

**HUSEIN INDUSTRIES LIMITED**  
**CONDENSED INTERIM BALANCE SHEET**  
**AS AT DECEMBER 31, 2016**

<u>ASSETS</u>	<i>Note</i>	<i>December 31, 2016 (Un-audited)</i>	<i>June 30, 2016 (Audited)</i>
		<i>---- (Rupees in '000) ----</i>	
<b>Non-Current Assets</b>			
Property, plant and equipment	5	<b>296,006</b>	303,507
Long term investments		<b>8,049</b>	6,966
Long term deposits		<b>7,933</b>	7,933
Deferred taxation	6	-	-
		<b>311,988</b>	318,406
<b>Current Assets</b>			
Stores, spares and loose tools	7	<b>22,675</b>	22,675
Stock-in-trade	8	<b>203,947</b>	203,947
Trade debts	9	<b>55,578</b>	55,763
Advances, deposits and short term prepayments		<b>775</b>	725
Tax refunds due from government		<b>12,164</b>	12,292
Cash and Bank balances		<b>402</b>	365
		<b>295,541</b>	295,767
<b>Total Assets</b>		<b>607,529</b>	614,173
<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		<b>150,000</b>	150,000
<b>Issued, subscribed and paid up share capital</b>			
10,625,900 Ordinary shares of Rs. 10 each		<b>106,259</b>	106,259
Reserves	10	<b>(746,517)</b>	(750,832)
<b>Shareholders' Equity</b>		<b>(640,258)</b>	(644,573)
<b>Surplus on revaluation of fixed assets</b>		<b>152,133</b>	152,133
<b>Non-Current Liabilities</b>			
Long term finance	11	<b>170,000</b>	370,000
Deferred liability-staff gratuity		<b>9,260</b>	8,685
		<b>179,260</b>	378,685
<b>Current Liabilities</b>			
Trade and other payables	12	<b>311,744</b>	237,028
Short term borrowing		<b>5,900</b>	5,900
Current and overdue portion of long term finance	11	<b>598,750</b>	485,000
		<b>916,394</b>	727,928
<b>Contingencies and Commitments</b>	13	-	-
<b>Total Equity and Liabilities</b>		<b>607,529</b>	614,173

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

\_\_\_\_\_  
*Chief Executive Officer*

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*Director*

**HUSEIN INDUSTRIES LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	<i>Half year ended</i>		<i>Quarter ended</i>	
	<i>December 31, 2016</i>	<i>December 31, 2015</i>	<i>December 31, 2016</i>	<i>December 31, 2015</i>
----- (Rupees in '000) -----				
Sales - net	-	-	-	-
Cost of sales	-	-	-	-
<b>Gross profit</b>	-	-	-	-
Distribution cost	-	-	-	-
Administrative expenses	<b>(10,912)</b>	(12,861)	<b>(6,170)</b>	(7,012)
<b>Operating loss</b>	<b>(10,912)</b>	(12,861)	<b>(6,170)</b>	(7,012)
Finance cost	(2)	(3)	(1)	-
Other income	<b>14,808</b>	1,141	<b>8,559</b>	31
<b>Profit/(loss) before taxation</b>	<b>3,894</b>	(11,723)	<b>2,388</b>	(6,981)
Taxation	(662)	-	(662)	-
<b>Profit/(loss) after taxation</b>	<b>3,232</b>	(11,723)	<b>1,726</b>	(6,981)
<b>Profit/(loss) per share-basic and diluted</b>	<b>0.30</b>	(1.10)	<b>0.16</b>	(0.66)

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

\_\_\_\_\_  
*Chief Executive Officer*

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*Director*

**HUSEIN INDUSTRIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	<i>Half year ended</i>		<i>Quarter ended</i>	
	<i>December 31, 2016</i>	<i>December 31, 2015</i>	<i>December 31, 2016</i>	<i>December 31, 2015</i>
	----- (Rupees in '000) -----			
<b>Profit/(loss) for the period</b>	<b>3,232</b>	(11,723)	<b>1,726</b>	(6,981)
<b>Other comprehensive income for the period</b>				
<b>Items that will be reclassified subsequently to profit and loss account</b>				
Gain on remeasurement of available for sales investment	<b>1,083</b>	1,148	<b>423</b>	559
<b>Total comprehensive income/(loss) for the period</b>	<b>4,315</b>	(10,575)	<b>2,149</b>	(6,422)

