



**HUSEIN INDUSTRIES LIMITED**

**Condensed Interim Financial  
Information For the Period Ended  
December 31, 2017**



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mr. Aziz L. Jamal  
Mr. Husein Jamal  
Mr. Rashid L. Jamal  
Mrs. Aisha Bai Suleman  
Mr. Akhtar Wasim Dar  
Miss. Saman Aziz Jamal  
Mr. Suleman Aswani

Chairman  
Chief Executive officer  
Director  
Director  
Director  
Director  
Director

### BOARD OF AUDIT COMMITTEE

Mr. Suleman Aswani  
Mr. Rashid L. Jamal  
Mr. Akhtar Wasim Dar  
Mr. Mirza Akhter Shikoh

Chairman  
Member  
Member  
Secretary

### H.R. & REMUNERATION COMMITTEE

Mr. Suleman Aswani  
Mr. Akhtar Wasim Dar  
Mr. Abdul Razzak Awan

Chairman  
Member  
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@husein.com

### BANKERS

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

### AUDITORS

Reanda Haroon Zakaria & Co.  
Chartered Accountants

### SHARE REGISTRAR

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



## 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 the half yearly ended December 31, 2017. Together with the Independent Auditor's report on review of condensed Interim Financial Information to the Members.

### OPERATING AND FINANCIAL RESULTS

The Comparative financial results of the company are summarized below:-

	Half Year ended	
	December 31, 2017	December 31 2016
	---(Rupees in '000)---	
Sales-Net	38,500	-
Cost of sales	(48,053)	-
Gross (loss)	(9,553)	-
Administrative Expenses	(10,886)	(10,912)
Operating Loss	(20,439)	(10,912)
Other Operating Expenses	(29,112)	-
Finance Cost-Bank Charges	(4)	(2)
Other Income	16,454	14,808
(Loss) / Profit before Taxation	(33,101)	3,894
Taxation	(481)	(662)
(Loss) / Profit after taxation	(33,582)	3,232
Earning/(Loss) per share-Basic and diluted)	(3.16)	0.30

As mentioned earlier in previous Director' Reports, your Directors have converted one of its properties into a commercial cum residential project which is helping your Company to pay a substantial portion of the Bank's Liabilities.

#### Observation of the Auditors

As regard 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 as discussed in previous report.

#### Acknowledgement

Your Directors are please to record their appreciation for the continued dedications, commitments and loyalty with the Company and Trust & confidence shown in the Management of the Company.

Your Directors are also thankful to all stakeholders for the loyalty they have shown during turbulent times.

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

For and On behalf of the Board

Husein Jattal  
Chief Executive Officer

Karachi: February 27, 2018

*Emphasis of matter*

We draw attention to note 1.1 to the interim financial information which indicates that the Company has incurred after tax loss amounting to Rs. 33.582 (Dec 31, 2016: after tax profit of Rs. 3.232) million and its accumulated losses stood at Rs. 1,526.870 (June 30, 2017 Restated: Rs. 1,493.194) million resulting in negative shareholders' equity of Rs. 1,094.611 (June 30, 2017 Restated: Rs. 1,060.935) million. Further the Company's gross loss for the current period is 9.553 million (Dec 31, 2016: Nil). Moreover, its current liabilities exceeded its current assets by Rs. 1,219.117 (June 30, 2017 Restated: Rs. 885.708) 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 the 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.

