



HUSEIN INDUSTRIES LIMITED

ANNUAL REPORT

JUNE 30, 2017

HUSEIN INDUSTRIES LIMITED

HT – 8 LANDHI INDUSTRIAL & TRADING ESTATE,

KARACHI – 75120, PAKISTAN

EMAIL: sales@husein.com

WEBSITE: www.husein.com.pk

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Chief Executive Officer
Chairman
Director
Director
Director
Director
Independent Director

BOARD OF AUDIT COMMITTEE

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

Chairman
Member
Member
Secretary

H.R. & REMUNERATION COMMITTEE

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

Chairman
Member
Member

COMPANY SECRETARY

Mr. M. Anwar Kaludi

REGISTERED & HEAD OFFICE

HT-8, Landhi Industrial & Trading Estate,
Landhi, Karachi-75120.
Tel: (9221) 5018536-8
Fax: (9221) 5018545
E-mail: sales@husein.com

BANKERS

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

AUDITORS

Reanda Haroon Zakaria & Co.
Chartered Accountants

MILLS

Landhi Industrial & Trading Estate,
Landhi, Karachi-75120.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 64th Annual General Meeting of the shareholders of Husein Industries Limited will be held at the Registered Office of the Company at Plot No. HT-8, Landhi Industrial & Trading Estate, Landhi, Karachi, on Monday 30th October 2017 at 4:30 pm to transact the following business:

Ordinary Business:

1. To confirm the minutes of the 63rd Annual General Meeting held on 13th March, 2017
2. To receive consider and adopt the Financial Statement of the Company for the year ended 30th June, 2017 together with the Directors and auditor's Report thereon.
3. To appoint auditors and fix their remuneration for the year ended 30th June, 2017. M/s. Reanda Haroon Zakaria & Co., Chartered Accountants, retire and offer themselves for reappointment.

Other Business:

To transact any other business as may be placed before the Meeting with the permission of the Chair.

Karachi, 5th October, 2017

By Order of the Board
Muhammad Anwar Kaludi
Company Secretary

NOTES:

1. The Registrar of Members of the Company will remain closed from 24/10/2017 to 30/10/2017 (both days inclusive) Transfer received in order at the office of our Share Registrar M/s. C & K Management Associates (Pvt.) Limited, 404, Trade Tower, Abdullah Haroon Road, Near Metropole Hotel, Karachi-75330 at the close of business on 23rd October, 2017 will be treated in time.
2. A Member entitled to attend, speak and vote at this Annual General Meeting is entitled to appoint another member as a proxy to attend, speak and vote instead of him/her. Proxies in order to be valid, must be signed across a Rupees Five revenue stamp and should be deposited at the office of the share registrar not less than 48 hours before the meeting. Form of proxy is enclosed.
3. Shareholders are requested to notify the office of the share registrar of any change in their addresses immediately. The Shareholders claiming exemption from Zakat are required to file their Declaration with our Share Registrar.
4. SECP through its Notification SRO 787(I)/2014 dated September 8, 2014, has allowed the circulation of Audited Financial Statements along with the Notice of Annual General Meeting to the members of the Company through email. Therefore, all members who wish to receive the soft copy of Annual Report are requested to send their email addresses.

The Company shall , however, provide hard copy of the Audited Financial Statements to its shareholders , on request, free of cost, within seven days of receipt of such request.

The Company shall place the financial statements and reports on the Company's website: www.husein.com at least twenty one (21) days prior to the date of the Annual General Meeting in terms of SRO 634(I)/2014 dated July 10,2014 issued by the SECP.

5. Central Depository Company account holders will further have to follow the under mentioned guidelines as laid down in circular 1 dated 26th January, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting:

1. In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his / her Original Computerized National Identity Card (CNIC) or original passport at the time of attending the Meeting.
2. In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For appointing proxies:

1. In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations shall submit the proxy form as per the above requirements.
2. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
3. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
4. The proxy shall produce his / her original CNIC or original passport at the time of the Meeting.
5. In case of corporate entity, the board of directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

VISION

To earn the reputation of reliable manufacture of top quality textile made-ups to the target market.

MISSION

To achieve market leadership through technological innovation, distinguished by quality, services, customer satisfaction and an adequate return to share holders.

DIRECTORS' REPORT

In the name of Allah the Most Merciful and the Most Benevolent

The directors of your company are pleased to present the Annual report and the audited financial statements for the year ended June 30, 2017 together with the auditor's report thereon.

OPERATING AND FINANCIAL RESULTS

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

	June 30 2017	June 30 2016
	---(Rupees in '000) ---	
Sales-Net	76,739	-
Cost of sales	(80,417)	-
Gross (loss)	(3,678)	-
Administrative Expenses	(23,459)	(27,447)
Operating Loss	(27,137)	(27,447)
Other Operating Expenses	(2,053)	-
Finance Cost-Bank Charges	(5)	(8)
Other Income	<u>29,583</u>	<u>11,597</u>
Profit/(Loss) before Taxation	388	(15,858)
Taxation	(767)	-
Profit/(Loss) after taxation	<u>(379)</u>	<u>(15,858)</u>
Earning/(Loss) per share-Basic and diluted)	(0.04)	(1.49)

The Company has incurred loss due to closure of production departments.

As previously mentioned in Director Reports. Your Director have converted one of its properties into a Commercial cum Residential project which will help your Company to clear a substantial portion of the Bank's liabilities.

Observation of the Auditors

In respect of Auditors qualification with respect to recording of contingent income amounting to Rs. 427.486 millions, it is stated that to show the true picture of the affairs of the Company to the user of these financial statements, the Company has recorded the said income on the basis of strong financial support from the directors of the Company and the success of new business as discussed already in this report.

As regard the auditors' emphasis of the material uncertainty to continue as going concern, the Company is trying to recover from the current turmoil and adverse conditions and course of actions taken up by the management were already discussed in this report and the management do not see that there are any significant doubts to continue as going concern.

AUDITORS

The present Auditors M/s. Reanda Haroon Zakaria & Company, Chartered Accountants, retired and being eligible have offered themselves for reappointment. Audit committee has recommended the reappointment.

RELATED PARTY TRANSACTIONS

There were no transactions with related parties and with the key management personnel except as disclosed in note 38. All the remunerations were approved by the audit committee as well as the board of directors.

HR AND REMUNERATION COMMITTEE

The Board of Directors has established HR and Remuneration Committee in compliance with the Code of Corporate Governance, which comprises of the following members:

Name	Designation	Type	No of Meetings Attended
Mr.Suleman Aswani	Chairman	Independent Director	4
Mr. Akhtar Wasim Dar	Member	Non-Executive Director	4
Mr. Abdul Razzak Awan	Member	HR Manager	4

EARNING PER SHARE

The loss per share of the company stood at Rs. (0.04) [Loss Rs. (1.49.): 2016].

STATEMENT ON CORPORATE AND FINANCIAL FRAME WORK

The Directors of the Company are well aware of their responsibilities under the Code of Corporate Governance incorporated in the Listing Regulations of the stock exchange where the Company is listed. All necessary steps are being taken to ensure Good Corporate Governance in the Company as required by the Code.

- The Financial Statements, prepared by the Management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained in the manner required under the Companies Ordinance 1984.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

- d) International Accounting and Financial reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) We have an Audit Committee, majority of the members of which are amongst non-executive directors.
- g) As already stated above there are no significant doubts upon the Company's ability to continue as a going concern.
- h) There has been no material departure from the best practices of corporate governance as detailed in listing regulations.
- i) The Company operates an unfunded gratuity scheme for its employees and an adequate liability for that has been provided in the accounts and since it is not funded so there are no investments etc.
- j) Key operating and financial data for last six years, Pattern of shareholding and additional related information is annexed.
- K) The Company has neither declared dividend nor issued bonus shares for the current financial year because of operating and accumulated losses incurred.
- L) During the year 11 meetings of the Board of Directors and 11 audit committee meetings were held separately. Attendance by each Director and member of audit committee is annexed.
- M) The statutory payments on account of taxes, duties, levies and charges have been paid as per respective laws.
- N) In accordance with the criteria specified in clause (ii) of the code, four director of the Company are exempt from the requirement of Directors' training program and the rest of the directors will be trained. All the directors on the Board are fully conversant with their duties and responsibilities as directors of their corporate duties. The Board had arranged an orientation course of the Code of Corporate Governance for its directors to apprise them of their roles and responsibilities.
- O) There was no trading in shares of the Company by its directors, CEO, CFO, Company Secretary and their spouses and minor children.
- P) The Board of directors and its management team are fully determined to move the Company from present situation of uncertainties and for this a strategic plan has been developed and you will see positive improvements in the foreseeable future.

