



**HUSEIN INDUSTRIES LIMITED
HALF YEARLY
REPORT
DECEMBER 31, 2018**

(UNAUDITED)



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Aziz L. Jamal	Chairman
Mr. Husein Jamal	Chief Executive officer
Mr. Rashid L. Jamal	Director
Mrs. Aisha Bai Suleman	Director
Mr. Akhtar Wasim Dar	Director
Miss. Saman Aziz Jamal	Director
Mr. Suleman Aswani	Director

BOARD OF AUDIT COMMITTEE

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

H.R. & REMUNERATION COMMITTEE

Mr. Suleman Aswani	Chairman
Mr. Akhtar Wasim Dar	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
E-mail: sales@husein.com
website: www.husein.com.pk

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.

The Directors of Husein Industries Limited are pleased to present the Half Yearly ended December 31, 2018. Together with the Independent Auditor's report on review of condensed Interim Financial Statement to the Members.

	Half year ended	
	December, 31 2018	December, 31 2017
	------(Rupees in '000)-----	
Sales-net	-	38,500
Cost of sales	-	(48,053)
Gross (loss)	-	(9,553)
Administrative Expenses	(8,308)	(10,886)
Operating Loss	(8,308)	(20,439)
Other Operating Expenses	(14,453)	(29,112)
Finance Cost- Bank Charges	(1)	(4)
Other Income	24,244	16,454
Profit / (loss) before Taxation	1,482	(33,101)
Taxation	(252)	(481)
Profit / (loss) after Taxation	1,230	(33,582)

Other comprehensive income

Items that will not be reclassified subsequently to profit or loss

Items that will be reclassified subsequently to profit or loss when specific conditions are met

Unrealized (loss) on remeasurement of available for sale investments

Total comprehensive income / (loss) for the period

	(32)	(94)
	1,198	(33,676)

Earning / (loss) per share - basic and diluted

	0.12	(3.16)
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As mentioned earlier in previous Directors' Report, 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 auditor's 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.

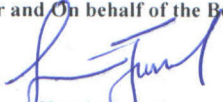
Acknowledgement

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.

Yours 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, Bankers, Customers and Shareholders.

For and On behalf of the Board


Husein Jamal
Chief Executive

Karachi : February 28, 2019

**TO THE MEMBERS OF HUSEIN INDUSTRIES LIMITED
REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS**

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Husein Industries Limited** (“the Company”) as at December 31, 2018 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the “interim financial statements”). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

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 statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

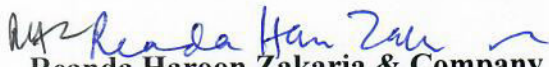
Emphasis of Matter

We draw attention to Note 1.2 to the interim financial statements, which indicates that the Company has incurred after tax profit amounting to Rs. 1.23 (Dec 31, 2017: after tax loss amounting to Rs. 33.582) million and its accumulated losses stood at Rs. 1,558.73 (June 30, 2018: Rs. 1,559.928) million resulting in negative shareholders' equity of Rs. 948.836 (June 30, 2018: Rs. 950.034) million. Further the Company's gross profit for the period is Nil (Dec 31, 2017: gross loss Rs. 9.553 million). Moreover, its current liabilities exceeded its current assets by Rs. 1,184.736 (June 30, 2018: Rs. 1,188.436) million. These conditions along with other matters set forth in note 1.2 to the interim financial statements 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 statements 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 modified in respect of this matter.

Other Matter

The figures of the condensed interim profit or loss and other comprehensive income for the quarters ended December 31, 2018 and 2017 have not been reviewed as we are required to review only the cumulative figures for the six months period ended December 31, 2018.

The engagement partner on the review resulting in this report on interim financial statements is **Muhammad Haroon**.


