



**HUSEIN INDUSTRIES LIMITED  
HALF YEARLY  
REPORT  
DECEMBER 31, 2019**

**HT-8 LANDHI INDUSTRIAL & TRADING  
ESTATE LANDHI, KARACHI-75120.**



## 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. Shan ul Haq	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  
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 Report ended December 31, 2019.

Together with the Independent Auditor's report on review of condensed Interim Financial Statement to the Members

	Half year ended	
	December, 31 2019	December, 31 2018
	------(Rupees in '000)-----	
		Restated
Revenue	53,317	-
Cost of sales and expenses	(8,945)	-
Gross profit	44,372	-
Administrative expenses	(10,220)	(8,308)
Operating profit / (loss)	34,152	(8,308)
Other charges	(5)	(14,485)
Finance cost	(8,368)	(1)
Other income	98	24,244
Profit before taxation	25,877	1,450
Taxation - net	(4,407)	(252)
Profit after taxation	21,470	1,198
<b>Other comprehensive income for the period</b>	-	-
<b>Total comprehensive income for the period</b>	21,470	1,198
<b>Earning per share - basic and diluted</b>	2.02	0.11

As mentioned earlier in previous Directors' Report, your Directors have Converted one of its properties into a commercial cum residential project namely "Jamal Garden" we expect major development during the next year. With a dearth of affordable housing in the city, we expect business to thrive in the next 5 years.

### 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.

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.

Karachi : February 28, 2020

for and On behalf of the Board

Husein Jamal

Chief Executive

**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, 2019 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 1.1 to the interim financial statements, which indicates that the Company has incurred after tax profit amounting to Rs. 21.470 (Dec 31, 2018: Rs. 1.198) million, however, its accumulated losses stood at Rs. 1,532.991 (June 30, 2019: Rs. 1,554.461) million resulting in negative shareholders' equity of Rs. 923.097 (June 30, 2019: Rs. 944.567) million. Further, the Company had incurred gross loss in financial years from 2011 till 2018. Moreover, its current liabilities exceeded its current assets by Rs. 1,216.796 (June 30, 2019: Rs. 1,243.679) million. These conditions along with other matters set forth in note 1.1 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 statement of profit or loss and other comprehensive income for the three months ended December 31, 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2019.

The engagement partner on the review resulting in this independent auditor's review report is **Muhammad Haroon.**

  
**Reanda Haroon Zakaria & Company**  
**Chartered Accountants**

**Place:** Karachi

**Dated:** 28 FEB 2020

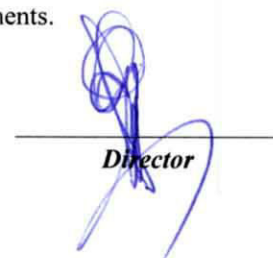
**HUSEIN INDUSTRIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2019**

<b>ASSETS</b>	<b>Note</b>	<b>December 31, 2019 (Un-audited)</b>	<b>June 30, 2019 (Audited)</b>
<b>----- (Rupees in '000') -----</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	5	285,179	290,649
Long term investment		587	530
Long term deposits		7,933	7,933
Deferred taxation - net	6	-	-
		<b>293,699</b>	<b>299,112</b>
<b>Current Assets</b>			
Development property	7	79,129	73,718
Trade debts	8	2,048	-
Tax refunds due from the Government		3,976	6,716
Cash and bank balances		494	468
		<b>85,647</b>	<b>80,902</b>
<b>Total Assets</b>		<b>379,346</b>	<b>380,014</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
<b>Authorized Capital</b>			
15,000,000 Ordinary shares of Rs. 10 each		150,000	150,000
<b>Share Capital</b>			
Issued, subscribed and paid up capital		106,259	106,259
<b>Capital Reserves</b>			
Share premium		33,858	33,858
Revaluation surplus on property		177,635	177,635
		<b>211,493</b>	<b>211,493</b>
<b>Revenue Reserves</b>			
General reserves		292,142	292,142
Accumulated losses		(1,532,991)	(1,554,461)
		<b>(1,240,849)</b>	<b>(1,262,319)</b>
<b>Shareholder's equity</b>		<b>(923,097)</b>	<b>(944,567)</b>
<b>Non-Current Liabilities</b>			
Long term borrowings	9	-	-
<b>Current Liabilities</b>			
Trade and other payables	10	237,160	229,479
Contract liabilities	11	352,664	349,560
Short term borrowings	12	206,627	150,444
Overdue portion of long term borrowings	9	332,251	431,389
Accrued markup	13	150,366	141,999
Unclaimed dividend	14	21,710	21,710
Provision for taxation		1,665	-
		<b>1,302,443</b>	<b>1,324,581</b>
<b>Contingencies and Commitments</b>	15		
<b>Total Equity and Liabilities</b>		<b>379,346</b>	<b>380,014</b>

The annexed notes from 1 to 19 form an integral part of this condensed interim financial statements.