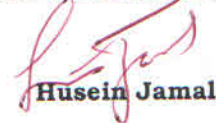
ACKNOWLEDGEMENT

Your Directors are pleased to record their appreciation for the continued dedications, commitment and loyalty of the employees of your company.

Your Directors are also thankful to all stakeholders for the loyalty they have shown during our difficult period.

Your directors also appreciate 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: October 5, 2017

**REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE
WITH THE CODE OF CORPORATE GOVERNANCE**

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Husein Industries Limited**, (the Company) for the year ended June 30, 2017 to comply with the requirements of clause 5.19 of chapter 5 of Rule Book of Pakistan Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company (the Board). Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirement of the Code. A review is limited primarily to inquiries of the management personnel and review of various documents prepared by the management to comply with the Code.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the management's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee (Committee), and upon recommendation of the Committee, place before the Board for their review and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board upon recommendation of the Committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

Following instance of non-compliance with the requirements of the Code were observed which have not been stated in the Statement of Compliance:

- a) Secretarial Compliance Certificate was not filed with the registrar along with annual return of the Company as required under clause 5.19.14.b of the Code.

Based on our review, except for the above instances of non-compliances, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2017.

Further, we highlight below instance of non-compliance with the requirements of the Code as reflected in the Statement of Compliance:

- i) *Paragraph 16* Review of financial statements for the quarter ended September 30, 2016 by the Audit Committee could not be made as required under clause 5.19.19.a.ii, because these financial statements were not issued in the stipulated time.


Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: 05 OCT 2017

Engagement Partner
Mohammad Iqbal

**STATEMENT OF COMPLIANCE WITH THE CODE
OF CORPORATE GOVERNANCE
HUSEIN INDUSTRIES LIMITED
FOR THE YEAR ENDED JUNE 30, 2017**

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in chapter 5 clause 5.19 of Rule Book of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the Board includes:

Category	Names
Independent Director	Mr. Suleman Aswani
Non-Executive Directors	Mr. Rashid Jamal Miss. Saman Aziz Jamal Mrs. Aisha Bae Suleman Mr. Akhtar Wasim Dar
Executive Director	Mr. Husein Jamal Mr. Aziz L. Jamal

The independent director meets the criteria of independence under clause 5.19.1.b of the CCG.


2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking Company, a DFI or an NBFI. None of the directors is a broker of the stock exchange.
4. No casual vacancy occurred on the Board during the year.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The board has developed a vision and mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Directors are well conversant with listing regulations, legal requirement and operational imperatives of the company, and as such are fully aware of their duties and responsibilities. The Company arranges orientation courses for its Directors as and when needed to apprise them of their duties and responsibilities. Four Directors of the Board are exempt from the requirement of the Directors Training Program and rest of the Directors will obtain certification within the stipulated time.
10. The Board has approved appointment of Company Secretary, Chief Financial Officer and Head of Internal Audit including their remuneration and terms and conditions of employment. However, no new appointment was made during the year.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of three members, of whom two are non-executive directors and chairman is an independent director.
16. The meetings of the audit committee were held at least once every quarter and discussed/reviewed the performance of the Company and other matters in accordance with terms of reference defined in clause 5.19.19 of the Code except for review of financial statements for the quarter ended September 30, 2016 which could not be made as required under clause 5.19.19.a.ii as these financial statements were not issued in the stipulated time.

The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is a non-executive director.
18. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountant of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The Closed period, prior to the announcement of interim results and business decision which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

Dated: October 05, 2017
Karachi


HUSEIN JAMAL
CEO

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **HUSEIN INDUSTRIES LIMITED** as at June 30, 2017 and related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the repealed Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on test basis evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) During the financial year ended June 30, 2015, the Company had derecognized bank liabilities amounting to Rs. 427.486 million and credited it to profit and loss account for the year ended June 30, 2015 as disclosed in note 17.3 to the annexed financial statements, the Company had also reclassified its current and overdue portion of long term loan based on underlying settlement arrangement. The waiver of loan of Rs. 427.486 as well as transfer of current and overdue portion of Rs. 831.511 (June 2016: Rs. 770.847) million to long term loan is dependent on compliance with terms of settlement as per restructuring agreement with the bank. This has resulted in understatement of liabilities and overstatement of shareholder's equity by the aforesaid amount. Further, this has also resulted in understatement of current liabilities and overstatement of long term liabilities due to reclassification of current and overdue portion of long term loan. Moreover, we could not substantiate effects of other terms of restructured loan agreement as disclosed in note 17.2 to the annexed financial statements as the bank is confirming loan and markup balances as per the restructured agreement dated May 23, 2011.
- b) in our opinion, except as stated in paragraph (a) above, proper books of accounts have been kept by the Company as required by the repealed Companies Ordinance, 1984;
- c) in our opinion:
 - i) except for paragraph (a) above, the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the repealed Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied;

REANDA

- ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.
- d) Except for the effects of the matters stated in paragraph (a) above and possible adjustments that may be required but are not determined, in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof give a true and fair view of the state of the Company's affairs as at June 30, 2017 and of the loss, its comprehensive loss, its cash flows and changes in equity for the year then ended; and
- e) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Emphasis of matter

We draw attention to note 1.1 to the financial statements which indicates that the Company has incurred after tax loss amounting to Rs. 0.379 (2016: after tax loss Rs. 15.858) million and its accumulated losses stood at Rs. 1,077.091 (2016: Rs. 1,076.832) million resulting in negative shareholders' equity of Rs. 644.832 (2016: Rs. 644.573) million. At reporting date, current liabilities of the Company exceeded the current assets by Rs. 694.909 (2016: Rs. 432.161) million. Further, the Company's gross loss for the current year is Rs. 3.678 (2016: gross profit of Rs. Nil) million. These conditions along with other matters set forth in note 1.1 to the 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 financial statements on going concern basis including the expectation of future profitability on account of change in business of the Company after completion of legal formalities, restructuring of banking loans, financial support from directors and other matters. These plans including the viability of the new business are subject to inherent uncertainty as future events are always subject to change.

Our opinion is not qualified in respect of above matter.


Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: 05 OCT 2017


Engagement Partner:
Mohammad Iqbal

HUSEIN INDUSTRIES LIMITED
BALANCE SHEET
AS AT JUNE 30, 2017

<u>ASSETS</u>	Note	2017 ---- (Rupees in '000) ----	2016
Non-Current Assets			
Property, plant and equipment	4	288,504	303,507
Long term investments	5	609	6,966
Long term deposits	6	7,933	7,933
Deferred taxation	7	-	-
		297,046	318,406
Current Assets			
Stores, spares and loose tools	8	20,622	22,675
Stock-in-trade	9	123,530	203,947
Trade debts	10	52,105	55,763
Advances	11	43,311	-
Deposit		725	725
Tax refunds due from the Government	12	8,572	12,292
Cash and bank balances	13	1,182	365
		250,047	295,767
Total Assets		547,093	614,173
<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
Issued, subscribed and paid up capital	14	106,259	106,259
Reserves	15	(751,091)	(750,832)
Shareholders' equity		(644,832)	(644,573)
Surplus on revaluation of fixed assets	16	152,133	152,133
Non-Current Liabilities			
Long term financing	17	85,000	370,000
Deferred liability	18	9,836	8,685
		94,836	378,685
Current Liabilities			
Trade and other payables	19	439,944	237,028
Short term borrowing	20	5,900	5,900
Current and overdue portion of long term finance	21	499,112	485,000
		944,956	727,928
Contingencies and Commitments	22	-	-
Total Equity and Liabilities		547,093	614,173

The annexed notes from 1 to 37 form an integral part of these financial statements.


 Chief Executive Officer


 Director


HUSEIN INDUSTRIES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017

	<i>Note</i>	<i>2017</i> ----- (<i>Rupees in '000'</i>) -----	<i>2016</i>
Sales - net	23	76,739	-
Cost of sales	24	<u>(80,417)</u>	-
Gross (loss) / profit		(3,678)	-
Administrative expenses	25	<u>(23,459)</u>	(27,447)
Operating loss		(27,137)	(27,447)
Other operating expenses	26	(2,053)	-
Finance cost - bank charges		(5)	(8)
Other income	27	<u>29,583</u>	11,597
Profit / (loss) before taxation		388	(15,858)
Taxation	28	(767)	-
Loss after taxation		<u><u>(379)</u></u>	<u>(15,858)</u>
Loss per share - basic and diluted		<u><u>(0.04)</u></u>	<u>(1.49)</u>

- The annexed notes from 1 to 37 form an integral part of these financial statements.