  
Reanda Haroon Zakaria & Company  
Chartered Accountants


**Engagement Partner:**  
**Muhammad Haroon**

**Place:** Karachi  
**Dated:** 27 FEB 2018

**HUSEIN INDUSTRIES LIMITED**  
**CONDENSED INTERIM BALANCE SHEET**  
**AS AT DECEMBER 31, 2017**

		December 31, 2017 (Un-audited)	June 30, 2017 (Audited) Restated	June 30, 2016 (Audited) Restated
<u>ASSETS</u>	Note	----- (Rupees in '000') -----		
<b>Non-Current Assets</b>				
Property, plant and equipment	5	278,679	288,504	303,507
Long term investments		515	609	6,966
Long term deposits		7,933	7,933	7,933
Deferred taxation	6	-	-	-
		287,127	297,046	318,406
<b>Current Assets</b>				
Stores, spares and loose tools		20,152	20,622	22,675
Stock-in-trade		50,087	123,530	203,947
Trade debts	7	52,105	52,105	55,763
Advances		42,811	43,311	-
Deposit		725	725	725
Tax refunds due from Government		9,862	8,572	12,292
Cash and bank balances		9,161	1,182	365
		184,903	250,047	295,767
<b>Total Assets</b>		472,030	547,093	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		150,000	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	106,259
Reserves		(1,200,870)	(1,167,194)	(1,166,935)
<b>Shareholders' Equity</b>		(1,094,611)	(1,060,935)	(1,060,676)
<b>Surplus on revaluation of fixed assets</b>		152,133	152,133	152,133
<b>Non-Current Liabilities</b>				
Long term finance	8	-	310,304	560,229
Deferred liability - staff gratuity		10,488	9,836	8,685
		10,488	320,140	568,914
<b>Current Liabilities</b>				
Trade and other payables	9	524,819	439,944	237,028
Short term borrowings	10	54,700	54,700	89,775
Current and overdue portion of long term finance	8	682,117	499,112	485,000
Markup accrued - overdue	11	141,999	141,999	141,999
Provision for taxation		385	-	-
		1,404,020	1,135,755	953,802
<b>Contingencies and Commitments</b>	12			
<b>Total Equity and Liabilities</b>		472,030	547,093	614,173

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

  
Chief Executive Officer


  
Chief Financial Officer

  
Director

**HUSEIN INDUSTRIES LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

	<i>Half year ended</i>		<i>Quarter ended</i>	
	<i>December 31, 2017</i>	<i>December 31, 2016</i>	<i>December 31, 2017</i>	<i>December 31, 2016</i>
----- (Rupees in '000') -----				
Sales - net	38,500	-	38,500	-
Cost of sales	(48,053)	-	(48,053)	-
<b>Gross loss</b>	<b>(9,553)</b>	<b>-</b>	<b>(9,553)</b>	<b>-</b>
Administrative expenses	(10,886)	(10,912)	(5,993)	(6,170)
<b>Operating loss</b>	<b>(20,439)</b>	<b>(10,912)</b>	<b>(15,546)</b>	<b>(6,170)</b>
Other operating expenses	(29,112)	-	(26,312)	-
Finance cost - bank charges	(4)	(2)	(1)	(1)
Other income	16,454	14,808	8,483	8,559
<b>(Loss) / profit before taxation</b>	<b>(33,101)</b>	<b>3,894</b>	<b>(33,376)</b>	<b>2,388</b>
Taxation	(481)	(662)	(481)	(662)
<b>(Loss) / profit after taxation</b>	<b>(33,582)</b>	<b>3,232</b>	<b>(33,857)</b>	<b>1,726</b>
<b>(Loss) / earning per share - basic and diluted</b>	<b>(3.16)</b>	<b>0.30</b>	<b>(3.19)</b>	<b>0.16</b>

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

  
 Chief Executive Officer

  
 Chief Financial Officer

  
 Director

**HUSEIN INDUSTRIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

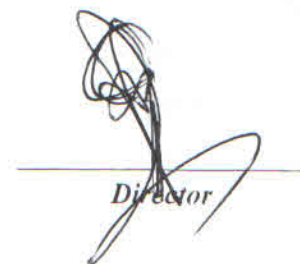
<i>Half year ended</i>		<i>Quarter ended</i>	
<i>December 31, 2017</i>	<i>December 31, 2016</i>	<i>December 31, 2017</i>	<i>December 31, 2016</i>
----- (Rupees in '000') -----			

(Loss) / profit after taxation	(33,582)	3,232	(33,857)	1,726
<b>Other comprehensive income for the period</b>				
Items that will not be reclassified subsequently to profit and loss account	-	-	-	-
<b>Items that may be reclassified subsequently to profit and loss account</b>				
(Loss) / gain on remeasurement of available for sales investments	(94)	1,083	(20)	423
<b>Total comprehensive (loss)/income for the period</b>	<u>(33,676)</u>	<u>4,315</u>	<u>(33,877)</u>	<u>2,149</u>