  
**Chief Executive Officer**

  
**Chief Financial Officer**

  
**Director**


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**HUSEIN INDUSTRIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**(UNAUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

	Note	Half year ended		Quarter ended	
		December 31,		December 31,	
		2019	2018	2019	2018
		----- (Rupees in '000') -----			
		Restated		Restated	
Revenue	16	53,317	-	29,471	-
Cost of sales and expenses		(8,945)	-	2,199	-
<b>Gross profit</b>		<b>44,372</b>	<b>-</b>	<b>31,670</b>	<b>-</b>
Administrative expenses		(10,220)	(8,308)	(6,031)	(2,692)
<b>Operating profit / (loss)</b>		<b>34,152</b>	<b>(8,308)</b>	<b>25,639</b>	<b>(2,692)</b>
Other charges		(5)	(14,485)	(5)	(16)
Finance cost		(8,368)	(1)	(8,367)	(1)
Other income		98	24,244	75	9,799
<b>Profit before taxation</b>		<b>25,877</b>	<b>1,450</b>	<b>17,342</b>	<b>7,090</b>
Taxation - net		(4,407)	(252)	(4,407)	(252)
<b>Profit after taxation</b>		<b>21,470</b>	<b>1,198</b>	<b>12,935</b>	<b>6,838</b>
Other comprehensive income for the period		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>21,470</b>	<b>1,198</b>	<b>12,935</b>	<b>6,838</b>
<b>Earning per share - basic and diluted</b>		<b>2.02</b>	<b>0.11</b>	<b>1.22</b>	<b>0.64</b>

The annexed notes from 1 to 19 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 (UNAUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

	<b>Reserves</b>						<b>Shareholder's equity</b>
	<b>Ordinary share capital</b>	<b>Capital</b>		<b>Revenue</b>			
		<b>Share premium*</b>	<b>Revaluation surplus on property**</b>	<b>General reserves***</b>	<b>Accumulated losses</b>	<b>Total reserves</b>	
----- (Rupees in '000') -----							
<b>Balance as at July 01, 2018</b>	106,259	33,858	177,635	292,142	(1,559,928)	(1,056,293)	(950,034)
Profit for the period - <i>Restated</i>	-	-	-	-	1,198	1,198	1,198
Other comprehensive income for the period - <i>Restated</i>	-	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-	-	1,198	1,198	1,198
<b>Balance as at December 31, 2018</b>	106,259	33,858	177,635	292,142	(1,558,730)	(1,055,095)	(948,836)
<b>Balance as at July 01, 2019</b>	106,259	33,858	177,635	292,142	(1,554,461)	(1,050,826)	(944,567)
Profit for the period	-	-	-	-	21,470	21,470	21,470
Other comprehensive income for the period	-	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-	-	21,470	21,470	21,470
<b>Balance as at December 31, 2019</b>	106,259	33,858	177,635	292,142	(1,532,991)	(1,029,356)	(923,097)

\* Represents share premium received in the preceding years and is held for utilization of purposes as stated in Section 81 of the Companies Act, 2017.


\*\*The revaluation surplus on property is not available for distribution to the share holders of the Company unless realized and transferred to accumulated profits.

\*\*\*Represents appropriation of profit in preceding years.

The annexed notes from 1 to 19 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 (UNAUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

	<i>December 31,</i>	
	<i>2019</i>	<i>2018</i>
	<i>(Un-audited)</i>	
<i>Note</i>	<i>----- (Rupees in '000') -----</i>	
<b>A. CASH FLOW FORM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	<b>25,877</b>	1,482
<b>Adjustments for:</b>		
Depreciation	5,470	1,778
Interest on gratuity payable	778	692
Remeasurement gain on investment	(57)	-
Dividend income	(8)	(5)
Finance cost	8,368	1
	<b>14,551</b>	2,466
<b>Cash generated from operating activities before working capital changes</b>	<b>40,428</b>	3,948
<b>(Increase) / decrease in current assets</b>		
Development property	(5,411)	-
Trade debts	(2,048)	11,743
	<b>(7,459)</b>	11,743
<b>Increase in current liabilities</b>		
Trade and other payables	6,903	84,730
Contract liabilities	3,104	-
	<b>10,007</b>	84,730
<b>Net cash generated from operations</b>	<b>42,976</b>	100,421
Taxes paid - net	(2)	(8)
Financial charges paid	(8,368)	(1)
<b>Net cash generated from operating activities</b>	<b>34,606</b>	100,412
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Dividend received	8	5
<b>Net cash generated from investing activities</b>	<b>8</b>	5
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of long term borrowings	(90,771)	(101,529)
Short term borrowings obtained - net	56,183	500
<b>Net cash used in financing activities</b>	<b>(34,588)</b>	(101,029)
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>26</b>	(612)
<b>Cash and cash equivalent at beginning of the period</b>	<b>468</b>	1,847
<b>Cash and cash equivalent at end of the period</b>	<b>494</b>	1,235

