



**HUSEIN INDUSTRIES LIMITED**

**Condensed Interim Financial  
Information For the Period Ended  
December 31, 2015**



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mr. Aziz L. Jamal	Chairman/Chief Executive
Mr. Rashid L. Jamal	Director
Mr. Husein Jamal	Director
Mrs. Aisha Bai Suleman	Director
Mr. Akhtar Wasim Dar	Director
Miss. Saman Aziz-Jamal	Director
Miss. Hina Abdul Rashid	Director

### BOARD OF AUDIT COMMITTEE

Mr. Akhtar Wasim Dar	Chairman
Mr. Rashid L. Jamal	Member
Mr. Husein Jamal	Member
Mr. Mirza Akhter Shikoh	Secretary

### H.R. & REMUNERATION COMMITTEE

Mr. Akhtar Wasim Dar	Chairman
Mr. Husein Jamal	Member
Mr. Abdul Razzak Awan	Member

### COMPANY SECRETARY

Mr. M. Anwar Kaludi

### REGISTERED & HEAD OFFICE

HT-8, Landhi Industrial & Trading Estate,  
Landhi, Karachi-75120.  
Tel: (9221) 35018536-8  
Fax: (9221) 35018545  
E-mail: sales@huseini.com

### BANKERS

Habib Metropolitan Bank Limited  
Habib Bank Limited  
MCB Bank Limited  
Soneri Bank Limited

### AUDITORS

Haroon Zakaria & Co.  
Chartered Accountants

### SHARE REGISTRAR

C & K Management Associates (Pvt) Limited  
404, Trade Towers, Near Hotel Metropole,  
Abdullah Haroon Road  
Karachi.

### MILLS

HT-8, Landhi Industrial & Trading Estate,  
Landhi, Karachi-75120



## DIRECTORS' REPORT

In the name of Allah the Most Merciful and the Most Benevolent,

Dear Shareholders

The Directors of your Company are pleased to present their half yearly report for the half year ended December 31, 2015.

### FINANCIAL PERFORMANCE

Comparative Financial Results of the Company are summarized below:

	December 31, 2015	December 31, 2014
	(Rs. in 000.)	
Sales	-	2,384
Gross loss	-	(83,267)
Operating loss	(12,861)	(87,150)
Loss after tax	(11,723)	(84,700)
Loss per share-basic and diluted	(1.10)	(7.97)

The Company has incurred loss due to closure of Production.

As mentioned earlier in previous Directors' Reports, your Directors are considering to diversify into profitable businesses and various options are under consideration. Your Directors are contemplating to convert one of its properties into a commercial cum residential project which will help your Company to pay a substantial portion of the Bank's liabilities.

#### **Observation of the Auditors**

In respect of Auditors qualification with respect to recording of contingent income amounting to Rs. 427.486 million. It is stated that, to show the true picture of the affairs of the Company to the users of these financial statements the Company has recorded the said income on the basis of strong financial support from the Directors of the Company and the success of new businesses as discussed already in this report.

As regards the auditors' emphasis of the material uncertainty to continue as going concern, your management is very confident in turning around the Company from current turmoil and the management do not see that there are any significant doubts to continue as going concern.

#### **Acknowledgement**

Your Directors are please to record their appreciation for the continued dedications, commitments and loyalty of the employees of your Company.

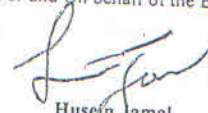
Your Directors are also thankful to all stakeholders for the loyalty they have shown during our difficult period.

The Directors of your Company are also pleased to record their appreciation for the assistance and continued support of the various Government Departments, Bankers, Customers and Shareholders.

For and On behalf of the Board

  
Akhtar Wasim Dar  
Director

For and On behalf of the Board

  
Husein Jamal  
Director

Karachi : January 23, 2017

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

*Introduction*

We have reviewed the accompanying condensed interim balance sheet of **HUSEIN INDUSTRIES LIMITED** (the Company) as at December 31, 2015, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof [here-in-after referred to as the "condensed interim financial information"], for the half year then ended. Management is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of these condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended December 31, 2015 have not been reviewed as we are required to review only the cumulative figures for half year ended December 31, 2015.

