



HUSEIN INDUSTRIES LIMITED

HALF YEARLY ACCOUNTS

DECEMBER 31, 2020

**HT-8 LANDHI INDUSTRIAL & TRADING ESTATE
KARACHI**



BOARD OF DIRECTORS

Mr. Aziz L. Jamal	Chairman
Mr. Husein Jamal	Chief Executive
Mr. Rashid L. Jamal	Director
Miss. Saman Aziz Jamal	Director
Mr. Muhammed Ali Rashid	Director
Mr. Abdul Rehman Yousuf	Director
Mr. Suleman Aswani	Director

BOARD OF AUDIT COMMITTEE

Mr. Suleman Aswani	Chairman
Mr. Rashid L. Jamal	Member
Mr. Abdul Rehman Yousuf	Member
Mr. Mirza Akhtar Shikoh	Secretary

H.R.& REMUNERATION COMMITTEE

Mr. Suleman Aswani	Chairman
Mr. Abdul Rehman Yousuf	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
Fax: (9221) 35018545
E-mail: sales@husein.com

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, 2020. Together with the Independent Auditor's report on review of condensed Interim Financial Statement to the Members.

	Half year ended	
	31 December, 2020	31 December, 2019
	-----Rupees in '000-----	
Revenue	50,094	53,317
Cost of sales and expenses	<u>(13,630)</u>	<u>(8,945)</u>
Gross profit	36,464	44,372
Administrative expenses	<u>(15,659)</u>	<u>(10,220)</u>
Operating profit	20,805	34,152
Other charges	-	(5)
Finance cost	(13,722)	(8,368)
Other income	416,328	98
Profit before taxation	<u>423,411</u>	<u>25,877</u>
Taxation - net	<u>(71,982)</u>	<u>(4,407)</u>
Profit after taxation	351,429	21,470
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>351,429</u>	<u>21,470</u>
Earning per share - basic and diluted	<u>33.07</u>	<u>2.02</u>

During the period under review the Bank has waived an amount of Rs. 416.103 million which has been shown as other Income.

On 1st November 2020, your company suffered an irreparable loss in the sad demise of its esteemed Director, Mrs. Aisha Bai Suleman whose invaluable services to the Company are difficult to express in words. May Almighty Allah rest her soul in eternal peace. In place of the deceased, the Board appointed Ms. Saman Aziz Jamal as Director of the Company to fill in the casual vacancy.

Observation of the Auditors

As regard to the auditor's emphasis of material uncertainty to continue as going concern, your management is very confident that the Company has moved past difficult times and the management do not see any significant doubts to continue as going concern as discussed in previous report.

Your Directors are 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 officer

Karachi : 1/3/2021



REANDA

Reanda Haroon Zakaria & Company

Chartered Accountants



**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, 2020 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.

The figures of the condensed interim statement of profit or loss and other comprehensive income for the three months ended December 31, 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2020.

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. 351.429 (Dec 31, 2019: Rs. 21.470) million, however, its accumulated losses stood at Rs. 1,200.569 (June 30, 2020: Rs. 1,551.998) million resulting in negative shareholders' equity of Rs. 590.675 (June 30, 2020: Rs. 942.104) 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. 869.837 (June 30, 2020: Rs. 1,226.117) 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.

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

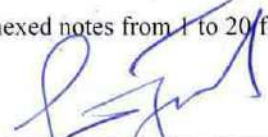

Reanda Haroon Zakaria & Company
Chartered Accountants

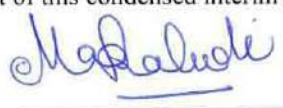
Place: Karachi
Dated: 01 MAR 2021

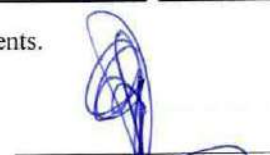
HUSEIN INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