 Chief Executive Officer



 Director

HUSEIN INDUSTRIES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017

2017 2016
---- (Rupees in '000') ----

Loss for the year after taxation	(379)	(15,858)
Other comprehensive income for the year		
Item to be classified to profit and loss account in subsequent periods		
Gain on remeasurement of available for sales investments	120	2,010
Total comprehensive Loss for the year	<u>(259)</u>	<u>(13,848)</u>

The annexed notes from 1 to 37 form an integral part of these financial statements.



Chief Executive Officer



Director

HUSEIN INDUSTRIES LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

2017 2016
 ---- (Rupees in '000') ----

A. CASH FLOW FROM OPERATING ACTIVITIES

Profit / (loss) before taxation	388	(15,858)
Adjustments for:		
Depreciation	15,003	17,157
Provision for staff gratuity	1,151	1,016
Dividend income	(79)	(12)
Financial charges	5	8
	<u>16,080</u>	<u>18,169</u>
Cash generated from operating activities before Working capital changes	16,468	2,311
Decrease / (increase) in current assets		
Stores, spares and loose tools	2,053	-
Stock-in-trade	80,417	-
Trade debts	3,658	27,324
Advances	(43,311)	1,693
Deposit	-	73
	<u>42,817</u>	<u>29,090</u>
Increase / (decrease) in current liabilities	205,906	(22,280)
Net cash generated from operations	265,191	9,121
Taxes paid - net	(37)	(128)
Financial charges paid	(5)	(8)
Net cash generated from operating activities	265,149	8,985

B. CASH FLOW FROM INVESTING ACTIVITIES

Sale of long term investment	6,477	-
Dividend received	79	12
Net cash generated from investing activities	6,556	12


C. CASH FLOW FROM FINANCING ACTIVITIES

Repayment of long term financing	(270,888)	(15,000)
Proceeds of short term borrowing	-	5,900
Net cash used in financing activities	(270,888)	(9,100)
Net increase in cash and cash equivalents (A+B+C)	817	(103)
Cash and cash equivalent at beginning of the year	365	468
Cash and cash equivalent at end of the year	1,182	365

The annexed notes from 1 to 37 form an integral part of these financial statements.



 Chief Executive Officer



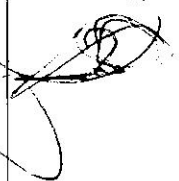
 Director

HUSEIN INDUSTRIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2017

	Reserves			Total reserves	Total Shareholders' Equity		
	Ordinary Share capital	Capital Share Premium	Revenue Accumulated losses				
Balance as at June 30, 2015	106,259	33,858	292,142	(1,062,984)	(770,842)	(736,984)	(630,725)
Total Comprehensive loss for the year ended June 30, 2016	-	-	-	(15,858)	(15,858)	(15,858)	(15,858)
Loss for the year	-	-	-	2,010	2,010	2,010	2,010
Other comprehensive income for the year	-	-	-	(13,848)	(13,848)	(13,848)	(13,848)
Balance as at June 30, 2016	106,259	33,858	292,142	(1,076,832)	(784,690)	(750,832)	(644,573)
Total Comprehensive income for the year ended June 30, 2017	-	-	-	(379)	(379)	(379)	(379)
Loss for the year	-	-	-	120	120	120	120
Other comprehensive income for the year	-	-	-	(259)	(259)	(259)	(259)
Balance as at June 30, 2017	106,259	33,858	292,142	(1,077,091)	(784,949)	(751,091)	(644,832)

The annexed notes from 1 to 37 form an integral part of these financial statements.


 Chief Executive Officer


 Director

HUSEIN INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1 NATURE AND STATUS OF BUSINESS

The Company was incorporated in Pakistan on May 25, 1953 as a Public Limited Company under the repealed Companies Act, 1913 (now the Company Ordinance, 1984) in the name of Husein Textile Mills Limited, which was subsequently changed to Husein Industries Limited in 1964. Its shares are listed on Pakistan Stock Exchange Limited (formerly known as Karachi Stock Exchange Limited). The major activities of the Company are textile manufacturing, producing cotton and polyester yarn, cloth and garments which are marketed within, and outside Pakistan. The registered office of the Company is situated at HT-8, Landhi Industrial Area, Karachi.

During the current year, 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 financial statements.

The trading of Company's shares has been suspended by Pakistan Stock Exchange Limited (formerly known as Karachi Stock Exchange Limited) on December 09, 2013 on account of non holding of Annual General Meeting and other secretarial non-compliances.

1.1 Going Concern Assumption

The Company has incurred after tax loss amounting to Rs. 0.379 (2016: Rs. 15.858) million and its accumulated losses stood at Rs. 1,077.091 (2016: Rs. 1,076.832) million resulting in negative shareholders equity of Rs. 644.832 (2016: Rs. 644.573) million. At reporting date, current liabilities of the Company exceeded the current assets by Rs. 694.909 (2016: Rs. 432.161) million. Further the Company's gross loss for the current year is Rs. 3.678 million (2016: gross profit of Rs. Nil). Moreover, the operational activities have been closed down in financial year 2014, consequently, there has been no production during the current year. Accordingly, the Company is unable to pay its creditors on due dates and has also not been able to meet its obligations under various financing agreements with the banking company.

The above conditions indicate the existence of material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business.

During the current year, the management of the Company has taken the following steps / measures including future plans to revive and improve the operational and financial conditions of the Company.

The Board of Directors having major shareholdings has decided in their meeting on December 30, 2016 to cease its textile business and has developed business diversification strategy to enter into real estate development, construction and allied businesses. The company will not only utilize its own land but also has plans to buy land for this purpose. The Board has 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.

In the First phase of real estate business, the company's owned land situated at LT-21, scheme-3 Measuring 38,010 Square Yards Landhi Industrial Area, Karachi will be sold in the form of residential and commercial plots and sites. Subsequent to year end, although the Company has obtained NOC for commercialization and approval of the layout plan of the said land from Karachi Development Authority, yet, approval of change in object clause from SECP and other legal formalities are in process till the issuance of these financial statements. Further, the Banking Company has issued No Objection Certificate in respect of sub-division / bifurcation of the mortgaged property bearing plot number LT-21 in order to settle its liabilities towards the banking Company.

After obtaining NOC from the Banking Company, the Company has started receiving positive response from the Customers for sale of residential and commercial plots, and have started placing deposits with the Company. Till the issuance of these financial statements, significant amount of revised bank loan installments have been repaid with the help of these funds.

In July 2016, the Bank at the request of the Company has restructured the long term and short term financing agreements at Rs. 870 million resulting into waiver of principal loan and accrued markup amounting to Rs. 274.104 and Rs. 153.382 million respectively on terms and conditions as disclosed in note 17.2 to these financial statements.

The Board has also approved sale of textile plant and machinery, stock in trade and stores and spares which will facilitate the repayment of revised bank loan.

Further, the Company has given its building 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 financial statements have been prepared on the going concern basis.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standard Board (IASB) as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

Considering the practical difficulties faced by the companies to comply with the requirements of the recently promulgated Companies Act, 2017, Securities and Exchange Commission of Pakistan (SECP), vide its circular no. 17 of 2017 dated July 20, 2017, has decided that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except as otherwise disclosed in relevant notes to these financial statements. Further, accrual basis of accounting is followed except for cash flow information.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where assumptions and estimates are significant to the Company's financial statements or where judgment is exercised in application of accounting policies are as follows:

- (i) Assumptions and estimates used in determining the recoverable amount, residual values and useful lives of property, plant and equipment - note 3.1 and 4;
- (ii) Assumptions and estimates used in determining the provision for slow moving stores and spares - note 3.3 and 8;
- (iii) Assumptions and estimates used in writing down items of stock in trade to their net realizable value - note 3.4 and 9;
- (iv) Assumptions and estimates used in the recognition of current and deferred taxation - note 3.11, 7 and 28;
- (v) Assumptions and estimates used in accounting for staff retirement benefits - note 3.8 and 18;

2.5 Standards, interpretations and amendments applicable to financial statements

2.5.1 New Standards, Interpretations and Amendments

The following new / revised standards are effective for the year ended June 30, 2017. These standards are, either not relevant to the company's operations or are not expected to have significant impact on the company's financial statements other than certain additional disclosures:

- IFRS 10 - Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements: Investment Entities: Applying the Consolidation Exception (Amendment)
- IFRS 11 - Joint Arrangements: Accounting for Acquisition of Interest in Joint Operation (Amendment)
- IAS 1 - Presentation of Financial Statements: Disclosure Initiative (Amendment)
- IAS 16 - Property, Plant and Equipment and IAS 38 Intangible Assets: Clarification of Acceptable Method of Depreciation and Amortization (Amendment)
- IAS 16 - Property, Plant and Equipment and IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)

IAS 27 - Separate Financial Statements: Equity Method in Separate Financial Statements (Amendment)

The adoption of the above accounting standards did not have any effect on the financial statements.