*Scope of review*

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Basis for qualified conclusion*

- i. During the financial year ended June 30, 2015, the Company had derecognized bank liabilities amounting to Rs. 427.486 million and credited it to profit and loss account for the year ended June 30, 2015 as disclosed in note 11.2 to these interim financial information, the Company had also reclassified its current and overdue portion of long term loan based on underlying settlement arrangement. The waiver of loan of Rs. 427.486 as well as transfer of current and

A member of



Independent legal & accounting firms

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Web: <http://www.hzco.com.pk>

overdue portion of Rs. 742.262 (Rs. June 2015 713.677) million to long term loan is dependent on compliance with terms of settlement as per restructuring agreement with the bank. This has resulted in understatement of liabilities and overstatement of shareholder's equity by the aforesaid amount. Further, this has also resulted in understatement of current liabilities and overstatement of long term liabilities due to reclassification of current and overdue portion to long term loan.

***Qualified conclusion***

Based on our review, with the exception of matter stated in paragraph i above and the possible adjustments that may require but are not determined, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2015 are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

***Emphasis of matter***

We draw attention to note 1.1 of these condensed interim financial information which indicates that the Company has incurred after tax loss amounting to Rs. 11.723 (Dec 2014: Rs. 84.700) million and its accumulated losses stood at Rs. 1,073.559 (June 2015: Rs. 1,062.984) million resulting in negative shareholders' equity of Rs. 641.300 (June 2015: Rs. 630.725) million. Further the Company has earned nil gross profit for the current period (Dec 2014: gross loss of Rs. 83.267 million). These conditions along with other matters set forth in note 1.1 indicate the existence of material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and also discusses the reasons for preparing these condensed interim financial information on going concern basis including the expectation of future profitability on account of change in business of the Company, restructuring of banking loans, financial support from directors and other matters. These plans including the viability of the new business are subject to inherent uncertainty as future events are always subject to change.

Our opinion is not qualified in respect of above matter.

  
Haroon Zakaria & Company  
Chartered Accountants

Place: Karachi  
Dated: 23 JAN 2017

Engagement Partner:  
Muhammad Iqbal

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

		December 31, 2015 (Unaudited)	June 30, 2015 (Audited)
<u>ASSETS</u>	Note	---- (Rupees in '000) ----	
<b>Non-Current Assets</b>			
Property, plant and equipment	5	312,086	320,664
Long term investments		6,104	4,956
Long term deposits		7,981	7,981
Deferred taxation	6	-	-
		326,171	333,601
<b>Current Assets</b>			
Stores, spares and loose tools	7	22,675	22,675
Stock-in-trade	8	203,947	203,947
Trade debts	9	83,037	83,087
Advances		103	1,693
Deposits and short term prepayments		750	750
Tax refunds due from government		12,171	12,164
Cash and Bank balances		1,838	468
		324,521	324,784
<b>Total Assets</b>		<b>650,692</b>	<b>658,385</b>
 <b><u>EQUITY AND LIABILITIES</u></b>			
<b>Share Capital and Reserves</b>			
<b>Authorized Share Capital</b>			
15,000,000 Ordinary shares of Rs. 10 each		150,000	150,000
<b>Issued, subscribed and paid up share capital</b>			
10,625,900 Ordinary shares of Rs. 10 each		106,259	106,259
Reserves	10	(747,559)	(736,984)
<b>Shareholders' Equity</b>		(641,300)	(630,725)
<b>Surplus on revaluation of fixed assets</b>		152,133	152,133
<b>Non-Current Liabilities</b>			
Long term finance	11	570,000	870,000
Deferred liability -staff gratuity		8,177	7,669
		578,177	877,669
<b>Current Liabilities</b>			
Trade and other payables	12	261,682	259,308
Current portion of long term finance	11	300,000	-
		561,682	259,308
<b>Contingencies and Commitments</b>	13	-	-
<b>Total Equity and Liabilities</b>		<b>650,692</b>	<b>658,385</b>

The annexed notes from 1 to 16 form an integart part of this condensed interim financial information.