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

\_\_\_\_\_  
*Chief Executive Officer*

\_\_\_\_\_  
*Director*

**HUSEIN INDUSTRIES LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	<i>December 31,</i> <b>2016</b> <i>(Un-audited)</i>	<i>December 31,</i> <b>2015</b> <i>(Un-audited)</i>
	<i>---- (Rupees in '000) ----</i>	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit / (loss) before taxation</b>	<b>3,232</b>	(11,723)
<b>Adjustments for:</b>		
Depreciation	<b>7,501</b>	8,578
Provision for staff gratuity	<b>575</b>	508
Dividend income	<b>(41)</b>	-
Finance cost	<b>2</b>	3
<b>Cash used in operating activities before working capital changes</b>	<b>11,269</b>	(2,634)
<b>Working capital changes</b>		
<b>Decrease in current assets</b>		
Trade debts	<b>185</b>	50
Advances	<b>-</b>	1,590
	<b>135</b>	1,640
<b>Increase in current liabilities</b>		
Trade and other payables	<b>74,716</b>	2,374
<b>Net cash generated from operations</b>	<b>86,120</b>	1,380
Tax paid - net	<b>128</b>	(7)
Finance cost paid	<b>(2)</b>	(3)
<b>Net cash generated from operating activities</b>	<b>86,246</b>	1,370
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Dividend received	<b>41</b>	-
<b>Net cash generated from investing activities</b>	<b>41</b>	-
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of long term financing	<b>(86,250)</b>	-
<b>Net cash used in financing activities</b>	<b>(86,250)</b>	-
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>37</b>	1,370
<b>Cash and cash equivalent at beginning of the period</b>	<b>365</b>	468
<b>Cash and cash equivalent at end of the period</b>	<b>402</b>	1,838

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

\_\_\_\_\_  
*Chief Executive Officer*

\_\_\_\_\_  
*Director*

**HUSEIN INDUSTRIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	<i>Reserves</i>						<i>Total</i>
	<i>Ordinary Share capital</i>	<i>Capital Share Premium</i>	<i>General</i>	<i>Revenue Accumulated losses</i>	<i>Sub Total</i>	<i>Total</i>	
----- <i>Rupees in '000'</i> -----							
<b>Balance as at July 01, 2015</b>	106,259	33,858	292,142	(1,062,984)	(770,842)	(736,984)	(630,725)
Loss for the period	-	-	-	(11,723)	(11,723)	(11,723)	(11,723)
Other comprehensive income for the period	-	-	-	1,148	1,148	1,148	1,148
<b>Total comprehensive loss for the period</b>	-	-	-	(10,575)	(10,575)	(10,575)	(10,575)
<b>Balance as at December 31, 2015</b>	<u>106,259</u>	<u>33,858</u>	<u>292,142</u>	<u>(1,073,559)</u>	<u>(781,417)</u>	<u>(747,559)</u>	<u>(641,300)</u>
<b>Balance as at July 01, 2016</b>	<b>106,259</b>	<b>33,858</b>	<b>292,142</b>	<b>(1,076,832)</b>	<b>(784,690)</b>	<b>(750,832)</b>	<b>(644,573)</b>
Profit for the period	-	-	-	3,232	3,232	3,232	3,232
Other comprehensive income for the period	-	-	-	1,083	1,083	1,083	1,083
<b>Total comprehensive income for the period</b>	-	-	-	4,315	4,315	4,315	4,315
<b>Balance as at December 31, 2016</b>	<u><b>106,259</b></u>	<u><b>33,858</b></u>	<u><b>292,142</b></u>	<u><b>(1,072,517)</b></u>	<u><b>(780,375)</b></u>	<u><b>(746,517)</b></u>	<u><b>(640,258)</b></u>

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

\_\_\_\_\_  
*Chief Executive Officer*

\_\_\_\_\_  
*Director*

## ***HUSEIN INDUSTRIES LIMITED***

### ***NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2016***

#### ***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 earned after tax profit amounting to Rs. 3.232 (Dec 2015: after tax loss Rs. 11.723) million and its accumulated losses stood at Rs. 1,072.517 (June 2016: Rs. 1,076.832) million resulting in negative shareholders' equity of Rs. 640.258 (June 2016: Rs. 644.573) million. Further the Company's gross profit for the current period is Nil (Dec 2015: Nil). Its current liabilities exceeded its current assets by Rs. 620.853 (June 2016: Rs. 432.161) million. Moreover, 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 financing agreements with the banking company.