2.5.2 Annual Improvements

IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal.

IFRS 7 - Financial Instruments: Disclosures - Servicing contracts

IFRS 7 - Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements

IAS 19 - Employee Benefits - Discount rate: regional market issue

IAS 34 - Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

The adoption of the above amendments, improvements to accounting standards and interpretations does not have any material effect on the financial statements

2.5.3 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation

<i>Standard or Interpretation</i>	<i>Effective Date (annual periods beginning on or after)</i>
IFRS 2 - Classification and Measurement of Share Based Payment Transactions (Amendments)	January 1, 2018
IFRS 10 - Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 7 - Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	January 1, 2017
IFRS 9 - Financial Instruments: Classification and Measurement	July 1, 2018
IAS 12 - Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	January 1, 2017
IFRS 15 - Revenue from Contracts with Customers	July 1, 2018
IFRS 4 - Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - (Amendments)	January 1, 2018
IAS 40 - Investment Property: Transfers of Investment Property - (Amendments)	January 1, 2018
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	January 1, 2018
IFRIC 23 - Uncertainty over Income Tax Treatments	January 1, 2019

The Company expects that the adoption of the above amendments and interpretation of the standards will not affect the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

<i>Standard or Interpretation</i>	<i>Effective Date (annual periods beginning on or after)</i>
IFRS 14 - Regulatory Deferral Accounts	January 1, 2016
IFRS 16 - Leases	January 1, 2019
IFRS 17 - Insurance Contracts	January 1, 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are as follows:

3.1 Property, plant and equipment

These are stated at cost less accumulated depreciation except for freehold land and leasehold land which are stated at revalued amount and cost respectively. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit and loss account during the financial year in which they are incurred.

The depreciation is charged to income applying reducing balance method. The depreciation on additions during the year is charged at half of the applicable rate while no depreciation is charged on deletion during the period. Gain or loss on disposal of operating fixed assets, if any, are recognized in profit and loss account, as and when incurred. Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvement are capitalized and the assets so replaced, if any, are retired.

Assets' residual values and their useful lives are reviewed and adjusted at each balance sheet date, if significant and appropriate. Assets are derecognized when disposed or when no future economic benefits are expected from its use or disposal.

3.2 Long term investments

- Available for sale

Long term investment are classified as "Available for Sale" which represent investments which are not held for trading. All investments are initially recognized at cost, being the fair value of the consideration given. Subsequent to initial recognition, there are remeasured at fair value.

Any gain or loss arising from a change in the fair value of investments available for sale is recognized directly in other comprehensive income until the investment is disposed of or determined to be impaired. At the time of disposal, the cumulative gain or loss previously recorded in equity is recognized in profit and loss account.

3.3 *Stores, spares and loose tools*

These are valued at lower of average cost or net realizable value except items in transit which are stated at invoice value plus other charges paid thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make the sale. Obsolete items are recorded at nil value. Provision is made for slow moving stocks based on parameters set by the management.

3.4 *Stock-in-trade*

Stock in trade has been valued on the following basis;

Raw Material

These are valued at lower of cost determined using annual average method or net realizable value except items in transit which are stated at invoice values plus other charges paid thereon.

Work in process and finished goods

These are valued at lower of average manufacturing cost or net realizable value. Average manufacturing cost in relation to work in process and finished goods represents direct cost of material, direct wages and appropriate manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make the sale. Obsolete items are recorded at nil value. Provision is made for slow moving stocks based on parameters set by the management.

3.5 *Trade debts*

Trade debts are recognized initially at original invoice amount. Provision for bad debts is established when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Trade debts considered irrecoverable are written off.

3.6 *Advances*

Advances are carried at cost which is the fair value of the consideration to be received.

3.7 *Cash and cash equivalents*

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of cash flow statement, cash and cash equivalents comprise of cash in hand and balances with banks in current and deposit accounts.

3.8 *Retirement benefits:*

- *Gratuity*

The Company operates an unfunded defined gratuity scheme covering all its employees who have completed one year of service with the Company. Gratuity is based on employees' last drawn salary.

Provisions are made to cover the obligations under the scheme on the basis of actuarial valuation and are charged to profit and loss account. The most recent valuation was carried out as of June 30, 2011 using the "Projected Unit Credit Method".

The Company is only recording provision of interest cost against retirement benefits of present employees as total strength of these employees, by law, do not qualify for entitlement of any retirement benefits. Hence, current service costs are not recorded in these financial statements.

3.9 Employee compensated absences

The Company provides for compensated absences for all eligible employees in the year in which these are earned in accordance with the rules of the Company.

3.10 Trade and other payables

Liabilities for creditors and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for the goods and / or services received, whether or not billed to the Company.

3.11 Taxation

Current

Provision for current taxation is made in accordance with provision 's of Income tax ordinance 2001. The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemptions available, if any, or applicable minimum tax on turnover or Alternate Corporate Tax, whichever is higher.

Deferred

Deferred income tax is provided using the balance sheet liability method for all temporary differences at the balance sheet date between tax base of assets and liabilities and their carrying amounts for financial reporting purposes. The amount of deferred tax provided is based on the expected manner of realization or the settlement of the carrying amounts of assets and liabilities, using the tax rates enacted or substantively enacted at the balance sheet date.

Deferred income tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit for the foreseeable future will be available against which such temporary differences and tax losses can be utilized.

3.12 Provisions

Provisions are recognized when the Company has a present (legal or constructive) obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.13 Revenue Recognition

Revenue from sale is recognized on dispatch of goods to customers, when significant risk and rewards are transferred to the customer.

Rental income is recognized on accrual basis in accordance with terms of agreement.

Dividend from investment available for sale are recorded when right to receive the same is established.

Gain on sale of fixed assets is recognized on occurrence of transactions.

Other income is recognized on the occurrence of related transactions.

3.14 Financial instruments

All financial assets and liabilities are initially measured at fair value, and subsequently measured at fair value or amortized cost as the case may be. The Company derecognizes the financial assets and financial liabilities when it ceases to be a party to such contractual provisions of the instruments.

3.15 Offsetting of financial assets and financial liabilities

Financial asset and financial liability is set off and the net amount is reported in the balance sheet if the company has a legal right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Corresponding income on assets and charge on liability is also offset.

3.16 Foreign currency translation

Transactions in foreign currency are translated into rupees at the rate of exchange prevailing at the date of transaction. Exchange gains and losses are included in income currently. All monetary assets and liabilities in foreign currencies are translated at the rates of exchange prevailing at the balance sheet date.

3.17 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Any impairment loss arising on financial assets is recognized in profit and loss account.