The annexed notes from 1 to 19 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 (UNAUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

**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 and it is listed on Pakistan Stock Exchange Limited. 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. The registered office of the Company is situated at HT-8, Landhi Industrial Area, Karachi.

The Company has ceased its textile business since the financial year 2014 and the management 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 obtained during the year ended June 30, 2019.

**1.1 Going Concern Assumption and mitigating factors**

The Company has earned after tax profit amounting to Rs. 21.470 (Dec 31, 2018: 1.198) million, however, its accumulated losses stood at Rs. 1,532.991 (June 30, 2019: Rs. 1,554.461) million resulting in negative shareholders equity of Rs. 923.097 (June 30, 2019: Rs. 944.567) million. At reporting date, current liabilities of the Company exceeded the current assets by Rs. 1,216.796 (June 30, 2019: Rs. 1,243.679) million. Further, the Company had incurred gross loss in financial years from 2011 till 2018. Moreover, the operational activities related to textile business have been closed down in financial year 2014, consequently, there has been no production of textile goods thereafter till to date. Accordingly, the Company was unable to pay its creditors on due dates and had also not been able to meet its obligations under various financing agreements with the banking company dated May 23, 2011.

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 9 to these condensed interim financial statements. Till the issuance of these condensed interim financial statements, the Company has repaid Rs. 811.848 million of the restructured loan amount. The delayed payment of installments of restructured loan and currently overdue installments amounting to Rs. 58.152 million has attracted clause (ii) and (iv) of note 9.3 to these financial statements, the waiver of which is dependent at the discretion of the banking company.

The Board of Directors having major shareholdings had decided in their meeting held on December 30, 2016 to cease its textile business and 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 had 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. The aforesaid approvals were obtained in the extra ordinary general meeting held on March 13, 2018. During the year ended June 30, 2019, the Company has also obtained approval of change in object clause from SECP.

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. 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. Further, the Company has already obtained NOC for commercialization and approval of the layout plan of the LT-21 from Sindh Building Control Authority. Moreover, the Banking Company had also released the original title documents of the mortgaged property LT-21 in accordance with Settlement (Restructuring) Agreement dated July 11, 2016.

Further, the Company received 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 statements, significant amount of revised bank loan installments has been repaid with the help of these funds.

During the year ended June 30, 2018, 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. Therefore, 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. However, during the year ended June 30, 2019, management has changed its intention related to use of textile plant and machinery and decided to hold the same to earn rental income till these are sold at a reasonable price and utilize the inflows to pay off the revised bank loan.

The Company has also rented its buildings situated at HT-8 along with plant and machinery installed therein, the inflows of which are 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 and 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** These condensed interim financial statements of the Company for the half year ended December 31, 2019 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 These condensed interim financial statements are presented in Pakistani Rupees which is also the Company's functional currency.
- 2.3 These condensed interim financial statements are un-audited but subject to limited scope review by the auditors and are being submitted to the shareholders as required under Section 237 of the Companies Act, 2017. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2019.
- 2.4 The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarter ended December 31, 2019 and December 31, 2018 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the half year ended December 31, 2019 and December 31, 2018.

### **3 SIGNIFICANT ACCOUNTING POLICIES**

- 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, 2019.
- 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, 2019.
- 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, 2019.

<i>December 31,</i> <i>2019</i> <i>(Un-audited)</i>	<i>June 30,</i> <i>2019</i> <i>(Audited)</i>
<i>----- (Rupees in '000') -----</i>	

## 5 PROPERTY, PLANT AND EQUIPMENT

Opening written down value	290,649	241,053
Additions	-	5,319
Classified as operating fixed assets	-	56,459
Disposal during the year	-	(102)
Depreciation charge for the period / year	(5,470)	(12,080)
	<u>285,179</u>	<u>290,649</u>

## 6 DEFERRED TAXATION - NET

*This comprises of the following: -*

### *Taxable temporary difference*

Accelerated tax depreciation	(14,786)	(17,410)
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### *Deductible temporary differences*

Provision for doubtful debts	20,491	20,491
Provision for gratuity	3,836	3,610
Effect of unabsorbed tax depreciation	280,458	280,458
Effect of minimum tax	895	895
Effect of ACT	5,197	798
Effect of tax losses	70,247	78,506
	<u>381,124</u>	<u>384,758</u>
	<u>366,338</u>	<u>367,348</u>
<i>Net deferred tax asset not recognized</i>	<u>(366,338)</u>	<u>(367,348)</u>
	<u>-</u>	<u>-</u>

6.1 Deferred tax asset as at December 31, 2019 to the extent of Rs. 366.338 (June 30, 2019: Rs. 367.348) 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.