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 has obtained approval of the proposed business along with change in object clause from members in the annual general meeting held on January 30, 2017.

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 to this 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 submission of legal documents to regulatory authority 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 condensed 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, 2016 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, 2016 and 2015 have not been reviewed by the auditors of the Company as they have reviewed the cumulative figures for the Half Year ended December 31, 2016. These condensed 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, 2016.
- 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.

- 2.5 The comparative balance sheet presented has been extracted from annual financial statements for the year ended June 30, 2016, 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, 2015.

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

- 3.1 The accounting policies, applied in the preparation of this 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, 2016.
- 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 this 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 this 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, 2016.
- 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, 2016.



*December 31,      June 30,*  
*2016                      2016*  
*(Un-audited)      (Audited)*  
*---- (Rupees in '000) ----*

**5 PROPERTY, PLANT AND EQUIPMENT**

Opening written down value	<b>303,507</b>	320,664
Depreciation charge for the period/year	<b>(7,501)</b>	(17,157)
	<b><u>296,006</u></b>	<u>303,507</u>

**6 DEFERRED TAXATION**

*This comprises of the following: -*

***Taxable temporary difference***

Accelerated tax depreciation	<b>(22,668)</b>	(23,572)
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***Deductible temporary differences***

Provision for gratuity	<b>2,871</b>	2,692
Provision for doubtful debts	<b>4,534</b>	4,534
Provision for stores and spares	<b>8,286</b>	8,553
Provision for stock-in-trade	<b>16,410</b>	16,940
Effect of unabsorbed tax depreciation	<b>264,520</b>	263,099
Effect of tax losses	<b>203,815</b>	208,075
	<b><u>500,436</u></b>	<u>503,893</u>
	<b>477,768</b>	480,321
Deferred tax asset not recognized	<b>(477,768)</b>	(480,321)
	<b><u>-</u></b>	<u>-</u>

**6.1** Deferred tax asset as at December 31, 2016 to the extent of Rs. 477.768 (June 2016: Rs. 480.321) 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,      June 30,*  
*2016                      2016*  
*(Un-audited)      (Audited)*  
*---- (Rupees in '000) ----*

**7 STORES, SPARES AND LOOSE TOOLS**

Stores	<b>41,586</b>	41,586
Spare parts and loose tools	<b>7,818</b>	7,818
	<b><u>49,404</u></b>	<u>49,404</u>
Less: Provision for obsolete and slow moving items	<b>(26,729)</b>	(26,729)
	<b><u>22,675</u></b>	<u>22,675</u>

**7.1** The Company carried out valuation of stores, spares and loose tools from RBS Associates, who has determined the net realizable value of Rs. 22.675 million in their report dated December 14, 2016. Hence, the carrying value of the stores and spares has been reduced accordingly.

		<i>December 31, 2016 (Un-audited)</i>	<i>June 30, 2016 (Audited)</i>
	<i>Note</i>	<i>--- (Rupees in '000) ---</i>	
<b>8 STOCK-IN-TRADE</b>			
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
	201,524	201,524

The Company carried out valuation of its stock from RBS Associates, who has determined the net realizable value of Rs. 203.947 million in their report dated December 14, 2016. Hence, the carrying value of the stock in trade has been reduced accordingly.

		<i>December 31, 2016 (Un-audited)</i>	<i>June 30, 2016 (Audited)</i>
	<i>Note</i>	<i>--- (Rupees in '000) ---</i>	
<b>9 TRADE DEBTS</b>			
<i>Exports</i>			
Considered good		55,578	53,806
Considered doubtful		3,265	3,265
		58,843	57,071
<i>Local</i>			
Considered good		-	1,957
Considered doubtful		11,362	11,362
		11,362	13,319
		70,205	70,390
Provision against debts considered doubtful		(14,627)	(14,627)
		55,578	55,763
		55,578	55,763