Non-Financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sale and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4 PROPERTY, PLANT AND EQUIPMENT

4.1 Operating fixed assets

Particulars	Free hold	Lease hold	Building on	Plant and	Furniture and	Vehicles	Total
	land	land	lease hold land	machinery	fixtures/Office equipment		
----- (Rupees in '000) -----							
Net book value as at July 01, 2015	157,925	593	60,342	97,551	1,657	2,596	320,664
Year ended June 30, 2016							
Additions during the year	-	-	-	-	-	-	-
Disposal during the year	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
Depreciation for the year	-	-	(3,017)	(13,439)	(181)	(520)	(17,157)
Net book value as at June 30, 2016	157,925	593	57,325	84,112	1,476	2,076	303,507
Year ended June 30, 2017							
Additions during the year	-	-	-	-	-	-	-
Disposal during the year	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
Depreciation for the year	-	-	(2,866)	(11,563)	(158)	(416)	(15,003)
Net book value as at June 30, 2017	157,925	593	54,459	72,549	1,318	1,660	288,504
At June 30, 2016							
Cost / revalued amount *	157,925	593	130,093	734,395	13,303	20,952	1,057,261
Accumulated depreciation	-	-	(72,768)	(650,283)	(11,827)	(18,876)	(753,754)
Net book value	157,925	593	57,325	84,112	1,476	2,076	303,507
At June 30, 2017							
Cost / revalued amount *	157,925	593	130,093	734,395	13,303	20,952	1,057,261
Accumulated depreciation	-	-	(75,634)	(661,846)	(11,985)	(19,292)	(768,757)
Net book value	157,925	593	54,459	72,549	1,318	1,660	288,504
Depreciation rate	-	-	5%	10-15%	6-15%	20-25%	

	Note	2017 ---- (Rupees in '000) ----	2016
4.2 The allocation of depreciation is as follows:			
Cost of sales	24	-	-
Administrative expenses	25	15,003	17,157
		<u>15,003</u>	<u>17,157</u>

4.3 Had there been no revaluation the status of revalued free hold land would have been at cost amounting to Rs. 5.792 (2016: Rs. 5.792) million.

4.4 The management has not reclassified property bearing No. HT-8 as investment property in accordance with IAS - 40 because the owner occupied portion is significant as compared to the portions rented out.

5 LONG TERM INVESTMENTS

Available for sale

- in quoted companies

2017	2016		2017	2016
---- Number of Shares ----			---- (Rupees in '000) ----	
-	5,138	Pakistan Tobacco Company Limited	-	4,644
<u>2,742</u>	<u>2,711</u>	Dawood Lawrencepur Limited	<u>489</u>	<u>312</u>
<u>2,742</u>	<u>7,849</u>		<u>489</u>	<u>4,956</u>
Add: Gain / (loss) on remeasurement of investments			<u>120</u>	<u>2,010</u>
			<u>609</u>	<u>6,966</u>

The market value of each quoted security is as follows:

	---- (Rupees) ----	
Pakistan Tobacco Company Limited	-	1,260.55
Dawood Lawrencepur Limited	<u>219.81</u>	<u>180.40</u>

6 LONG TERM DEPOSITS

Against:

Utilities	3,417	3,417
CDC account	25	25
Services	20	20
Bank guarantee	4,471	4,471
	<u>7,933</u>	<u>7,933</u>

2017 2016
 Note ----- (Rupees in '000') -----

7 DEFERRED TAXATION

This comprises of the following: -

Taxable temporary difference

Accelerated tax depreciation (21,062) (23,572)

Deductible temporary differences

Provision for gratuity	2,951	2,692
Provision for doubtful debts	4,388	4,534
Effect of unabsorbed tax depreciation	257,364	263,099
Effect of turnover tax	767	-
Effect of tax losses	110,805	208,075
	<u>376,275</u>	<u>478,400</u>

Deferred tax asset not recognized	7.1	<u>(355,213)</u>	<u>(454,828)</u>
		<u>-</u>	<u>-</u>

7.1 Deferred tax asset as at June 30, 2017 to the extent of Rs. 355.213 (2016: Rs. 454.828) 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.

2017 2016
 Note ----- (Rupees in '000') -----

8 STORES, SPARES AND LOOSE TOOLS

Stores		39,533	41,586
Spare parts and loose tools		7,818	7,818
		<u>47,351</u>	<u>49,404</u>
Less: Provision for write-down to net realizable value	8.1	<u>(26,729)</u>	<u>(26,729)</u>
		<u>20,622</u>	<u>22,675</u>

8.1 The Company carried out valuation of stores, spares and loose tools as at June 30, 2016 from RBS Associates, who has determined the net realizable value (NRV) of Rs. 22.675 million in their report dated December 14, 2016. Accordingly, the Company written down the value of stores, spares and loose tools to NRV by making necessary provision for obsolescence. During the current financial year, the Company has written off obsolete stores, spares and loose tool amounting to Rs. 2.053 million.

2017 2016
 Note ----- (Rupees in '000') -----

9 STOCK-IN-TRADE

Raw material		2,423	2,423
Work in process		101,602	182,019
Finished goods		19,505	19,505
		<u>121,107</u>	<u>201,524</u>
	9.1	<u>123,530</u>	<u>203,947</u>

9.1 Work in process and finished goods

Gross value		174,043	254,460
Less: Provision for write-down to net realizable value		<u>(52,936)</u>	<u>(52,936)</u>
		<u>121,107</u>	<u>201,524</u>

The Company carried out valuation of its stock in trade at June 30, 2017 from RBS Associates, who has determined the net realizable value of Rs.123.906 million in their report dated July 17, 2017.

2017 2016
----- (Rupees in '000') -----

10 TRADE DEBTS

Exports

Considered good	52,105	53,806
Considered doubtful	3,265	3,265
	55,370	57,071

Local

Considered good	-	1,957
Considered doubtful	11,362	11,362
	11,362	13,319
	66,732	70,390
Provision against debts considered doubtful	(14,627)	(14,627)
	52,105	55,763

11 ADVANCES

- Considered good

Advances

against commercialization fee	11.1	42,811	-
to suppliers		500	-
		43,311	-

11.1 During the current financial year, in the process of completing the legal formalities as fully explained in note 1.1 to these financial statements, the Company has paid to Sindh Building Control Authority for commercialization of its land situated at LT-21.

2017 2016
----- (Rupees in '000') -----

12 TAX REFUNDS DUE FROM THE GOVERNMENT

Income tax	85	127
Duty drawback	3,676	3,676
Sales tax	4,811	8,489
	8,572	12,292

13 CASH AND BANK BALANCES

Cash in hand	126	253
Cash at bank		
- in current account	1,056	112
[including foreign currency account Rs. 72,260 (2016: Rs. 80,644)]		
	1,182	365

14 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2017	2016		2017	2016
Number of Shares			---- (Rupees in '000') ----	
		Ordinary shares of Rs.10 each		
4,119,366	4,119,366	fully paid in cash	41,194	41,194
6,506,486	6,506,486	issued as bonus shares	65,065	65,065
<u>10,625,852</u>	<u>10,625,852</u>		<u>106,259</u>	<u>106,259</u>

14.1 It includes 2,185,964 (2016: 2,185,964) ordinary shares of Rs. 10 each held by the associated undertaking of the Company.

14.2 The ordinary shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the company. All shares carry one vote per share without restriction. The Company may not pay dividend until certain financial requirements under its long term finance facilities are satisfied.

Note	2017	2016
	---- (Rupees in '000') ----	

15 RESERVES

Capital reserves	15.1	33,858	33,858
Revenue reserves	15.2	292,142	292,142
Accumulated losses		(1,077,091)	(1,076,832)
		<u>(784,949)</u>	<u>(784,690)</u>
		<u>(751,091)</u>	<u>(750,832)</u>

15.1 This represents share premium received in the preceding years and is held for utilization of purposes as stated in Section 83 of the repealed Companies Ordinance, 1984.

15.2 This represents appropriation of profit in preceding years.

Note	2017	2016
	---- (Rupees in '000') ----	

16 SURPLUS ON REVALUATION OF FIXED ASSETS	16.1	<u>152,133</u>	<u>152,133</u>
--	------	----------------	----------------

16.1 The Company carried out revaluation of free hold land by an independent valuer, M/s. Akbani & Javed Associates who determined the fair value of freehold land on the basis of market value as of March 04, 2011 amounting to Rs. 157.925 million resulting in surplus on revaluation amounting to Rs.152.133 million.

Note	2017	2016
	---- (Rupees in '000') ----	

17 LONG TERM FINANCING

From a banking company - secured

- against

Term finance	17.1	584,112	870,000
Less: Current and overdue portion	21	<u>(499,112)</u>	<u>(500,000)</u>
		<u>85,000</u>	<u>370,000</u>

17.1 At year end, the Banking company has confirmed the outstanding amount of Term Finance as per previous agreement dated May 23, 2011 amounting to Rs. 809.370 (2016: Rs. 1,060.229) million. However the management has recorded the loan at restructured amount in the financial statements ended June 30, 2015 as fully explained in note 17.2 and 17.3 to these financial statements.

Till the reporting date, the Company has repaid Rs. 285.888 million of the restructured loan amount.