**STATEMENT UNDER SECTION 241(2) OF THE COMPANIES ORDINANCE, 1984**

As the Chief Executive is for the time being not in Pakistan, therefore, these condensed interim financial information have been signed by two Directors of the Company as required under section 241(2) of the Companies Ordinance, 1984.

  
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 Director

  
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 Director

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**HUSEIN INDUSTRIES LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN - AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

	<i>Half year ended</i>		<i>Quarter ended</i>	
	<i>December 31, 2015</i>	<i>December 31, 2014</i>	<i>December 31, 2015</i>	<i>December 31, 2014</i>
----- (Rupees in '000) -----				
Sales - net	-	2,384	-	525
Cost of sales	-	(85,651)	-	(54,546)
<b>Gross loss</b>	-	(83,267)	-	(54,021)
Distribution cost	-	(233)	-	(15)
Administrative expenses	(12,861)	(3,650)	(7,012)	(1,794)
<b>Operating loss</b>	(12,861)	(3,883)	(7,012)	(1,809)
Finance cost	(3)	(2,485)	-	257
Other income	1,141	4,935	31	2,487
<b>Loss before taxation</b>	(11,723)	(84,700)	(6,981)	(53,086)
Taxation	-	-	-	-
<b>Loss after taxation</b>	(11,723)	(84,700)	(6,981)	(53,086)
<b>Loss per share-basic and diluted</b>	(1.10)	(7.97)	(0.66)	(5.00)

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

**STATEMENT UNDER SECTION 241(2) OF THE COMPANIES ORDINANCE, 1984**

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 Director

  
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 Director

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

<i>Half year ended</i>		<i>Quarter ended</i>	
<i>December 31, 2015</i>	<i>December 31, 2014</i>	<i>December 31, 2015</i>	<i>December 31, 2014</i>
----- (Rupees in '000) -----			

Loss for the period	(11,723)	(84,700)	(6,981)	(53,086)
Other comprehensive income for the period				
Items that will be reclassified subsequently to profit and loss account				
Gain / (loss) on remeasurement of available for sales investment	1,148	(1,045)	559	691
<b>Total comprehensive loss for the period</b>	<b>(10,575)</b>	<b>(85,745)</b>	<b>(6,422)</b>	<b>(52,395)</b>

The annexed notes from 1 to 16 form an integart part of this condensed interim financial information.

**STATEMENT UNDER SECTION 241(2) OF THE COMPANIES ORDINANCE, 1984**

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 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Director



**HUSEIN INDUSTRIES LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN - AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

December 31, December 31,  
2015 2014  
(Unaudited) (Unaudited)  
---- (Rupees in '000) ----

**A. CASH FLOW FROM OPERATING ACTIVITIES**

<b>Loss before taxation</b>	(11,723)	(84,700)
<b>Adjustments for non cash items and other charges</b>		
Depreciation	8,578	13,409
Provision for staff gratuity	(508)	-
Dividend Income	-	(10)
Financial charges	3	2,485
Gain on sale of plant and machinery	-	(136)
<b>Cash used in operating activities before working capital changes</b>	(3,650)	(68,952)
<b>Working capital changes</b>		
<b>Decrease in current assets</b>		
Stores, spares and loose tools	-	5,015
Stock-in-trade	-	15,054
Trade debts	50	56,509
Loans and advances	1,590	14,683
Other receivables	-	548
Deposits and short term prepayments	-	21
	1,640	91,830
<b>Increase / (Decrease) in current liabilities</b>		
Trade and other payables	2,374	(23,016)
<b>Net cash generated from / (used in) operations</b>	364	(138)
Staff gratuity paid	-	(479)
Tax (paid) / refunded - net	(7)	(353)
Financial charges paid	(3)	(56)
<b>Net cash generated from / (used in) operating activities</b>	354	(1,026)

**B. CASH FLOW FROM INVESTING ACTIVITIES**

Disposal proceeds of plant and machinery	-	719
Dividend received	-	10
<b>Net cash generated from investing activities</b>	-	729

December 31, December 31,  
2015 2014  
(Unaudited) (Unaudited)  
---- (Rupees in '000) ----

**C. CASH FLOW FROM FINANCING ACTIVITIES**

	-	-
Net increase / (decrease) in cash and cash equivalents (A+B+C)	354	(297)
Cash and cash equivalent at beginning of the period	468	(34,489)
Cash and cash equivalent at end of the period	822	(34,786)
<b>Cash and cash equivalent</b>		
Cash and bank balances	1,838	289
Running finance facility	-	(35,075)
	1,838	(34,786)

The annexed notes from 1 to 16 form an integart part of this condensed interim financial information.