**10 RESERVES**

Capital reserves	10.1	33,858	33,858
Revenue reserves	10.2	292,142	292,142
Accumulated losses		(1,072,517)	(1,076,832)
		(780,375)	(784,690)
		(746,517)	(750,832)

**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,*  
*2016                                  2016*  
*(Un-audited)                  (Audited)*  
*---- (Rupees in '000) ----*

## **11 LONG TERM FINANCE**

### **- Secured**

#### ***From a banking company***

Term finance - restructured	<b>768,750</b>	870,000
Less: Current and overdue portion	<b>(598,750)</b>	(500,000)
	<b><u>170,000</u></b>	<b><u>370,000</u></b>

**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 of Rs. 870 million 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.

Till the reporting date, the Company has repaid 101.250 million of the restructured loan amount.

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

On July 11, 2016, Company has entered into a Settlement (restructuring) Agreement with the lender (bank) according to which the total principal 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 outstanding as on May 27, 2016 will be restructured and reduced to Rs. 870 million and outstanding markup amounting to Rs. 141.999 million as on May 27, 2016 will be completely waived while the personal guarantees of the Directors will be cancelled subject to the following conditions:

- i)* The Company shall pay Rs. 870 million in 11 various installments with grace period of 60 days. Further, the Company has issued post dated cheques against the aforementioned installments on the date of this settlement agreement.
- 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 this condensed interim financial statements.

**11.3** Considering the facts mentioned in note 11.2 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>Note</i>	<i>(Rupees in '000)</i>
Long term financing		<b>190,229</b>
Accrued markup on long term finance		<b>124,473</b>
Accrued markup on short term borrowings	11.3.1	<b>28,909</b>
Short term borrowings		<b>83,875</b>
		<b><u>427,486</u></b>

**11.3.1** It includes waiver of markup amounting to Rs. 11.383 million excessively recorded by the Company over and above the amount waived by the bank.

<i>Note</i>	<i>December 31, 2016 (Un-audited)</i>	<i>June 30, 2016 (Audited)</i>
	<i>---- (Rupees in '000) ----</i>	

## **12 TRADE AND OTHER PAYABLES**

Creditors		<b>17,155</b>	16,484
Advance against rent income		<b>2,654</b>	2,596
Deposit against rent		<b>4,054</b>	4,054
Advance from allottees	1.1	<b>73,675</b>	-
Accrued and other liabilities	12.1	<b>214,206</b>	213,894
		<b><u>311,744</u></b>	<u>237,028</u>

**12.1** This includes Rs. 163.757 (June 2016: Rs. 163.518) 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 Honourable 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 Honourable Court till the date of this 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. 197.508 million as at December 31, 2016 (June 2016: Rs. 187.891 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. Accordingly, the Company has not recorded liability of Rs. 33.751 (June 2016: Rs. 24.373) million in this condensed interim financial information.

### 13 CONTINGENCIES AND COMMITMENTS

#### 13.1 Contingencies

The Company has not recorded markup on delayed payment of loan installment in accordance with the terms of restructured agreement as disclosed in note 11.2 to this condensed interim financial information which is contingent on raising debit advice by the banking company.

Except as reported in note 13.1 above, there were no major changes in the status of contingencies as reported in the annual financial statements for the year ended June 30, 2016.

#### 13.2 Commitments

There were no major changes in the status of commitments as reported in the annual financial statements for the year ended June 30, 2016.

### 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:

	<i>December 31, 2016</i>			<i>December 31, 2015</i>		
	<i>Chief Executive</i>	<i>Directors</i>	<i>Executives</i>	<i>Chief Executive</i>	<i>Directors</i>	<i>Executives</i>
	<i>----- Rupees in (000) -----</i>					
Fees	-	15	-	-	3	-
Managerial remuneration	132	-	363	132	-	363
Housing	48	-	269	48	-	269
Utilities	-	-	350	-	-	350
	<b>180</b>	<b>15</b>	<b>982</b>	<b>180</b>	<b>3</b>	<b>982</b>
No. of Person(s)	<b>1</b>	<b>6</b>	<b>2</b>	<b>1</b>	<b>6</b>	<b>2</b>

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 \_\_\_\_\_ by the Board of Directors of the Company

\_\_\_\_\_  
*Chief Executive Officer*

\_\_\_\_\_  
*Director*