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

  
 Chief Executive Officer

  
 Chief Financial Officer

  
 Director

**HUSEIN INDUSTRIES LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

December 31, December 31,  
2017 2016  
(Un-audited) (Un-audited)  
---- (Rupees in '000') ----

**A. CASH FLOW FROM OPERATING ACTIVITIES**

(Loss) / profit before taxation	(33,101)	3,894
Adjustments for:		
Depreciation	6,573	7,501
Loss on derecognition of property	3,252	-
Provision for staff gratuity	652	575
Dividend income	-	(41)
Finance cost	4	2
	10,481	8,037
Cash (used in) / generated from operations before working capital changes	(22,620)	11,931
Working capital changes		
Decrease / (increase) current assets		
Stores, spares and loose tools	470	-
Stock-in-trade	73,443	-
Trade debts	-	185
Advances	500	(50)
Increase in current liabilities	74,413	135
Trade and other payables	85,260	74,054
Net cash generated from operations	137,053	86,120
Tax paid - net	(1,771)	128
Finance cost paid	(4)	(2)
Net cash generated from operating activities	135,278	86,246

**B. CASH FLOW FROM INVESTING ACTIVITIES**

Dividend received	-	41
Net cash generated from investing activities	-	41

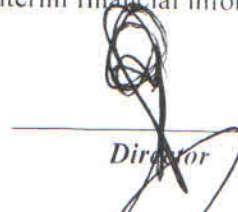
**C. CASH FLOW FROM FINANCING ACTIVITIES**

Repayment of long term financing	(127,299)	(86,250)
Net cash used in financing activities	(127,299)	(86,250)
Net increase in cash and cash equivalents (A+B+C)	7,979	37
Cash and cash equivalent at beginning of the period	1,182	365
Cash and cash equivalent at end of the period	9,161	402

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

  
Chief Executive Officer

  
Chief Financial Officer

  
Director



**HUSEIN INDUSTRIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

	Reserves				Total Shareholders' Equity
	Ordinary Share capital	Capital Share Premium	General	Revenue Accumulated losses	
----- Rupees in '000' -----					
<b>Balance as at July 01, 2015 as originally reported</b>	106,259	33,858	292,142	(1,062,984)	(736,984)
Correction of prior period error - note 8.1	-	-	-	(416,103)	(416,103)
<b>Balance as at July 1, 2015 - Restated</b>	106,259	33,858	292,142	(1,479,087)	(1,153,087)
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 - Restated</b>	106,259	33,858	292,142	(1,489,662)	(1,163,662)
<b>Balance as at July 01, 2016 - Restated</b>	106,259	33,858	292,142	(1,492,935)	(1,166,935)
Profit for the period	-	-	-	3,232	3,232
Other comprehensive income for the period	-	-	-	1,083	1,083
<b>Total comprehensive income for the period</b>	-	-	-	4,315	4,315
<b>Balance as at December 31, 2016 - Restated</b>	106,259	33,858	292,142	(1,488,620)	(1,162,620)
<b>Balance as at July 01, 2017 - Restated</b>	106,259	33,858	292,142	(1,493,194)	(1,167,194)
Loss for the period	-	-	-	(33,582)	(33,582)
Other comprehensive loss for the period	-	-	-	(94)	(94)
<b>Total comprehensive loss for the period</b>	-	-	-	(33,676)	(33,676)
<b>Balance as at December 31, 2017</b>	106,259	33,858	292,142	(1,526,870)	(1,200,870)

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

  
 Chief Executive Officer

  
 Chief Financial Officer

  
 Director

## **HUSEIN INDUSTRIES LIMITED**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

#### **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 the Companies Act 2017) 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. The registered office of the Company is situated at HT-8, Landhi Industrial Area, Karachi.

During the year ended June 30, 2017, the Company has decided to cease its textile business and has developed business diversification strategy to enter into real estate development, construction and allied businesses for which necessary approval from the regulator for change in 'object clause' is in process till the issuance of these condensed interim financial information.