**STATEMENT UNDER SECTION 241(2) OF THE COMPANIES ORDINANCE, 1984**

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\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

**HUSEIN INDUSTRIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

	<i>Reserves</i>				<i>Total</i>
	<i>Ordinary Share capital</i>	<i>Capital Share Premium</i>	<i>General</i>	<i>Accumulated losses</i>	
----- Rupees in '000' -----					
<b>Balance as at July 01, 2014</b>	106,259	33,858	292,142	(951,477)	(625,477)
Loss for the period	-	-	-	(84,700)	(84,700)
Other comprehensive loss for the period	-	-	-	(1,045)	(1,045)
<b>Total comprehensive loss for the period</b>	-	-	-	(85,745)	(85,745)
<b>Balance as at December 31, 2014</b>	106,259	33,858	292,142	(1,037,222)	(711,222)
<b>Balance as at July 01, 2015</b>	106,259	33,858	292,142	(1,062,984)	(736,984)
Loss for the period	-	-	-	(11,723)	(11,723)
Other comprehensive income for the period	-	-	-	1,148	1,148
<b>Total comprehensive loss for the period</b>	-	-	-	(10,575)	(10,575)
<b>Balance as at December 31, 2015</b>	106,259	33,858	292,142	(1,073,559)	(747,559)

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

**STATEMENT UNDER SECTION 241(2) OF THE COMPANIES ORDINANCE, 1984**

As the Chief Executive is for the time being not in Pakistan, therefore, these condensed interim financial information have been signed by two Directors of the Company as required under section 241(2) of the Companies Ordinance, 1984.

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

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**HUSEIN INDUSTRIES LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

**1 NATURE AND STATUS OF BUSINESS**

The Company was incorporated in Pakistan on May 25, 1953 as a Public Limited Company under the repealed Companies Act 1913 (now Company Ordinance 1984) in the name of Husein Textile Mills Limited, which was changed to Husein Industries Limited in 1964. Its shares are listed on Pakistan Stock Exchange Limited (formerly known as Karachi Stock Exchange Limited) in Pakistan. The major activities of the Company are textile manufacturing, producing cotton and polyester yarn, cloth and garments, which are marketed within, and outside Pakistan. The registered office of the Company is situated at HT-8, Landhi Industrial Area, Karachi.

The trading of Company's shares has been suspended by Pakistan Stock Exchange Limited (formerly known as Karachi Stock Exchange Limited) on December 09, 2013 on account of non-holding of Annual General Meeting and other secretarial non-compliances.

**1.1 Going Concern Assumption and mitigating factors**

During the current period, the Company has incurred after tax loss amounting to Rs. 11.723 (Dec 2014: Rs. 84.700) million and its accumulated losses stood at Rs. 1,073.559 (June 2015: Rs. 1,062.984) million resulting in negative shareholders' equity of Rs. 641.300 (June 2015: Rs. 630.725) million. Further the Company has incurred gross loss of Rs. Nil (Dec 2014: Rs. 83.267) million for the current period, further, the operational activities have been closed down in financial year 2014, consequently, there has been no production and sales during the current period. Accordingly, the Company is unable to pay its creditors on due dates and has also not been able to meet its obligations under various agreements of long term financing and short term borrowings.

The above conditions indicate the existence of material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business.

Subsequent to the current period end, the management of the Company has taken the following steps / measures including future plans to revive and improve the operational and financial conditions of the Company.

The Board of Directors having major shareholdings has decided in their meeting on December 30, 2016 to cease its textile business and has developed business diversification strategy to enter into real estate development, construction and allied businesses. The Company will not only utilize its own land but also has plans to buy land for this purpose. The Board will also take approval of the proposed business along with change in object clause from members in the immediate forthcoming annual general meeting.