Reanda Haroon Zakaria & Company
Chartered Accountants


Place: Karachi
Dated: 28 FEB 2019

HUSEIN INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

	December 31, 2018 (Un-audited)	June 30, 2018 (Audited)	Note ----- (Rupees in '000') -----
<u>ASSETS</u>			
Non-Current Assets			
Property, plant and equipment	239,275	241,053	5
Long term investments	450	482	
Long term deposits	7,933	7,933	
Deferred taxation	-	-	6
	247,658	249,468	
Current Assets			
Development property		73,071	
Trade debts	73,071	31,613	7
Tax refunds due from Government	19,870	6,081	
Cash and bank balances	5,976	1,847	
	1,235	112,612	
Non-current assets classified as held for sale	100,152	56,459	
Total Assets	404,269	418,539	
<u>EQUITY AND LIABILITIES</u>			
Share Capital and Reserves			
Authorized Share Capital			
15,000,000 Ordinary shares of Rs. 10 each	150,000	150,000	
Share Capital			
Issued, subscribed and paid up capital	106,259	106,259	
Capital Reserves			
Share premium	33,858	33,858	
Revaluation surplus on property, plant and equipment	177,635	177,635	
	211,493	211,493	
Revenue Reserves			
General reserve	292,142	292,142	
Accumulated losses	(1,558,730)	(1,559,928)	
	(1,266,588)	(1,267,786)	
Shareholder's equity	(948,836)	(950,034)	
Non-Current Liabilities			
Long term finance		-	
Deferred liability - staff gratuity	11,758	11,066	8
	11,758	11,066	
Current Liabilities			
Trade and other payables	583,009	498,279	9
Short term borrowings	60,821	60,321	10
Current and overdue portion of long term finance	512,367	613,896	8
Markup accrued - overdue	141,999	141,999	11
Unclaimed dividend	41,315	41,315	12
Provision for taxation	1,836	1,697	
	1,341,347	1,357,507	13
Contingencies and Commitments			
Total Equity and Liabilities	404,269	418,539	

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


 Chief Executive Officer


 Chief Financial Officer


 Director

HUSEIN INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2018 (UNAUDITED)

	<i>Half year ended</i>		<i>Quarter ended</i>	
	<i>December 31, 2018</i>	<i>December 31, 2017</i>	<i>December 31, 2018</i>	<i>December 31, 2017</i>
	----- (Rupees in '000') -----		----- (Rupees in '000') -----	
Sales - net	-	38,500	-	38,500
Cost of sales	-	(48,053)	-	(48,053)
Gross loss	-	(9,553)	-	(9,553)
Administrative expenses	(8,308)	(10,886)	(2,692)	(5,993)
Operating loss	(8,308)	(20,439)	(2,692)	(15,546)
Other operating expenses	(14,453)	(29,112)	-	(26,312)
Finance cost - bank charges	(1)	(4)	(1)	(1)
Other income	24,244	16,454	9,799	8,483
Profit / (loss) before taxation	1,482	(33,101)	7,106	(33,376)
Taxation	(252)	(481)	(252)	(481)
Profit / (loss) after taxation	1,230	(33,582)	6,854	(33,857)
Other comprehensive income:				
Item that will not be reclassified subsequently to profit or loss	-	-	-	-
Item that will be reclassified subsequently to profit or loss when specific conditions are met	-	-	-	-
Unrealized loss on remeasurement of available for sale investments	(32)	(94)	(16)	(20)
Total comprehensive income / (loss) for the period	1,198	(33,676)	6,838	(33,877)
Earning / (loss) per share - basic and diluted	0.12	(3.16)	0.65	(3.19)

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


 Chief Executive Officer


 Chief Financial Officer


 Director

HUSEIN INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2018 (UNAUDITED)