The trading of Company's shares has been suspended by Pakistan 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. 33.582 (Dec 31, 2016: after tax Profit amounting to Rs. 3.232) million and its accumulated losses stood at Rs. 1,526.870 (June 30, 2017 Restated: Rs. 1,493.194) million resulting in negative shareholders' equity of Rs. 1,094.611 (June 30, 2017 Restated: Rs. 1,060.935) million. Further the Company's gross loss for the current period is Rs. 9.553 million (Dec 31, 2016: Nil). Its current liabilities exceeded its current assets by Rs. 1,219.117 (June 30, 2017 Restated: Rs. 885.708) million. Moreover, the operational activities have been closed down in financial year 2014, consequently, there has been no production 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.

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. However, Securities and Exchange Commission of Pakistan (SECP) required the management to seek fresh approvals from members for the change in object clause in accordance with the provisions of the Companies Act, 2017, for which the Company is taking necessary steps.

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. Although the Company has obtained NOC for commercialization and approval of the layout plan of the said land from Karachi Development Authority, yet, approval of change in object clause from SECP and other legal formalities are in process till the issuance of these condensed interim financial information. Further, the Banking Company has issued No Objection Certificate 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. Moreover, during the current period, the Banking Company has released original title documents of the mortgaged property bearing plot no LT-21.

Further, the Company has started receiving positive response from the Customers for sale of residential and commercial plots, who have started placing deposits with the Company. Till the issuance of these condensed interim financial information, significant amount of revised bank loan installments have been repaid with the help of these funds.

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 on terms and conditions as disclosed in note 8.3 to these condensed interim financial information. Till the reporting date, the Company has repaid 413.187 million of the restructured loan amount.

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

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 ended December 31, 2017 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 repealed Companies Ordinance, 1984, (now the Companies Act, 2017). In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984, have been followed.

Effective from May 30, 2017, the Companies Act, 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan (SECP) vide its circular No. 23 of 2017 dated October 04, 2017 communicated its decision that the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Furthermore, Institute of Chartered Accountants of Pakistan (ICAP) has obtained clarification from SECP regarding the said circular, and explains that this circular also covers interim financial statements of companies for the periods ending on or before December 31, 2017. Accordingly, these condensed interim financial statements have been prepared in accordance with International Accounting Standard - 34 'Interim Financial Reporting' and provisions of and directives issued under the Ordinance. In case where requirement differ, the provision of or directives issued under the Ordinance have been followed.

The Company is currently assessing the full impact of the promulgation of the Act on the financial statements, it is expected that it will result in change in accounting treatments and enhanced disclosures in the annual financial statements which will be incorporated in the financial statements of the Company for the year ended June 30, 2018.

- 2.2 The figures of condensed interim profit and loss account for the quarters ended December 31, 2017 and December 31, 2016 have not been reviewed by the auditors of the Company as they have reviewed the cumulative figures for the half year ended December 31, 2017. 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 years ended June 30, 2017.
- 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, 2017, 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 half year ended December 31, 2016.

### **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, 2017.
- 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, 2017.
- 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, 2017.

	December 31, 2017 (Un-audited)	June 30, 2017 (Audited)
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---- (Rupees in '000') ----

## 5 PROPERTY, PLANT AND EQUIPMENT

Opening written down value	288,504	303,507
Derecognition of building - witten down value	(3,252)	-
Depreciation charge for the period / year	(6,573)	(15,003)
	<u>278,679</u>	<u>288,504</u>

5.1 During the current period, the building situated at LT-21 was demolished and accordingly the Company has derecognized the same in accordance with 'IAS 16 - Property, Plant and Equipment'. The details are as follows:

	December 31, 2017 (Un-audited)	June 30, 2017 (Audited)
--	--------------------------------------	-------------------------------

---- (Rupees in '000') ----

Cost as at July 01, 2017	9,409	-
Accumulated depreciation as at July 01, 2017	(6,157)	-
Written down value as at July 01, 2017	<u>3,252</u>	<u>-</u>