<i>December 31,</i> <i>2019</i> <i>(Un-audited)</i>	<i>June 30,</i> <i>2019</i> <i>(Audited)</i>
<i>----- (Rupees in '000') -----</i>	

## 7 DEVELOPMENT PROPERTY

Cost of land (LT-21)	260	260
Commercialization fee	42,811	42,811
Amenities - development expenditure	38,347	32,779
	<u>81,418</u>	<u>75,850</u>
Transferred to cost of sales to date	(2,289)	(2,132)
	<u>79,129</u>	<u>73,718</u>

<i>December 31, 2019 (Un-audited)</i>	<i>June 30, 2019 (Audited)</i>
<i>----- (Rupees in '000') -----</i>	

## 8 TRADE DEBTS

### *Exports*

Considered good	-	-
Considered doubtful	<b>59,298</b>	59,298
	<b>59,298</b>	59,298

### *Local*

Considered good	-	-
Considered doubtful	<b>11,362</b>	11,362
	<b>11,362</b>	11,362
	<b>70,660</b>	70,660
Rent receivables	<b>2,048</b>	-
Allowance for expected credit loss	<b>(70,660)</b>	(70,660)
	<b>2,048</b>	-

## 9 LONG TERM BORROWINGS

### *From a banking company - secured*

Term finance as per loan agreement of May 23, 2011	<b>332,251</b>	431,389
Less: Overdue portion	<b>(332,251)</b>	(431,389)
	-	-

9.1 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 at 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. Accordingly, the total waiver of Rs. 416.103 million, comprising of loan of Rs. 274.104 million (included in overdue portion) and markup of Rs. 141.999 million, shall be subject to certain terms and conditions as disclosed in note 9.3 to these financial statements.

9.2 At reporting date, the Banking company has confirmed the outstanding amount of Term Finance as per previous agreement dated May 23, 2011 amounting to Rs. 332.206 (June 30, 2019: Rs. 431.344) million.

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

Terms and conditions of the settlement (restructuring) agreement dated July 11, 2016 are as follows:

- 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 year ended June 30, 2018, the bank has released the mortgage over property bearing no. LT-21, Landhi Industrial Area, Karachi. However, the mortgage over open plots and land situated at Lahore-Faisalabad Road, Sheikhpura is not released till the issuance of these condensed interim financial statements. Further, the mortgaged property bearing no. HT-8 located at Landhi Industrial Area, Karachi along with plant and machinery installed therein will continue to remain mortgaged to cover the Letter of Guarantees exposure amounting to Rs. 32.891 million along with the cash margin of Rs. 4.237 million.

The liability for markup on account of default as per clause (iv) above could not be determined with accuracy as the same is not confirmed by the banking company.

The Company is making all due efforts to pay of balance outstanding amount of the Settlement Agreement amounting to Rs. 58.152 million.

	Note	<i>December 31,</i>	<i>June 30,</i>
		<i>2019</i>	<i>2019</i>
		<i>(Un-audited)</i>	<i>(Audited)</i>
		<i>----- (Rupees in '000') -----</i>	
<b>10 TRADE AND OTHER PAYABLES</b>			
Trade creditors		<b>28,568</b>	23,091
Accrued liabilities	10.1 & 10.2	<b>180,144</b>	179,394
Gratuity payable	10.3	<b>13,227</b>	12,449
Security deposit against rent		<b>14,244</b>	11,211
Advance rental income		<b>977</b>	3,334
		<b>237,160</b>	229,479

**10.1** Includes Rs. 163.280 (June 30, 2019: Rs. 162.741) 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 Honorable 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 Honorable Court till the date of these financial statements. In the mean time, SSGC continued to charge minimum gas levy and markup on outstanding amount including markup which aggregated to Rs. 198.327 (2019: Rs. 197.788) 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. 35.047 (June 30, 2019: Rs. 35.047) million in these financial statements.

**10.2** Includes director's and executive's remuneration payable amounting to Rs. 0.900 (June 30, 2019: 0.720) million and Rs. 0.9 (June 30, 2019: 1) million respectively.