17.2 Settlement (restructuring) Agreement dated July 11, 2016

On July 11, 2016, Company has entered into a Settlement (restructuring) Agreement with the lender (bank) according to which the total principal loan liability of Rs. 1,144.104 million, comprising of long term finance and short term finance amounting to Rs. 1,060.229 million and Rs. 83.875 million respectively outstanding as on May 27, 2016 will be restructured and reduced to Rs. 870 million and outstanding markup amounting to Rs. 141.999 million as on May 27, 2016 will be completely waived while the personal guarantees of the Directors will be cancelled subject to the following conditions:

- i) The Company shall pay Rs. 870 million in 11 various installments with grace period of 60 days. Further, the Company has issued post dated cheques against the aforementioned installments on the date of this settlement agreement.
- ii) In case of delay of more than 60 days in payment of any installment, markup at the rate of 3 Months KIBOR + 1% p.a. (calculated on daily basis) will be charged on the delayed installment.
- iii) The Company will repatriate the proceeds of outstanding export overdue bills or will settle the pending claim with Foreign Exchange Adjudication Court of SBP in a timely manner.
- iv) In case of default of any two quarterly installments, this Settlement Agreement shall stand withdrawn and all the outstanding liability as per the Bank's book along with the outstanding plus future markup payable at the rate of 3 Months KIBOR + 1% p.a. applicable from the date of default shall become payable.

Upon receipt of Rs. 350 million and next receipt of Rs. 150 million as per the payment schedule mentioned above, bank will release the mortgaged property bearing no. LT-21, Landhi Industrial Area, Karachi and open plots and land situated at Lahore-Faisalabad Road, Sheikhpura respectively.

The mortgaged property bearing no. HT-8 located at Landhi Industrial Area, Karachi will continue to remain mortgaged to cover the Letter of Guarantees exposure amounting to Rs. 40.636 million along with the cash margin of Rs. 4.237 million.

The Company is in the process of complying with all the requirements of the Settlement Agreement which were due till the date of issue of these financial statements.

17.3 Considering the facts mentioned in note 17.2 above, the management had reduced the total bank liabilities to Rs. 870 million and the resulting waiver amounting to Rs. 427.486 million was credited to profit and loss account for the year ended June 30, 2015. The breakup of waived amount is as follows;

	<i>Note</i>	<i>(Rupees in '000')</i>
Long term financing		190,229
Accrued markup on long term finance		124,473
Accrued markup on short term borrowings	17.3.1	28,909
Short term borrowings		83,875
		<u>427,486</u>

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

	2017	2016
Note	---- (Rupees in '000) ----	
18 DEFERRED LIABILITY		
- Staff retirement benefits		
Staff gratuity	18.1	9,836
		8,685
18.1 Movement in Net Liability recognized		
Net liability at the beginning of the year		8,685
Charge for the year	18.3	1,151
		9,836
Benefits paid during the year		-
Net liability at the end of the year		9,836
		8,685
18.2 Reconciliation of Payable to Defined Benefit Plan		
Present value of defined benefit obligation		9,836
Unrecognized actuarial gains		-
Net liability at the end of the year		9,836
		8,685
18.3 Charge for the Defined benefit Plan		
Interest cost		1,151
		1,016
18.4 Following significant assumptions have been made for the purpose of actuarial valuation:		
	2017	2016
Expected rate of increase in salary	12.50% p.a.	12.50% p.a.
Discount rate	12.50% p.a.	12.50% p.a.
Mortality rate	<i>EFU 61-66 mortality table</i>	
Withdrawal rate	Age dependent	Age dependent

19 TRADE AND OTHER PAYABLES

Trade creditors		17,949	16,484
Accrued liabilities	19.1	172,708	169,265
Advance rental income		4,884	2,596
Advance from allottees	1.1	200,274	-
Advance against scrap sale		-	500
Security deposit against rent		-	4,054
Unclaimed dividend	19.2	44,129	44,129
		439,944	237,028

19.1 This includes Rs. 163.566 (2016: Rs. 163.518) million prudently recorded by the Company against liability of Sui Southern Gas Company Limited (SSGC). In year 2012, the company filed a case in the Honourable District and Session Court Malir Karachi against SSGC praying that no amount of the liability is payable against the initial claim of 17.6 million. The case is pending for adjudication in the Honourable Court till the date of 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. 197.872 million as at balance sheet date (2016: Rs. 187.891 million). The management is confident based on legal advisor's opinion and the fact that markup on markup is illegal, that the Company is likely to succeed in waiving of the aforesaid additional charges. Accordingly, the Company has not recorded liability of Rs. 34.306 (2016: Rs. 24.373) million in these financial statements.

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

		2017	2016
<i>Note</i>		---- (Rupees in '000') ----	

20 SHORT TERM BORROWING

Loan from director (a related party) - unsecured	20.1	<u>5,900</u>	<u>5,900</u>
--	------	--------------	--------------

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

		2017	2016
<i>Note</i>		---- (Rupees in '000') ----	

21 CURRENT AND OVERDUE PORTION OF LONG TERM FINANCE

Current and overdue portion	17	499,112	500,000
Less: Payment made during the year	21.1	-	(15,000)
		<u>499,112</u>	<u>485,000</u>

21.1 During the course of negotiations with the bank in previous financial year, the Company paid Rs. 15 million at the request of the bank, as a gesture of goodwill, to show seriousness of the Company to arrive at a settlement.

22 CONTINGENCIES AND COMMITMENTS

22.1 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 financial statements.

22.2 Commitments

The banking companies have issued bank guarantees amounting to Rs. 47.190 (2016 : Rs. 47.190) million in favor of Karachi Electric Limited (formerly known as Karachi Electric Supply Company Limited) and Sui Southern Gas Company Limited on behalf of the Company. The available and unavailed balance as on June 30, 2017 amounting to Rs. 47.554 (2016 : Rs. 47.554) million and Rs. 0.364 (2016 : Rs.0.364) million respectively.

		2017	2016
		---- (Rupees in '000') ----	

23 SALES

Local		80,417	-
Less: sales tax		<u>(3,678)</u>	-
		<u>76,739</u>	<u>-</u>

		2017	2016
	Note	----- (Rupees in '000') -----	
24 COST OF SALES			
<i>Work in process</i>			
Opening		182,019	182,019
Closing	9	(101,602)	(182,019)
	9.1.1	80,417	-
		80,417	-
<i>Cost of goods manufactured</i>			
<i>Finished goods</i>			
Opening		19,505	19,505
Purchases during the year		-	-
Closing	9	(19,505)	(19,505)
		-	-
		80,417	-

25 ADMINISTRATIVE EXPENSES

Salaries, wages and allowances	25.1	4,394	4,237
Directors' remuneration		360	360
Legal and professional charges		30	335
Broker commission on rented godown		-	233
Travelling and conveyance		2	50
Fuel and power		2,999	4,119
Stationery, postage and telephone		-	28
Repairs and maintenance		-	287
Depreciation	4.2	15,003	17,157
Directors' meeting fee		40	10
Auditors' remuneration	25.2	631	631
		23,459	27,447

25.1 This includes an amount of Rs. 1.151 (2016 : Rs. 1.016) million in respect of markup on provision for staff retirement benefit.

	2017	2016
	----- (Rupees in '000') -----	
25.2 Auditors' remuneration		
Audit fee	500	500
Half yearly review	75	75
Corporate governance review	20	20
Out of pocket expenses	36	36
	631	631

26 OTHER OPERATING EXPENSES

Stores, spares and loose tools written off	2,053	-
--	-------	---

	2017	2016
<i>Note</i>	----- (Rupees in '000') -----	

27 OTHER INCOME

Income from financial assets

Dividend		79	12
Exchange gain / (loss) on foreign debtors and bank accounts - net	27.1	<u>1,247</u>	<u>1,531</u>
		<u>1,326</u>	<u>1,543</u>

Income from other than financial assets

Rent income		<u>28,218</u>	<u>10,032</u>
Miscellaneous		<u>39</u>	<u>22</u>
		<u>28,257</u>	<u>10,054</u>
		<u>29,583</u>	<u>11,597</u>

27.1 This include exchange gain on translation of foreign currency balances of export debtors into reporting currency amounting to Rs. 0.899 (2016: Rs. 1.531) million.

	2017	2016
	----- (Rupees in '000') -----	

28 TAXATION

Current		<u>(767)</u>	<u>-</u>
---------	--	--------------	----------

28.1 Represents minimum tax on local turnover, therefore, no numerical tax reconciliation is given.

28.2 Income tax assessments of the Company have been finalized up to and including tax year 2016. However, the Commissioner of Income tax may, at any time during the period of five years from the date of filing of return, select the deemed assessment for audit.