## 6 DEFERRED TAXATION

This comprises of the following: -

### Taxable temporary difference

Accelerated tax depreciation	(18,865)	(21,062)
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### Deductible temporary differences

Provision for gratuity	3,146	2,951
Provision for stores, spares and loose tools	8,019	8,019
Provision for stock-in-trade	15,881	15,881
Provision for doubtful debts	4,388	4,388
Effect of unabsorbed tax depreciation	258,574	257,364
Effect of turnover tax	1,248	767
Effect of tax losses	118,504	110,805
	<u>409,760</u>	<u>400,175</u>
	390,895	379,113
Deferred tax asset not recognized	(390,895)	(379,113)
	<u>-</u>	<u>-</u>

6.1 Deferred tax asset as at December 31, 2017 to the extent of Rs. 390.895 (June 30, 2017: Rs. 379.113) 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,  
2017                      2017  
(Un-audited)      (Audited)  
----- (Rupees in '000') -----

## 7 TRADE DEBTS

### Exports

Considered good	52,105	52,105
Considered doubtful	3,265	3,265
	55,370	55,370

### Local

Considered good	-	-
Considered doubtful	11,362	11,362
	11,362	11,362
	66,732	66,732
Provision against debts considered doubtful	(14,627)	(14,627)
	52,105	52,105

December 31,      June 30,      June 30,  
2017                      2017                      2016  
(Un-audited)      (Audited)      (Audited)  
Restated                      Restated  
----- (Rupees in '000') -----

Note

## 8 LONG TERM FINANCE

### - Secured

#### From a banking company

Term finance - restructured		491,888	584,112	870,000
Restructuring adjustment reversed	8.1	190,229	190,229	190,229
Restructured loan amount		682,117	774,341	1,060,229
Impact of reclassification	15	-	35,075	-
	8.2	682,117	809,416	1,060,229
Less: Current and overdue portion		(682,117)	(499,112)	(500,000)
		-	310,304	560,229

### 8.1 Correction of Prior period error

On July 11, 2016, the Company has entered into a Settlement (restructuring) Agreement with the 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, the outstanding amount as on May 27, 2016 will be restructured and reduced to Rs. 870 million subject to certain terms and conditions as disclosed in note 8.3 to these condensed interim financial information. However, despite the uncertainties attached with the agreement, the Company erroneously derecognized bank liabilities amounting to Rs. 416.103 million and credited it to profit and loss account in the financial statements for the year ended June 30, 2015.

This error has been rectified in these condensed interim financial information in accordance with 'IAS 8 - Accounting policies, Changes in Accounting Estimates and Errors' by restating the opening accumulated losses of the earliest period reported and crediting the long term and short term finance and their related markup accounts. The effect of above changes have been summarized below:

	<i>As originally reported in July 01, 2015</i>	<i>Effect of prior period error</i>	<i>As Restated July 01, 2015</i>
----- (Rupees in '000')-----			
<i>Effect on Balance Sheet</i>			
<i>Long term finance</i>	370,000	190,229	560,229
<i>Short term borrowings</i>			
Running finance I	-	10,627	10,627
Running finance II	-	24,448	24,448
Packing credit	-	48,800	48,800
	-	83,875	83,875
<i>Markup accrued - overdue</i>			
- on long term finance	-	51,681	51,681
- on short term borrowings	-	90,318	90,318
	-	141,999	141,999
	<b>370,000</b>	<b>416,103</b>	<b>786,103</b>

*Effect on Statement of Changes in Equity*

Accumulated losses	1,062,984	416,103	1,479,087
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8.2 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. 682.117 (June 30, 2017: Rs. 809.416) million.

8.3 *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.

During the period, the bank has released the mortgaged property bearing no. LT-21, Landhi Industrial Area, Karachi. 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 issuance of these condensed interim financial information.