<u>ASSETS</u>	Note	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
----- (Rupees in '000') -----			
Non-Current Assets			
Property, plant and equipment	5	274,948	279,711
Long term investment		644	436
Long term deposits		3,570	3,866
Deferred taxation - net	6	-	-
		279,162	284,013
Current Assets			
Development property		77,756	77,756
Trade debts	7	-	24,155
Prepayments		38	63
Tax refunds due from the Government		5,976	5,976
Cash and bank balances	8	14,669	939
		98,439	108,889
Total Assets		377,601	392,902
<u>EQUITY AND LIABILITIES</u>			
Share Capital and Reserves			
Authorized 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		177,635	177,635
		211,493	211,493
Revenue Reserves			
General reserves		292,142	292,142
Accumulated losses		(1,200,569)	(1,551,998)
		(908,427)	(1,259,856)
Shareholder's equity		(590,675)	(942,104)
Non-Current Liabilities			
Long term borrowings	9	-	-
Current Liabilities			
Overdue portion of long term borrowings	9	-	274,104
Trade and other payables	10	205,173	210,570
Contract liabilities	11	353,185	349,125
Short term borrowings	12	281,994	280,460
Accrued markup	13	33,823	198,626
Unclaimed dividend	14	21,710	21,710
Provision for taxation		72,391	411
		968,276	1,335,006
Contingencies and Commitments	15		
Total Equity and Liabilities		377,601	392,902

The annexed notes from 1 to 20 form an integral part of this condensed interim financial statements.


 Chief Executive Officer


 Chief Financial Officer

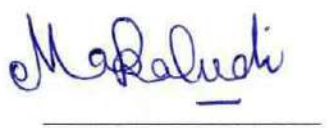

 Director

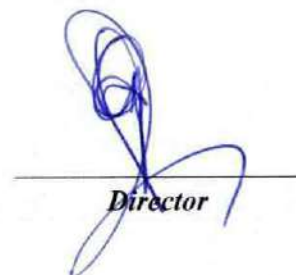
HUSEIN INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Note	Half year ended December 31,		Quarter ended December 31,	
		2020	2019	2020	2019
----- (Rupees in '000') -----					
Revenue	16	50,094	53,317	27,183	29,471
Cost of sales and expenses		(13,630)	(8,945)	(6,214)	2,199
Gross profit		36,464	44,372	20,969	31,670
Administrative expenses		(15,659)	(10,220)	(10,455)	(6,031)
Operating profit		20,805	34,152	10,514	25,639
Other charges		-	(5)	-	(5)
Finance cost		(13,722)	(8,368)	(6,413)	(8,367)
Other income	17	416,328	98	416,239	75
Profit before taxation		423,411	25,877	420,340	17,342
Taxation - net		(71,982)	(4,407)	-	(4,407)
Profit after taxation		351,429	21,470	420,340	12,935
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		351,429	21,470	420,340	12,935
Earning per share - basic and diluted		33.07	2.02	39.56	1.22

The annexed notes from 1 to 20 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, 2020

	<i>Reserves</i>						<i>Shareholder's equity</i>
	<i>Ordinary share capital</i>	<i>Capital</i>		<i>Revenue</i>			
		<i>Share premium*</i>	<i>Revaluation surplus on property**</i>	<i>General reserves***</i>	<i>Accumulated losses</i>	<i>Total reserves</i>	
----- (Rupees in '000') -----							
Balance as at July 01, 2019	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	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	21,470	21,470	21,470
Balance as at December 31, 2019	106,259	33,858	177,635	292,142	(1,532,991)	(1,029,356)	(923,097)
Balance as at July 01, 2020	106,259	33,858	177,635	292,142	(1,551,998)	(1,048,363)	(942,104)
Profit for the period	-	-	-	-	351,429	351,429	351,429
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	351,429	351,429	351,429
Balance as at December 31, 2020	106,259	33,858	177,635	292,142	(1,200,569)	(696,934)	(590,675)


* 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.

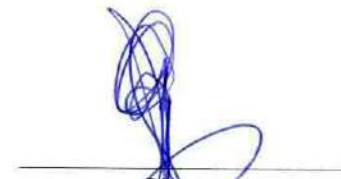
**The revaluation surplus on property is not available for distribution to the share holders of the Company unless realized and transferred to accumulated profits. However, these reserves can be individually off set against losses arising in future periods (if any) from revalued assets.