	2017	2016
	----- (Rupees in '000') -----	

29 LOSS PER SHARE

- Basic and Diluted

<i>Loss after taxation</i>		<u>(379)</u>	<u>(15,858)</u>
Weighted average number of ordinary shares		<u>10,625,852</u>	<u>10,625,852</u>
<i>Loss per share - Basic and diluted</i>	<i>Rupees</i>	<u>(0.04)</u>	<u>(1.49)</u>

30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

30.1 Financial Instrument by Category

Financial assets

Available for sale investments

Long term investments	5	609	6,966
-----------------------	---	-----	-------

Loans and receivables

Long term deposits	6	7,933	7,933
Trade debts	10	52,105	55,763
Deposit		725	725
Cash and bank balances	13	1,182	365
		61,945	64,786
		62,554	71,752

Financial Liabilities

- at amortized cost

Long term financing		584,112	855,000
Trade and other payables	19	234,019	234,432
Short term borrowing		5,900	5,900
		824,031	1,095,332

30.2 Financial risk management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest / mark-up rate risk and price risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous year in the manner described in notes below.

The Company has exposures to the following risks from its use of financial instruments:-

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

30.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfill their obligations. There is a possibility of default by participants and of failure of the financial markets, the depositories, the settlements or clearing system etc.

Exposure to credit risk

Credit risk of the Company arises principally out of receivables from customers, advances, deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their worth and proper margin are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

The carrying amounts of financial assets represent the maximum credit exposure, as specified below:

	2017	2016
	---- (Rupees in '000') ----	
Long term deposits	7,933	7,933
Trade debts	52,105	55,763
Deposit	725	725
Bank balances	1,056	112
	<u>61,819</u>	<u>64,533</u>

Trade debts

Ageing of debtors and impairment losses

The aging of trade debtors at the balance sheet date was:-

Past due 1-180 days	-	-
Past due 181-365 days	-	-
More than one year	66,732	70,390
	<u>66,732</u>	<u>70,390</u>
Less: Provision against doubtful debts	(14,627)	(14,627)
	<u>52,105</u>	<u>55,763</u>

Based on the past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debts past due over one year do not require any provision.

Total debtors include Rs. 57.970 (2016: Rs. 57.071) million receivable from customers on account of export sales, and the balance represents various domestic customers. The credit quality of the receivables can be assessed with reference to the historical performance and market reputation.

The credit quality of Company's bank balances can be assessed with reference to external credit rating as follows: -

<i>Name of the Bank</i>	<i>Rating agency</i>	<i>Short term ratings</i>
MCB Bank Limited	PACRA	A1+
Habib Metropolitan Bank Limited	PACRA	A1+
First Women Bank Limited	PACRA	A2
Soneri Bank Limited	PACRA	A1+
Habib Bank Limited	JCR-VIS	A1+

30.4 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, timely collection from trade debtors, the availability of adequate funds through committed credit facilities and the ability to close out meet business needs due to dynamic nature of the business. Company finances its operations through equity, working capital, term finance and running finance facilities from banks with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

The following are the contractual maturities of financial liabilities: -

	2017			
	<i>Carrying Amount</i>	<i>Contractual cash flows</i>	<i>Up to one year</i>	<i>More than one year</i>
	----- Rupees in '000' -----			
Financial liabilities				
Long term financing	584,112	584,112	499,112	85,000
Short term borrowing	5,900	5,900	5,900	-
Trade and other payables	234,019	234,019	234,019	-
	824,031	824,031	739,031	85,000

	2016			
	<i>Carrying Amount</i>	<i>Contractual cash flows</i>	<i>Up to one year</i>	<i>More than one year</i>
	----- Rupees in '000' -----			
Financial liabilities				
Long term financing	855,000	855,000	485,000	370,000
Short term borrowing	5,900	5,900	5,900	-
Trade and other payables	234,432	234,432	234,432	-
	1,095,332	1,095,332	725,332	370,000

Contractual cash flows for long term finance do not include mark up as the charging rate has not been decided by the banking company at reporting date.

30.5 Market risk

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, interest rates and equity prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk comprises of three types of risk: foreign exchange or currency risk, interest / mark up rate risk and price risk. The market risks associated with the Company's business activities are discussed as under:

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

Currently the Company is exposed to currency risk on account of trade debtors-exports and foreign currency bank account.

	2017	2016
	---- (Rupees in '000') ----	
Trade debtors-exports	55,370	57,071
Foreign currency bank account	72	81
	<u>55,442</u>	<u>57,152</u>

The following significant exchange rates has been applied:

	<u>Average Rate</u>		<u>Spot Rate at Reporting Date</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Pound Sterling to Rupees	<u>141.08</u>	<u>159.11</u>	<u>138.75</u>	<u>139.73</u>
USD to Rupees	<u>105.49</u>	<u>101.99</u>	<u>106.70</u>	<u>104.75</u>

Currency risk sensitivity analysis

At reporting date, if the Rupees is strengthened by 10% against the US dollar, Pound Sterling, Canadian dollar and Euro with all other variables held constant, loss/profit for the year would have been higher by the amount shown below:

	2017	2016
	---- (Rupees in '000') ----	
Effect on profit and loss	<u>(5,544)</u>	<u>(5,715)</u>

The weakening of the Rupees against US dollar, Pound Sterling, Canadian dollar and Euro would have had an equal but opposite impact on the loss/profit.

The sensitivity analysis prepared is not necessarily indicative of the effects on loss/profit for the year and assets of the Company.

Interest rate risk

The interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company does not have significant interest bearing assets. Majority of the interest rate risk arises from Company's long-term financing. At the balance sheet date, the interest rate profile of the Company's interest bearing financial liabilities is:

	2017	2016
	---- (Rupees in '000') ----	
<i>Variable rate instruments</i>		
<i>Financial liabilities</i>		
- Long term financing	<u>584,112</u>	<u>855,000</u>

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased the loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, etc., remain constant. The analysis has been performed on the same basis for 2016.

	<u><u>Profit and Loss 100 bp</u></u>	
	<u>Increase</u>	<u>(Decrease)</u>
	<u>---- (Rupees in '000') ----</u>	
<i>As at June 30, 2017</i>		
<i>Cash flow Sensitivity</i>	<u>5,841</u>	<u>(5,841)</u>
<i>As at June 30, 2016</i>		
<i>Cash flow Sensitivity</i>	<u>8,550</u>	<u>(8,550)</u>

Price risk

Price risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

- Sensitivity analysis

At reporting date, if the market prices of each security held by the Company as long term investment had increased / decreased by Rupee 1 with all other variables remain constant, other comprehensive income would have been higher / lower by the amount shown below. The analysis is performed on same basis for year 2016.

	<u><u>---- (Rupees) ----</u></u>	
	<u>Increase</u>	<u>(Decrease)</u>
<i>As at June 30, 2017</i>		
<i>Available for sale investment through OCI</i>	<u>2,742</u>	<u>(2,742)</u>
<i>As at June 30, 2016</i>		
<i>Available for sale investment through OCI</i>	<u>7,849</u>	<u>(7,849)</u>

Risk management policies

Risk management is carried out by the management under policies approved by board of directors. The board provides principles for overall risk management, as well as policies covering specific areas like market price risk, interest rate risk and investing excessive liquidity.

Capital risk management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business sustain future development of the business and maximize shareholders value. The Company closely monitors the return on capital along with the level of distributions to ordinary shareholders. No changes were made in the objectives, policies or processes during the year ended June 30, 2017.

31 RELATED PARTY TRANSACTIONS

Related parties comprise directors and key management personnel. Year end balances of related parties are disclosed in relevant notes to these financial statements. Details of remuneration and perquisites paid to Chief Executive and Directors during the year are disclosed in note 32.

32 REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS

The aggregate amount charged in the financial statements for remuneration, including certain benefits, to the Chief Executive, Director and Executives of the Company are as follows: -

	<i>Chief Executive</i>		<i>Directors</i>		<i>Executives</i>	
	<i>June 30,</i>	<i>June 30,</i>	<i>June 30,</i>	<i>June 30,</i>	<i>June 30,</i>	<i>June 30,</i>
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	<i>----- Rupees -----</i>					
Managerial remuneratio	264,000	264,000	-	-	726,000	726,000
House Rent	96,000	96,000	-	-	538,000	538,000
Utilities	-	-	-	-	700,000	700,000
Fee	-	-	39,500	10,000	-	-
	360,000	360,000	39,500	10,000	1,964,000	1,964,000
Number of persons	1	1	6	6	2	5

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

33 CORRESPONDING FIGURES

Corresponding figures have been reclassified, whenever necessary for the purpose of compliance, comparison and better presentation.