**10.3** Represents payable to employees in respect of gratuity scheme reclassified from deferred liabilities because the Company had decided to discontinue its gratuity scheme as the total strength of employees, by law, do not qualify for entitlement of any retirement benefits. The Company continued to record the provision for interest at the rate of 12.5% on outstanding liability.

	Note	<i>December 31,</i>	<i>June 30,</i>
		<i>2019</i>	<i>2019</i>
		<i>(Un-audited)</i>	<i>(Audited)</i>
		<i>----- (Rupees in '000') -----</i>	
<b>11 CONTRACT LIABILITIES</b>			
Advance from allottees - unsecured	11.1	<b>352,664</b>	349,560

**11.1** Represents liabilities against contract with customers / allottees for sale of open plots / sites. Revenue recognized during the period is adjusted against advance from allottees amounting to Rs. 0.396 (June 30, 2019: Rs. 5.392) million.

		<i>December 31,</i> <i>2019</i> <i>(Un-audited)</i>	<i>June 30,</i> <i>2019</i> <i>(Audited)</i>
	<i>Note</i>	<i>----- (Rupees in '000') -----</i>	

## 12 SHORT TERM BORROWINGS

Loan from directors	12.1	<u>206,627</u>	<u>150,444</u>
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12.1 Represents unsecured loans obtained from directors (related parties) of the Company. These loans are repayable on demand and carries markup chargeable at the rate of 10% per annum with effect from July 01, 2019.

		<i>December 31,</i> <i>2019</i> <i>(Un-audited)</i>	<i>June 30,</i> <i>2019</i> <i>(Audited)</i>
	<i>Note</i>	<i>----- (Rupees in '000') -----</i>	

## 13 ACCRUED MARKUP

### - on bank loan - overdue

long term bank borrowings - term finance		51,681	51,681
short term bank borrowings		<u>90,318</u>	<u>90,318</u>

### - on directors loan

		<u>141,999</u>	141,999
		<u>8,367</u>	-
		<u>150,366</u>	<u>141,999</u>

## 14 UNCLAIMED DIVIDEND

Unclaimed dividend	14.1	<u>21,710</u>	<u>21,710</u>
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14.1 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.

## 15 CONTINGENCIES AND COMMITMENTS

There are no major changes in the status and nature of contingencies except for those elsewhere disclosed in these condensed interim financial statements and commitments as disclosed in the annual audited financial statements of the Company for the year ended June 30, 2019.

		<i>December 31,</i> <i>2019</i> <i>(Un-audited)</i>	<i>2018</i>
	<i>Note</i>	<i>----- (Rupees in '000') -----</i>	

## 16 REVENUE

Sale of plots	16.1	396	-
Rental income		<u>52,921</u>	<u>21,514</u>
		<u>53,317</u>	<u>21,514</u>

16.1 The aggregate amount of the transaction price allocated to the unfulfilled performance obligations is Rs. 9.912 (June 30, 2019: Rs. 10.308) million. The Company will recognize this revenue upon percentage of completion of development work.



## 17 TRANSACTIONS WITH RELATED PARTIES

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 as follows:

<i>Name of Related Party</i>	<i>Basis of Relationship</i>	<i>Percentage of holding</i>	<i>Dec-19</i> <i>---- (Rupees in '000') ----</i>	<i>Jun-19</i>
<b>Short term borrowings obtained during the period</b>				
Aziz L. Jamal	Key management personal	11.93%	<u>26,785</u>	<u>40,861</u>
Rashid L. Jamal	Key management personal	12.65%	<u>29,898</u>	<u>49,377</u>
Aisha Bai	Key management personal	0.71%	<u>4,500</u>	<u>-</u>
<b>Short term borrowings repaid during the period</b>				
Aziz L. Jamal	Key management personal	11.93%	<u>5,000</u>	<u>-</u>
Aisha Bai	Key management personal	0.71%	<u>-</u>	<u>115</u>
<b>Markup expense during the period</b>				
Aziz L. Jamal	Key management personal	11.93%	<u>4,336</u>	<u>-</u>
Rashid L. Jamal	Key management personal	12.65%	<u>3,160</u>	<u>-</u>
Aisha Bai	Key management personal	0.71%	<u>871</u>	<u>-</u>

## 18 GENERAL


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


## 19 DATE OF AUTHORIZATION FOR ISSUE

28 FEB 2020

These condensed interim financial statements were authorized for issue on \_\_\_\_\_ by the Board of Directors of the Company.

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

  
\_\_\_\_\_  
Chief Financial Officer

  
\_\_\_\_\_  
Director