***Represents appropriation of profit in preceding years.

The annexed notes from 1 to 20 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, 2020

		December 31,	
		2020	2019
		(Un-audited)	
		----- (Rupees in '000') -----	
A. CASH FLOW FROM OPERATING ACTIVITIES			
	Profit before taxation	423,411	25,877
	Adjustments for:		
	Depreciation	4,763	5,470
	Interest on gratuity payable	842	778
	Remeasurement gain on investment	(208)	(57)
	Dividend income	(11)	(8)
	Income on waiver of long term borrowings	(416,103)	
	Finance cost	13,722	8,368
		(396,995)	14,551
	Cash generated from operating activities before working capital changes	26,416	40,428
	(Increase) / decrease in current assets		
	Development property	-	(5,411)
	Prepayments	25	-
	Trade debts	24,155	(2,048)
		24,180	(7,459)
	Increase in current liabilities		
	Trade and other payables	(6,239)	6,903
	Contract liabilities	4,060	3,104
		(2,179)	10,007
	Net cash generated from operations	48,417	42,976
	Taxes paid - net	(2)	(2)
	Financial charges paid	(36,526)	(8,368)
	Net cash generated from operating activities	11,889	34,606
B. CASH FLOW FROM INVESTING ACTIVITIES			
	Long term deposit - given	296	-
	Dividend received	11	8
	Net cash generated from investing activities	307	8
C. CASH FLOW FROM FINANCING ACTIVITIES			
	Repayment of long term borrowings	-	(90,771)
	Short term borrowings obtained - net	1,534	56,183
	Net cash generated from / (used in) financing activities	1,534	(34,588)
	Net increase in cash and cash equivalents (A+B+C)	13,730	26
	Cash and cash equivalent at beginning of the period	939	468
	Cash and cash equivalent at end of the period	14,669	494

The annexed notes from 1 to 20 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, 2020

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. 351.429 (Dec 31, 2019: 21.470) million, however, its accumulated losses stood at Rs. 1,200.569 (June 30, 2020: Rs. 1,551.998) million resulting in negative shareholders equity of Rs. 590.675 (June 30, 2020: Rs. 942.104) million. At reporting date, current liabilities of the Company exceeded the current assets by Rs. 869,837 (June 30, 2020: Rs. 1,226.117) 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 as disclosed in note 9 to these condensed interim financial statements. During the current period, the Company has repaid all liabilities of the bank as fully disclosed in note 9 to these condensed interim financial statements.

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.

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 to facilitate the repayment of revised bank loan. Thereafter, 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.

The Company has also rented its buildings situated at HT-8 along with plant and machinery installed therein, the inflows of which were 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 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, 2020 have 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, 2020.
- 2.4 The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarter ended December 31, 2020 and December 31, 2019 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, 2020 and December 31, 2019.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 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, 2020.

3.2 *Standards, amendments and improvements to IFRS's effective during the period:*

The company has adopted the following accounting standards and amendments to IFRSs and the improvements to accounting standards which became for the effective for the current period:

	<i>Effective for period beginning on or after</i>
Amendments to IFRS 3 'Business Combinations': Amendments to clarify the definition of a business	January 1, 2020
Amendments to IFRS 7 'Financial Instruments - Disclosures', IFRS 9 'Financial Instruments' and IAS 39 'Financial Instruments - Recognition and Measurement': Amendments regarding pre-replacement issues in the context of the IBOR reform	January 1, 2020
Amendments to IFRS 16 'Leases': Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification	June 1, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors': Amendments regarding the definition of material	January 1, 2020
Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.	January 1, 2020

The adoption of the above standards, amendments, improvements to accounting standards did not have any material effect on these condensed interim financial statements.

3.3 *Amendments to standards and IFRS interpretations that are not yet effective*

The following amendments to accounting standards and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's condensed interim financial statements other than certain additional disclosures:

	<i>Effective from accounting period beginning on or after</i>
Classification of Liabilities as Non Current or Current - Amendments to IAS 1	January 1, 2022
Amendments to IFRS 4 'Insurance Contracts': Amendments regarding the expiry date of the deferral approach	January 1, 2023
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures': Sale or contribution of assets between an investor and its associate or joint venture	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
Amendments to IAS 16 'Property, Plant and Equipment': Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use.	January 1, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets': Amendments regarding the costs to include when assessing whether a contract is onerous.	January 1, 2022
Annual improvements to IFRS standards 2018-2020	January 1, 2022
Certain annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.	
Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:	
IFRS 1 - First Time Adoption of International Financial Reporting Standards	
IFRS 17 - Insurance Contracts	

4 ACCOUNTING ESTIMATES, JUDGMENTS 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 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, 2020.
- 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, 2020.