	Reserves					Total Shareholders' Equity		
	Ordinary Share capital	Capital Share Premium	Revaluation surplus	Sub total	General		Revenue Accumulated losses	Sub total
	----- Rupees in '000' -----							
Balance as at July 01, 2017 - as originally reported	106,259	33,858	-	33,858	292,142	(1,077,091)	(784,949)	(644,832)
Effect of revaluation of property, plant and equipment	-	-	152,133	152,133	-	-	-	152,133
Balance as at July 01, 2017 - Restated	106,259	33,858	152,133	185,991	292,142	(1,493,194)	(1,201,052)	(908,802)
Loss for the period	-	-	-	-	-	(33,582)	(33,582)	(33,582)
Other comprehensive loss for the period	-	-	-	-	-	(94)	(94)	(94)
Total comprehensive loss for the period	-	-	-	-	-	(33,676)	(33,676)	(33,676)
Balance as at December 31, 2017 - Restated	106,259	33,858	152,133	185,991	292,142	(1,526,870)	(1,234,728)	(942,478)
Balance as at July 01, 2018	106,259	33,858	177,635	211,493	292,142	(1,559,928)	(1,267,786)	(950,034)
Profit for the period	-	-	-	-	-	1,230	1,230	1,230
Other comprehensive loss for the period	-	-	-	-	-	(32)	(32)	(32)
Total comprehensive income for the period	-	-	-	-	-	1,198	1,198	1,198
Balance as at December 31, 2018	106,259	33,858	177,635	211,493	292,142	(1,558,730)	(1,266,588)	(948,836)

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


Chief Executive Officer


Chief Financial Officer


Director

HUSEIN INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED DECEMBER 31, 2018 (UNAUDITED)

	December 31, 2018 (Un-audited)	December 31, 2017 (Un-audited)
	---- (Rupees in '000') ----	
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	1,482	(33,101)
Adjustments for:		
Depreciation	1,778	6,573
Loss on derecognition of property	-	3,252
Provision for staff gratuity	692	652
Dividend income	(5)	-
Finance cost	1	4
	2,466	10,481
Cash generated from / (used in) operations before working capital changes	3,948	(22,620)
Working capital changes		
(Increase) / decrease current assets		
Stores, spares and loose tools	-	470
Stock-in-trade	-	73,443
Trade debts	11,743	-
Advances	-	500
	11,743	74,413
Increase in current liabilities		
Trade and other payables	84,730	85,260
Net cash generated from operations	100,421	137,053
Tax paid - net	(8)	(1,771)
Finance cost paid	(1)	(4)
Net cash generated from operating activities	100,412	135,278
B. CASH FLOW FROM INVESTING ACTIVITIES		
Dividend received	5	-
Net cash generated from investing activities	5	-
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term financing	(101,529)	(127,299)
Short term borrowing obtained	500	-
Net cash used in financing activities	(101,029)	(127,299)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(612)	7,979
Cash and cash equivalent at beginning of the period	1,847	1,182
Cash and cash equivalent at end of the period	1,235	9,161

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


 Chief Executive Officer


 Chief Financial Officer


 Director

HUSEIN INDUSTRIES LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2018 (UNAUDITED)

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 financial 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 statements.

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.

1.2 Going Concern Assumption and mitigating factors

During the current period, the Company has earned after tax profit amounting to Rs. 1.23 (Dec 31, 2017: after tax loss amounting to Rs. 33.582) million and its accumulated losses stood at Rs. 1,558.73 (June 30, 2018: Rs. 1,559.928) million resulting in negative shareholders' equity of Rs. 948.836 (June 30, 2018: Rs. 950.034) million. Further the Company's gross profit for the current period is Nil (Dec 31, 2017: gross loss 9.553 million). Its current liabilities exceeded its current assets by Rs. 1,184.736 (June 30, 2018: Rs. 1,188.436) million.

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.

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 to these condensed interim financial statements. Till the issuance of these condensed interim financial statements, the Company has repaid Rs. 676.10 million of the restructured loan amount.

The Board of Directors having major shareholdings has decided in their meeting held 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 also 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. Further, the Company had obtained the aforesaid approvals in the extra ordinary general meeting held on March 13, 2018.

In the First phase of real estate business, the company's owned land (LT-21) measuring 38,010 square yards situated at LT-21, scheme-3, 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 Sindh Building Control 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 statements. Further, during the financial year 2017, the Banking Company had 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 year ended June 30, 2018, the Banking Company has released the original title documents of the mortgaged property 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. However, the Company has not recognized revenue due to i) the fact that necessary approval for change in 'object clause' is in process till the reporting date; and ii) the Company has not yet met the revenue recognition conditions, related to performance obligation, by transferring control of open plots by giving the possession and right to construct to the customers. Till the issuance of these condensed interim financial statements, 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, spare parts and loose tools which will facilitate the repayment of revised bank loan. During the previous year, the Company sold all the textile stock in trade and stores, spare parts and loose tools and utilized the proceeds for repayment of restructured 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 statements have been prepared on the going concern basis.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements of the Company for the half year ended December 31, 2018 has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, 'Interim Financial Reporting', issued by International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 *Functional and presentation currency*

These condensed interim financial statements are presented in Pakistani Rupees which is also the Company's functional currency.