In July 2016, the Bank, at the request of the Company, has restructured the long term and short term financing agreements at Rs. 870 million resulting into waiver of loan and accrued markup amounting to Rs. 274.104 and Rs. 153.382 million respectively on terms and conditions as disclosed in note 11.2.1 to these condensed interim financial information.

In the First phase of real estate business, the Company's owned land situated at LT-21, scheme-3 Measuring 38,010 Square Yards Landhi Industrial Area, Karachi will be sold in the form of residential and commercial plots and sites, for which legal formalities including approval of layout plan from Karachi Development Authority are in process. Further, the Banking Company has issued No Objection Certificate (NOC) in respect of sub-division / bifurcation of the mortgaged property bearing plot number LT-21 in order to settle its liabilities towards the banking Company.

The Company has strong financial support from its directors and is confident about the viability of the proposed business.

Subsequent to completion of legal formalities required for commercialization of plot LT-21, the Company has started receiving positive response from the Customers for sale of residential and commercial plots, and have started placing deposits with the Company. Till the issuance of these interim financial information, significant amount of revised bank loan installments have been repaid with the help of these funds.

The Board has also approved sale of textile plant and machinery, stock in trade and stores and spares which will facilitate the repayment of revised bank loan.

Further, the Company has given two of its buildings along with plant and machinery installed therein on lease, the inflows of which will be utilized to pay off the revised bank loan.

The Board has approved five year financial projections prepared by the management of the Company covering all factors mentioned above according to which, the Company will have adequate cash inflows which will not only pay off its revised bank loan, trade creditors, other payables and project development expenditures but also generate additional cash inflows in the form of profits.

Accordingly these interim financial information have been prepared on the going concern basis.

## **2 BASIS OF PREPARATION**

- 2.1 These condensed interim financial information of the Company for the half year period ended December 31, 2015 are unaudited and have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.
- 2.2 The figures of condensed interim profit and loss account for the quarters ended December 31, 2015 and 2014 have not been reviewed by the auditors of the Company as they have reviewed the cumulative figures for the Half Year ended December 31, 2015. These interim financial information do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with Company's annual financial statements for the year ended June 30, 2015.
- 2.3 These condensed interim financial information have been prepared under the historical cost convention, except as otherwise disclosed in these notes.
- 2.4 These condensed interim financial information are presented in Pakistani Rupees which is also the Company's functional currency.

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- 2.5 The comparative balance sheet presented has been extracted from annual financial statements for the year ended June 30, 2015, whereas comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity have been extracted from the unaudited condensed interim financial information for the six months ended December 31, 2014.

### **3 SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES**

- 3.1 The accounting policies, applied in the preparation of these condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2015.
- 3.2 Amendments to certain existing standards and new interpretations on approved accounting standards effective during the period either were not relevant to the Company's operations or did not have any impact on the accounting policies of the Company.

### **4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT**

- 4.1 The preparation of these condensed interim financial information in conformity with approved accounting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognized prospectively commencing from the period of revision.
- 4.2 In preparing these condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2015.
- 4.3 The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2015.

5 **PROPERTY, PLANT AND EQUIPMENT**

Note	December 31, 2015 (Unaudited)	June 30, 2015 (Audited)
	---- (Rupees in '000) ----	
Opening written down value	320,664	348,169
Depreciation charge for the period / year	(8,578)	(26,786)
Disposals during the period / year	-	(719)
<b>Closing written down value</b>	<b>312,086</b>	<b>320,664</b>

6 **DEFERRED TAXATION**

*This comprises of the following: -*

*Taxable temporary difference*  
Accelerated tax depreciation

15,363                      (1,525)

*Deductible temporary differences*

Provision for gratuity  
Provision for doubtful debts  
Effect of tax losses

(2,698)	248
(4,827)	472
<b>(158,530)</b>	<b>155,158</b>
<b>(166,055)</b>	<b>155,878</b>
<b>(150,692)</b>	<b>154,353</b>
<b>150,692</b>	<b>(154,353)</b>
-	-

Deferred tax asset not recognized

6.1

6.1 Deferred tax asset as at December 31, 2015 to the extent of Rs. 150.692 (June 2015: Rs. 154.353) million has not been recognized because of the inherent uncertainties in forecasts of sufficient taxable profits in foreseeable future against which such benefits can be utilized.