	<i>December 31,</i> <i>2020</i> <i>(Un-audited)</i>	<i>June 30,</i> <i>2020</i> <i>(Audited)</i>
	----- (Rupees in '000') -----	
Opening written down value	279,711	290,649
Depreciation charge for the period / year	(4,763)	(10,938)
	<u>274,948</u>	<u>279,711</u>

6 DEFERRED TAXATION - NET

This comprises of the following: -

Taxable temporary difference

Accelerated tax depreciation	(15,416)	(16,023)
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Deductible temporary differences

Provision for doubtful debts	20,491	20,491
Provision for gratuity	4,147	-
Effect of unabsorbed tax depreciation	193,953	280,458
Effect of minimum tax	930	1,823
Effect of ACT	72,778	1,025
Effect of tax losses	-	37,072
	<u>292,299</u>	<u>340,869</u>
	<u>276,883</u>	<u>324,846</u>
<i>Net deferred tax asset not recognized</i>	<u>(276,883)</u>	<u>(324,846)</u>
	-	-

6.1 Deferred tax asset as at December 31, 2020 to the extent of Rs. 276.883 (June 30, 2020: Rs. 324.846) 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>2020</i> <i>(Un-audited)</i>	<i>June 30,</i> <i>2020</i> <i>(Audited)</i>
	----- (Rupees in '000') -----	
7 TRADE DEBTS		
<i>Considered doubtful</i>		
Exports	59,298	59,298
Local	11,362	11,362
	<u>70,660</u>	<u>70,660</u>
Lease receivables - considered good	-	24,155
Allowance for expected credit loss	(70,660)	(70,660)
	<u>-</u>	<u>24,155</u>

8 CASH AND BANK BALANCES

Cash in hand	468	536
Cash at bank - in current accounts	14,201	403
	<u>14,669</u>	<u>939</u>

8.1 Includes foreign currency accounts amounting to Rs. 0.114 (June 30, 2020: Rs. 0.109) million.

8.2 Includes balance of Rs. 0.021 (June 30, 2020: Rs. 0.032) million in multiplier account having effective interest rate ranging from 5.41% to 5.59% (June 30, 2020: 7.66% to 11.87%).

	<i>December 31, 2020 (Un-audited)</i>	<i>June 30, 2020 (Audited)</i>
<i>Note</i>	<i>----- (Rupees in '000') -----</i>	

9 LONG TERM BORROWINGS

From a banking company - secured

Term finance as per loan agreement of May 23, 2011	-	274,104
Less: Overdue	-	(274,104)
9.1	-	-

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 and outstanding term finance of Rs. 274.104 million and 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.

During the year ended June 30, 2018, the bank released the mortgage over property bearing no. LT-21, Landhi Industrial Area, Karachi. Thereafter, on March 19, 2020, the Company has fully repaid the remaining balance of the restructured amount of 870 million.

During the period, the Company has repaid other liabilities of the bank including Rs. 35 million paid as markup on delayed payment of restructured loan and applied for release of mortgage charges over Company's properties and other assets. Thereafter, the bank has issued No Objection Certificates to the Securities and Exchange Commission of Pakistan (SECP) for vacation of mortgage charges which is pending till the issuance of these condensed interim financial statements.

At reporting date, the Banking company has confirmed the outstanding amount of Term Finance as Nil (June 30, 2020: Rs. 274.058 million as per previous agreement dated May 23, 2011). Accordingly, the management, as a matter of prudence, recognized waiver amount of Rs. 416.103 million as other income in the statement of profit or loss comprising of Rs. 274.104 million principal term finance as above and overdue markup of Rs. 141.999 million (note 13).

	<i>December 31, 2020 (Un-audited)</i>	<i>June 30, 2020 (Audited)</i>
<i>Note</i>	<i>----- (Rupees in '000') -----</i>	

10 TRADE AND OTHER PAYABLES

Trade creditors		27,955	28,568
Accrued liabilities	10.1 & 10.2	148,171	147,902
Gratuity payable	10.3	14,301	14,005
Commission on bank guarantee		1,983	3,883
Security deposit against rent		12,377	15,412
Advance rental income		386	800
		<u>205,173</u>	<u>210,570</u>

10.1 Includes Rs. 124.969 (June 30, 2020: Rs. 124.969) 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. 163.023 (June 30, 2020: Rs. 163.023) 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. 38.054 (June 30, 2020: Rs. 38.054) million in these financial statements.