3 *SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES*

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements for the year ended June 30, 2018, except for the adoption of the new and amended standards, interpretations and improvements to IFRSs by the Company, which became effective for the current period:

Standards, interpretations and improvements

IFRS 2	Share-based Payments - Classification and Measurement of Share-based Payments Transactions (Amendments)
IFRS 4	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)
IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IAS 40	Investment Property: Transfers of Investment Property (Amendments)
IFRIC 22	Foreign Currency Transactions and Advance Consideration

Improvements to accounting standards issued by IASB in December 2016

The adoption of above standards, interpretations and improvement to standards did not have any material effect on the condensed interim financial statements, except for IFRS 9 'Financial Instruments' and IFRS 15 'Revenue From Contracts With Customer' as discussed below.

a) IFRS 9 - Financial Instruments

IFRS 9 'Financial Instruments' has replaced IAS 39 'Financial Instruments: Recognition and Measurement' for annual periods beginning on or after January 01, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. However, the Securities and Exchange Commission of Pakistan vide S.R.O 229 (1) / 2019 dated February 14, 2019 has modified the effective date for application of IFRS 9 to 'Reporting period / year ending on or after June 30, 2019'.

b) IFRS 15 - Revenue from Contracts with Customers

IFRS 15 'Revenue from Contracts with Customers' establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It has replaced IAS 18 'Revenue Recognition', IAS 11 'Construction Contracts' and related interpretations for annual periods beginning on or after January 01, 2018. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised when a customer obtains control of the goods or services and the determination of timing of the transfer of control – at a point in time or over time requires judgement. Further, revenue is recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer.

The Company enters into contracts with customers to sell open plots of land and constructed bungalows and has concluded that the first-time application of IFRS 15 by the Company does not have any significant effect with regard to the amount of revenue recognised and when it is recognised. Accordingly, opening reserves as at July 01, 2018 does not required to be restated. Since, the Company has adopted the new standard on the required effective date using a modified retrospective method, therefore the information presented for previous year / period has not been restated i.e. it is presented, as previously reported, under IAS 18 and related interpretations and additional disclosure requirements in IFRS 15 have not been applied to comparative information.

4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

- 4.1** The preparation of these condensed interim financial statements 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 statements, 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 annual audited financial statements for the year ended June 30, 2018.
- 4.3** The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended June 30, 2018.

5 PROPERTY, PLANT AND EQUIPMENT	Note	December 31,	June 30,
		2018 (Un-audited)	2018 (Audited)
		---- (Rupees in '000') ----	
Opening written down value		241,053	288,504
Impact of revaluation		-	25,502
Classified as development property		-	(260)
Machinery held for sale		-	(56,459)
Derecognition of building - witten down value		-	(3,252)
Depreciation charge for the period / year		(1,778)	(12,982)
		<u>239,275</u>	<u>241,053</u>

6 DEFERRED TAXATION

This comprises of the following: -

Taxable temporary difference

Accelerated tax depreciation		(1,977)	(1,573)
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Deductible temporary differences

Provision for gratuity		3,292	3,209
Provision for doubtful debts		14,980	11,324
Effect of unabsorbed tax depreciation		241,315	251,080
Effect of turnover tax		1,697	1,697
Effect of alternate corporate tax		252	-
Effect of tax losses		117,825	123,180
		<u>379,361</u>	<u>390,490</u>
Deferred tax asset not recognized	6.1	<u>377,384</u>	<u>388,917</u>
		<u>(377,384)</u>	<u>(388,917)</u>
		-	-

6.1 Deferred tax asset as at December 31, 2018 to the extent of Rs. 377.384 (June 30, 2018: Rs. 388.917) 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.