<i>Reclassification from the caption component</i>	<i>Reclassification to the caption component</i>	<i>Note</i>	<i>Amount in Rupees</i>
Administrative expense - Directors' remuneration	Administrative expense - Salaries, wages and allowances	25	1,964,000

34 CAPACITY AND PRODUCTION

The installed production capacity as assessed by the technical management of the Company is stated below.

	2017	2016
Yarn		
Number of spindles installed	22,296	22,296
Number of spindles worked	Nil	Nil
Production capacity - kgs	3,407,515	3,407,515
Production of yarn after conversion into 20 count - kgs	Nil	Nil
Number of shifts worked per day	Nil	Nil

Cloth

Against the production capacity of 4,107,937 square meters of cloth, the actual production during the year was nil (2016: nil) square meters.

Reason for shortfall

The Company has ceased its operational activities related to textile business as disclosed in note 1.1 to these financial statements.

35 OPERATING SEGMENTS

Since the operational activities have been closed down in the financial year 2014 resulting in all previously reported segments earning nil revenue and incurring nil expenditure and therefore does not meet anymore the basic criteria to qualify as an operating segment as per IFRS 8.

36 GENERAL

36.1 Number of employees as at June 30, 2017 and average number of employees during the year were 4 (2016: 4) and 4 (2016: 4) respectively.

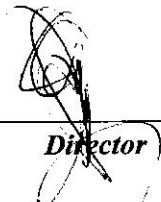
36.2 Figures have been rounded off to the nearest of thousand Rupees.

37 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors on 05 OCT 2017



Chief Executive Officer



Director

PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS
AS AT JUNE 30, 2017

NO OF SHAREHOLDERS	SHAREHOLDING	TOTAL SHARES HELD
500	1 TO 100	13,123
267	101 TO 500	69,766
94	501 TO 1000	46,763
92	1001 TO 5000	224,704
16	5001 TO 10000	137,372
7	10001 TO 15000	84,758
6	15001 TO 20000	109,314
3	20001 TO 25000	68,922
1	25001 TO 30000	28,339
1	35001 TO 40000	39,279
3	40001 TO 45000	129,173
2	45001 TO 50000	98,500
1	50001 TO 55000	50,500
4	55001 TO 60000	229,589
7	60001 TO 65000	436,930
1	70001 TO 75000	71,332
1	75001 TO 80000	75,824
2	85001 TO 90000	171,776
1	100001 TO 105000	102,831
1	130001 TO 135000	134,773
1	160001 TO 165000	161,638
1	240001 TO 245000	243,424
1	380001 TO 3850000	381,331
1	850001 TO 855000	851,197
1	970001 TO 975000	975,000
1	1000001 TO 1005000	1,004,205
1	1220001 TO 1225000	1,218,693
1	1280001 TO 12850000	1,280,832
1	2185001 TO 2190000	2,185,964
1019		10,625,852

CATEGORIES OF SHAREHOLDERS AS AT JUNE 30, 2017

CATEGORIES OF SHAREHOLDERS

ASSOCIATED COMPANIES
UNDERTAKINGS AND RELATED PARTIES

NIT AND ICP

National Bank of Pakistan Trustee Deptt
Investment Corporation of Pakistan

CEO
Mr. Husein Jamal

DIRECTOR

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

EXECUTIVES

BANK, DEVELOPMENT FINANCIAL INSTITUTIONS,
NON BANKING FINANCIAL INSTITUTIONS,
INSURANCE COMPANIES, MODARBAS AND
MUTUAL FUNDS:

Banks
Insurance Companies
Modarbas
Investment Companies
Business Institutions
Joint Stock Companies
Charitable Institutions
Anandoned Properties
Trade Association
Trust

SHAREHOLDERS HOLDING TEN PERCENT OR MORE
VOTING INTEREST IN THE COMPANY

Husein Ebrahim Foundation

INDIVIDUALS

	NOS	2017	Total Share Held	PERTG.
	2	37 174	211	0.00199
	1	154489	154489	1.45
	6	1267193 1343879 2500 4791 75824 2500	2696694	25.37874
	6	979444 867017 1821 1006892 1729 106370 624763 1560 1839 385562		9.22 8.16 0.02 9.47 0.02 1.00 5.88 0.01 0.02 3.63
	1	2185964		20.57
	973	1611504		15.17
	1019	10625852		100.00

ATTENDANCE AT THE BOARD MEETING DURING THE YEAR 2016-2017

Name of Directors	Total No. of Board Meetings	No of Meetings attended
Mr. Husein Jamal	11	11
Mr. Aziz L. Jamal	11	7
Mr. Rashid L. Jamal	11	11
Mrs. Aisha Bai Suleman	11	11
Miss. Saman Aziz Jamal	11	11
Mr. Akhtar Wasim Dar	11	11
Miss. Hina Abdul Rashid	10	10
Mr. Suleman Aswani	1	1

ATTENDANCE AT THE AUDIT COMMITTEE MEETINGS DURING THE YEAR 2016-2017

Name of Members	Total No. of Audit committee Meeting	No of Meetings attended
Mr. Suleman Aswani	1	1
Mr. Rashid L. Jamal	11	11
Mr. Akhtar Wasim Dar	10	10
Mr. Mirza Akhtar Shikoh	11	11

KEY OPERATING & FINANCIAL DATA
FROM 2011-2012 TO 2016-2017

Description	July-June 2016-2017	July-June 2015-2016	July-June 2014-2015	July-June 2013-2014	July-June 2012-2013	July-June 2011-2012
Sale-Net	76,739	-	3,234	328,670	490,206	530,118
Cost of Sales	(80,417)	-	(87,810)	(511,834)	(749,662)	(763,345)
Gross (Loss) / Profit	(3,678)	-	(84,576)	(183,164)	(259,456)	(233,227)
Operating (Loss) / Profit	(27,137)	(27,447)	(90,143)	(200,469)	(303,707)	(278,338)
Profit / (Loss) before Tax	388	(15,858)	(108,561)	(196,668)	(178,809)	(189,223)
(Loss) / Profit After Tax	(379)	(15,858)	(109,646)	(197,859)	(180,140)	(191,554)
Paid up Capital	106,259	106,259	106,259	106,259	106,259	106,259
Current Assets	250,047	295,767	324,784	961,225	1,176,112	1,250,798
Current Liabilities	944,956	727,928	259,308	1,206,303	1,224,559	941,837

HUSEIN INDUSTRIES LIMITED.

HT-8, Landhi Industrial & Trading Estate, Landhi, Karachi-75120

PROXY FORM

I/We _____
of _____ being a member of Husein Industries Limited and holder
of _____ Ordinary Shares, as per:

Shares Register Folio.No. _____ and/or
CDC Participant ID No. _____ Sub A/c No. _____

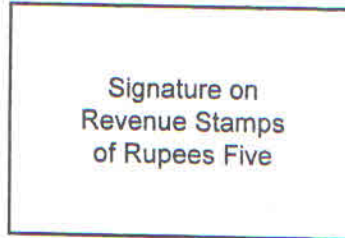
hereby appoint Mr./Ms. _____ of
_____ another member of the Company* (or failing him
Mr./Ms. _____ of _____ another member
of the Company*) as my/our proxy to attend, speak and vote for me/us and on my/our behalf,
at the Annual General Meeting of the Company to be held on **October 30, 2017**
at the Company's Registered Office at Plot.No. HT-8, Landhi Industrial & Trading
Estate, Landhi, Karachi, and at any adjournment thereof.

As witness my hand this _____ day of _____ 2017,

Witnesses:

1. Signature _____
Name: _____
Address _____

CNIC No _____
Passport _____



2. Signature _____
Name: _____
Address _____

CNIC No _____
Passport _____

Signature should agree with the
specimen signature with the
Company

* Proxy representing a corporation may or may not himself be a member of the Company

IMPORTANT:

1. This Proxy Form, duly completed, must be deposited at the Company's Registered Office, not less than forty eight hours before the meeting.
2. CDC shareholders and their proxies are each requested to attach an attested photocopy of their new/computerized National Identity Card (CNIC) or Passport with this proxy form before submission to the Company.
3. All proxies attending the AGM are requested to bring their original CNIC/Passport for identification.