10.2 Includes director's and executive's remuneration payable amounting to Rs. 1.260 (June 30, 2020: 1.080) million and Rs. 0.9 (June 30, 2020: 0.9) 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.

	<i>December 31, 2020 (Un-audited)</i>	<i>June 30, 2020 (Audited)</i>
<i>Note</i>	<i>----- (Rupees in '000') -----</i>	
<i>Movement in gratuity payable</i>		
Opening	14,005	12,449
Paid during the period/year	(546)	-
Interest charged during the period/year	841	1,556
Closing	<u>14,301</u>	<u>14,005</u>

11 CONTRACT LIABILITIES

Advance from allottees - unsecured 11.1 353,185 349,125

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. Nil. (June 30, 2020: Rs. 3.935) million.

	<i>December 31, 2020 (Un-audited)</i>	<i>June 30, 2020 (Audited)</i>
<i>Note</i>	<i>----- (Rupees in '000') -----</i>	

12 SHORT TERM BORROWINGS

Loan from directors 12.1 281,994 253,975
Bank overdraft - 26,485
281,994 280,460

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.

13 ACCRUED MARKUP

	<i>December 31,</i> 2020 <i>(Un-audited)</i>	<i>June 30,</i> 2020 <i>(Audited)</i>
<i>Note</i>	<i>----- (Rupees in '000') -----</i>	
- on bank loan - overdue		
long term bank borrowings - term finance	-	51,681
short term bank borrowings	-	90,318
	-	141,999
- on delayed payment of restructured loan	-	35,000
- on directors loan (related parties)	33,816	20,579
- on bank overdraft	7	1,048
	33,823	198,626

13.1 This represents markup waived by bank on long term borrowings as fully disclosed in note 9 of these condensed interim financial statements.

13.2 This has been fully paid during the period.

14 UNCLAIMED DIVIDEND

	<i>December 31,</i> 2020 <i>(Un-audited)</i>	<i>June 30,</i> 2020 <i>(Audited)</i>
<i>Note</i>	<i>----- (Rupees in '000') -----</i>	
Unclaimed dividend	21,710	21,710

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, 2020.

16 REVENUE

	<i>December 31,</i> 2020 <i>(Un-audited)</i>	2019
<i>Note</i>	<i>----- (Rupees in '000') -----</i>	
Sale of plots	-	396
Rental income	50,094	52,921
	50,094	53,317

16.1 The aggregate amount of the transaction price allocated to the unfulfilled performance obligations is Rs. Nil (June 30, 2020: Rs. 15.973) million. The Company will recognize this revenue upon percentage of completion of development work.

17 OTHER INCOME

Note	December 31,	
	2020	2019
	(Un-audited)	
	----- (Rupees in '000') -----	
	11	8
	6	33
	208	57
9	416,103	-
	416,328	98

18 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 are as follows:

Name of Related Party	Basis of Relationship	Percentage of holding	Dec-20 ---- (Rupees in '000') ----	Jun-20
Short term borrowings obtained during the period				
Aziz L. Jamal	Key management personal	11.93%	23,000	50,281
Rashid L. Jamal	Key management personal	12.65%	5,900	55,750
Aisha Bai	Key management personal	0.71%	-	4,500
Short term borrowings repaid during the period				
Aziz L. Jamal	Key management personal	11.93%	-	6,000
Rashid L. Jamal	Key management personal			1,000
Aisha Bai	Key management personal	0.71%	880	-
Markup expense during the period				
Aziz L. Jamal	Key management personal	11.93%	6,857	10,552
Rashid L. Jamal	Key management personal	12.65%	5,499	8,263
Aisha Bai	Key management personal	0.71%	883	1,764


19 GENERAL

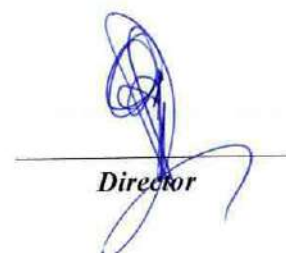
Figures have been rounded off to the nearest thousand of rupees.

20 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on 01 MAR 2021 by the Board of Directors of the Company.


Chief Executive Officer


Chief Financial Officer


Director