7 TRADE DEBTS	Note	December 31,	June 30,
		2018 (Un-audited)	2018 (Audited)
		---- (Rupees in '000') ----	
<i>Exports</i>			
Considered good		19,870	31,613
Considered doubtful		42,138	27,685
		<u>62,008</u>	<u>59,298</u>
<i>Local</i>			
Considered good		-	-
Considered doubtful		11,362	11,362
		<u>11,362</u>	<u>11,362</u>
Provision against debts considered doubtful	7.1	<u>73,370</u>	<u>70,660</u>
		<u>(53,500)</u>	<u>(39,047)</u>
		<u>19,870</u>	<u>31,613</u>

	<i>December 31, 2018 (Un-audited)</i>	<i>June 30, 2018 (Audited)</i>
	<i>---- (Rupees in '000') ----</i>	
7.1 Movement in provision against debts considered doubtful		
Opening	39,047	14,627
Provision made during the period	14,453	24,420
Closing	<u>53,500</u>	<u>39,047</u>

7.2 Represents provision made during the period by the Company against long outstanding debts.

8 LONG TERM FINANCE

- Secured

From a banking company

Term finance - restructured		512,367	423,667
Restructuring adjustment reversed		-	190,229
Restructured loan amount	8.1	<u>512,367</u>	<u>613,896</u>
Less: Current and overdue portion		<u>(512,367)</u>	<u>(613,896)</u>
		<u>-</u>	<u>-</u>

8.1 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. 512.322 (June 30, 2018: Rs. 613.850) million. However, as already disclosed in note 1.2, till the issuance of these condensed interim financial statements, the Company has repaid Rs. 676.10 million against the restructured liability of Rs. 870 million as per settlement (restructuring) agreement dated July 11, 2016.

8.2 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.

During the period, the bank has released the mortgaged property bearing no. LT-21, Landhi Industrial Area, Karachi and open plots and land situated at Lahore-Faisalabad Road, Sheikhpura. 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 making all due efforts to comply with the requirements of the Settlement Agreement which were due till the date of issuance of these condensed interim financial statements.

		<i>December 31, 2018 (Un-audited)</i>	<i>June 30, 2018 (Audited)</i>
	<i>Note</i>	<i>---- (Rupees in '000') ----</i>	
9 TRADE AND OTHER PAYABLES			
Creditors		24,916	24,712
Deposit against rent		7,240	5,142
Advance from allottees	1.2	376,193	294,552
Accrued and other liabilities	9.1	174,660	173,873
		583,009	498,279

9.1 This includes Rs. 163.016 (June 2018: Rs. 163.290) 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 statements. In the mean time, SSGC continued to charge minimum gas levy and markup on outstanding amount including markup which aggregated to Rs. 200.862 million (June 2018: Rs. 200.819 million) as at reporting date. 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. 37.846 (June 2018: Rs. 37.529) million in these condensed interim financial statements.

		<i>December 31, 2018 (Un-audited)</i>	<i>June 30, 2018 (Audited)</i>
	<i>Note</i>	<i>---- (Rupees in '000') ----</i>	
10 SHORT TERM BORROWINGS			
Loan from director	10.1	60,821	60,321

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

		<i>December 31, 2018 (Un-audited)</i>	<i>June 30, 2018 (Audited)</i>
	<i>Note</i>	<i>---- (Rupees in '000') ----</i>	
12 UNCLAIMED DIVIDEND			
Unclaimed dividend	12.1	41,315	41,315

12.1 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.

13 CONTINGENCIES AND COMMITMENTS

13.1 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.

13.2 Commitments

There were no changes in the status of commitments as reported in the annual financial statements for the year ended June 30, 2018.

14 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 statements. The details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these financial statements, are as follows:

<i>December 31, 2018 (Un-audited)</i>	<i>June 30, 2018 (Audited)</i>
<i>---- (Rupees in '000') ----</i>	

Key management personnel

Mr. Aziz L. Jamal

Loan received during the period

500

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15 GENERAL

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

16 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements authorized for issue on **28 FEB 2019** by the Board of Directors of the Company.


Chief Executive Officer


Chief Financial Officer


Director