560,003,968
Waste Local Sale	60,855,706	61,382,998
	<u>11,764,904,767</u>	<u>13,681,177,471</u>

**HUSSAIN MILLS LIMITED**

Notes to and forming part of the Financial Statements

Note 40, Segment Reporting - contd...

40.4 GEOGRAPHICAL INFORMATION

(a) The Company's gross revenue percentage from external customers by geographical location is detailed		
Domestic	39.54	44.08
Asia	53.90	49.43
Europe	5.85	6.31
America	0.71	0.19
Africa	0.00	0.00
	<u>100</u>	<u>100</u>

(b) All non-current assets of the Company as at 30 June 2015 are located and operating in Pakistan.

40.5 SEGMENT ASSETS AND LIABILITIES

(a) Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

	SPINNING	WEAVING	TOTAL
For the year ended 30 June 2015	----- RUPEES -----		
Total assets for reportable segments	<u>7,165,316,457</u>	<u>1,725,919,405</u>	8,891,235,862
Unallocated assets:			
Other Receivables			152,308,634
Cash and bank balances			267,329,056
Other Corporate assets			<u>177,416,753</u>
Total assets as per consolidated balance sheet			<u>9,488,290,306</u>
Total liabilities for reportable segments	<u>8,894,821,660</u>	<u>1,144,170,455</u>	10,038,992,115
Unallocated liabilities:			
Other Corporate liabilities			<u>(550,701,809)</u>
Total liabilities as per consolidated balance sheet			<u>9,488,290,306</u>

(b) For the purpose of monitoring segment performance and allocating resources between segment operating property, plant and equipment is allocated to reportable segments and all other assets are held under unallocated corporate assets; and

long term loan is allocated to reportable segment and all other liabilities (i.e.) surplus on revaluation of fixed assets, deferred liabilities, trade and other payables, short term borrowings and accrued mark up are held under allocated corporate liabilities.

41 NUMBER OF EMPLOYEES

	<u>2015</u>	<u>2014</u>
Number of Employees including Contractual Employees at end of the Year	3,392	4,141
Average Number of Employees including Contractual Employees during the Year	3,388	4,084



HUSSAIN MILLS LIMITED

Notes to and forming part of the Financial Statements

42 PLANT CAPACITY AND ACTUAL PRODUCTION

Ring Spinning Sections

Owned Capacity

Number of Spindles Installed	75,360	75,360
Number of Spindle Shifts Worked	3	3
Installed Capacity at 20/S Count (Kgs) 365 Days	27,605,148	27,605,148
Actual Production of All Counts (Kgs)	30,894,068	31,344,692
Actual Production Converted into 20/S Count (Kgs)	19,900,967	19,004,598

Leased Capacity

Number of Spindles Installed	17,280	17,280
Number of Spindle Shifts Worked	3	3
Capacity at 20/S Count (Kgs) 365 Days	6,329,843	6,329,843
Actual Production of All Counts (Kgs)	4,357,187	3,612,992
Actual Production Converted into 20/S Count (Kgs)	2,530,509	2,495,443

Weaving Section

Owned Capacity

Number of Looms Installed	130	130
Number of Looms Shifts Worked	3	3
Capacity at 50 picks/inch (Meters) - 365 days	31,287,622	31,287,622
Actual Production of All picks/inch	17,760,908	20,308,440
Actual Production Converted into 50 picks/inch	23,494,215	25,131,641

Leased Capacity

Number of Looms Installed	80	80
Number of Looms Worked	None	None
Capacity at 50 picks/inch (Meters) - 365 days	17,466,585	17,466,585
Actual Production	-	-

It is difficult to describe precisely the production capacity in Spinning/Weaving Mills since it fluctuates widely depend on various factors such as count of yarn spun, spindles speed, twist and raw materials used, etc. It also varies according to the pattern of production adopted in a particular Year. The reason for under utilization of available capacity is attributable to normal Repair and Maintenance, Power failures and count changes.

43 DATE OF AUTHORIZATION FOR ISSUE

These Financial Statements have been authorized for issue by the Board of Directors of the Company on **October 28, 2015**.

Sd/-
DIRECTOR

Sd/-
CHIEF EXECUTIVE

HUSSAIN MILLS LIMITED

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