	<i>December 31,</i> <i>2017</i>	<i>June 30,</i> <i>2017</i>
<i>Note</i>	<i>(Un-audited)</i>	<i>(Audited)</i>
	<i>---- (Rupees in '000') ----</i>	

## 9 TRADE AND OTHER PAYABLES

Creditors		19,934	17,949
Advance against rent income		1,694	-
Deposit against rent		5,142	4,884
Advance from allottees	1.1	280,176	200,274
Accrued and other liabilities	9.1	173,744	172,708
Unclaimed dividend	9.2	44,129	44,129
		<u>524,819</u>	<u>439,944</u>

9.1 This includes Rs. 163.564 (June 2017: Rs. 163.566) 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 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. 197.870 million as at December 31, 2017 (June 2017: Rs. 197.872 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. 34.306 (June 2017: Rs. 34.306) million in these condensed interim financial information.

9.2 Since the directors of the Company are the major shareholders, therefore the unclaimed dividend mainly pertains to the directors. The Company will pay these in future when positive cash flows will arise in the form of profits.

	<i>December 31, 2017 (Un-audited)</i>	<i>June 30, 2017 (Audited) Restated</i>	<i>June 30, 2016 (Audited) Restated</i>
<i>Note</i>	<i>----- (Rupees in '000') -----</i>		

## 10 SHORT TERM BORROWINGS

<i>Loan from director</i>	10.1	5,900	5,900	5,900
<i>Running finance</i>				
RF I	8.1	-	10,627	10,627
RF II	8.1	-	24,448	24,448
		-	35,075	35,075
Impact of reclassification	15	-	(35,075)	-
		-	-	35,075
<i>Packing credit - overdue</i>	8.1	48,800	48,800	48,800
		<u>54,700</u>	<u>54,700</u>	<u>89,775</u>

10.1 Represents unsecured interest free loan obtained from director (a related party) of the Company and is repayable on demand.

	<i>December 31, 2017 (Un-audited)</i>	<i>June 30, 2017 (Audited) Restated</i>	<i>June 30, 2016 (Audited) Restated</i>
<i>Note</i>	<i>----- (Rupees in '000') -----</i>		

## 11 MARKUP ACCRUED - OVERDUE

- on long term fiance	8.1	51,681	51,681	51,681
- on short term borrowings	8.1	90,318	90,318	90,318
		<u>141,999</u>	<u>141,999</u>	<u>141,999</u>

## 12 CONTINGENCIES AND COMMITMENTS

### 12.1 Contingencies

The Company has no contingent liabilities in respect of any legal claim in the ordinary course of business other than disclosed elsewhere in these condensed interim financial information.

### 12.2 Commitments

There were no major changes in the status of commitments as reported in the annual financial statements for the year ended June 30, 2017.

## 13 RELATED PARTY TRANSACTIONS

Related parties comprise directors and key management personnel. Period end balances of related parties are disclosed in relevant notes to these condensed interim financial information. Details of remuneration and perquisites paid to Chief Executive and Directors during the period are disclosed in note 14.

#### 14 REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS

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

	<i>Chief Executive</i>		<i>Directors</i>		<i>Executives</i>	
	<i>December 31, 2017</i>	<i>December 31, 2016</i>	<i>December 31, 2017</i>	<i>December 31, 2016</i>	<i>December 31, 2017</i>	<i>December 31, 2016</i>
	----- Rupees in '000' -----					
Fees	-	-	7	15	-	-
Managerial remuneration	132	132	-	-	363	363
Housing	48	48	-	-	269	269
Utilities	-	-	-	-	350	350
	<u>180</u>	<u>180</u>	<u>7</u>	<u>15</u>	<u>982</u>	<u>982</u>
No. of Person(s)	<u>1</u>	<u>1</u>	<u>6</u>	<u>6</u>	<u>2</u>	<u>2</u>

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

#### 15 CORRESPONDING FIGURES

Comparative information has been reclassified or rearranged in these condensed interim financial information, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current period. Major reclassification during the period has been summarized below:


<i>Reclassified from</i>	<i>Reclassified to</i>	<i>(Rupees in '000')</i>
Short term borrowings	Long term finance	<u>35,075</u>

#### 16 GENERAL


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

#### 17 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information authorized for issue on 27 FEB 2018 by the Board of Directors of the Company

  
Chief Executive Officer

  
Chief Financial Officer

  
Director