December 31, 2015 (Unaudited)	June 30, 2015 (Audited)
---- (Rupees in '000) ----	

7 **STORES, SPARES AND LOOSE TOOLS**

Stores  
Spare parts and loose tools  
  
Less: Provision for obsolete and slow moving items

41,586	41,586
7,818	7,818
<b>49,404</b>	<b>49,404</b>
<b>(26,729)</b>	<b>(26,729)</b>
<b>22,675</b>	<b>22,675</b>

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	December 31, 2015 (Unaudited)	June 30, 2015 (Audited)
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--- (Rupees in '000) ---

## 8 STOCK-IN-TRADE

Raw material		2,423	2,423
Work in process		182,019	182,019
Finished goods		19,505	19,505
	8.1	201,524	201,524
		203,947	203,947

### 8.1 Work in process and finished goods

Gross value		254,460	254,460
Less: Provision for write down to net realizable value		(52,936)	(52,936)
		201,524	201,524

## 9 TRADE DEBTS

### Exports

Considered good		52,265	52,265
Considered doubtful		3,265	3,265
		55,530	55,530

### Local

Considered good		30,772	30,822
Considered doubtful		11,362	11,362
		42,134	42,184
		97,664	97,714
Provision against debts considered doubtful		(14,627)	(14,627)
		83,037	83,087

## 10 RESERVES

Capital reserves	10.1	33,858	33,858
Revenue reserves	10.2	292,142	292,142
Accumulated losses		(1,073,559)	(1,062,984)
		(781,417)	(770,842)
		(747,559)	(736,984)

**10.1** This represents share premium received in the preceding years and is held for utilization of purposes as stated in Section 83 of the Companies Ordinance, 1984.

**10.2** This represents appropriation of profit in preceding years.



December 31,      June 30,  
2015                      2015  
(Unaudited)          (Audited)  
---- (Rupees in '000) ----

**11 LONG TERM FINANCE**  
**- Secured**

*From a banking company*

Term finance		870,000	1,060,229
Restructuring adjustment		-	(190,229)
Restructured loan amount	11.1	870,000	870,000
Less: Current portion		(300,000)	-
		570,000	870,000

**11.1** At period end, the banking company has confirmed the outstanding amount of Term Finance as per the previous agreement dated May 23, 2011 amounting to Rs. 1,060.229 million. However the management has recorded the loan at restructured amount in the financial statements ended June 30, 2015 as fully explained in note 11.2 to these interim financial information on the basis of steps and measures taken as disclosed in note 1.1 to these interim financial information.

**11.2 Settlement (restructuring) Agreement dated July 11, 2016**

**11.2.1** On July 11, 2016, Company has entered into a Settlement (restructuring) Agreement with the lender (bank) according to which the total loan liability of Rs. 1,144.104 million, comprising of long term finance and short term finance amounting to Rs. 1,060.229 million and Rs. 83.875 million respectively, as on the date of Settlement Agreement will be restructured and reduced to Rs. 870 million and outstanding markup amounting to Rs. 153.382 million as on the date of Settlement Agreement will be completely waived while the personal guarantees of the Directors will be cancelled subject to the following conditions:

**i) Revised schedule for repayment:**

Date	Amount (Rs. in million)	Payment Mode
July 26, 2016	50.00	
September 25, 2016	125.00	
December 25, 2016	125.00	
March 25, 2017	100.00	
June 25, 2017	100.00	Post dated cheques have been deposited against the mentioned installments on the date of this Settlement Agreement.
September 25, 2017	100.00	
December 25, 2017	100.00	
March 25, 2018	42.50	
June 25, 2018	42.50	
September 25, 2018	42.50	
December 25, 2018	42.50	
<b>Total</b>	<b>870.00</b>	

**ii)** In case of delay of more than 60 days in payment of any installment, markup at the rate of 3 Months KIBOR + 1% p.a. (calculated on daily basis) will be charged on the delayed installment.

- iii) The Company will repatriate the proceeds of outstanding export overdue bills or will settle the pending claim with Foreign Exchange Adjudication Court of SBP in a timely manner.
- iv) In case of default of any two quarterly installments, this Settlement Agreement shall stand withdrawn and all the outstanding liability as per the Bank's book along with the outstanding plus future markup payable at the rate of 3 Months KIBOR + 1% p.a. applicable from the date of default shall become payable.

Upon receipt of Rs. 350 million and next receipt of Rs. 150 million as per the payment schedule mentioned above, bank will release the mortgaged property bearing no. LT-21, Landhi Industrial Area, Karachi and open plots and land situated at Lahore-Faisalabad Road, Sheikhpura respectively.

The mortgaged property bearing no. HT-8 located at Landhi Industrial Area, Karachi will continue to remain mortgaged to cover the Letter of Guarantees exposure amounting to Rs. 40.636 million along with the cash margin of Rs. 4.237 million.

The Company is in the process of complying with all the requirements of the Settlement Agreement which were due till the date of issue of these interim financial statements.

- 11.2.2 Considering the facts mentioned in note 11.2.1 above, the management has reduced the total bank liabilities to Rs. 870 million and the resulting waiver amounting to Rs. 427.486 million has been credited to profit and loss account for the year ended June 30, 2015. The breakup of waived amount is as follows;

	<i>(Rupees in '000)</i>	
	<i>December 31,</i>	<i>June 30,</i>
	<i>2015</i>	<i>2015</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>---- (Rupees in '000) ----</i>	
Long term financing	190,229	
Accrued markup on long term finance	124,473	
Accrued markup on short term borrowings	28,909	
Short term borrowings	83,875	
	<u>427,486</u>	

## 12 TRADE AND OTHER PAYABLES

Creditors		39,784	38,452
Accrued and other liabilities	12.1	<u>221,898</u>	<u>220,856</u>
		<u>261,682</u>	<u>259,308</u>

- 12.1 This includes Rs. 162.881 (June 2015: Rs. 162.881) million prudently recorded by the Company against liability of Sui Southern Gas Company Limited (SSGC). In year 2012, the company filed a case in the Hounorable District and Session Court Malir Karachi against SSGC praying that no amount of the liability is payable against the initial claim of 17.6 million. The case is pending for adjudication in the Hounorable Court till the date of these condensed interim financial information. In the mean time, SSGC continued to charge minimum gas levy and markup on outstanding amount including markup which aggregated to Rs. 180.512 million as at December 31, 2015 (June 2015: Rs. 165.896 million). The management is confident based on legal advisor's opinion and the fact that markup on markup is illegal, that the Company is likely to succeed in waiving of the aforesaid additional charges.

### 13 CONTINGENCIES AND COMMITMENTS

There were no major changes in the status of contingencies and commitments as reported in the annual financial statements for the year ended June 30, 2015.

### 14 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of directors and other key management personnel. Remuneration and other benefits paid to Chief Executive, Directors and Executives are as follows:

	December 31, 2015			December 31, 2014		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	----- Rupees in (000) -----					
Fees	-	3	-	-	-	-
Managerial remuneration	132	-	363	132	-	520
Housing	48	-	269	48	-	450
Utilities	-	-	350	-	-	50
	<u>180</u>	<u>3</u>	<u>982</u>	<u>180</u>	<u>-</u>	<u>1,020</u>
No. of Person(s)	<u>1</u>	<u>6</u>	<u>2</u>	<u>1</u>	<u>6</u>	<u>4</u>

In addition, the Chief Executive, Directors, and Executives are provided with free use of the company's maintained cars.

### 15 GENERAL

Figures have been rounded off to the nearest thousand of rupees.

### 16 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information authorized for issue on 23 JAN 2015 by the Board of Directors of the Company

### STATEMENT UNDER SECTION 241(2) OF THE COMPANIES ORDINANCE, 1984

As the Chief Executive is for the time being not in Pakistan, therefore, these condensed interim financial information have been signed by two Directors of the Company as required under section 241(2) of the Companies Ordinance, 1984.

  
Director

  
Director