HUSEIN INDUSTRIES LIMITED

ANNUAL REPORT

30-06-2018

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

BOARD OF AUDIT COMMITTEE

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

H.R.& REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Mr. M. Anwar Kaludi

REGISTERED & HEAD OFFICE

HT-8, Landhi Industrial & Trading Estate,
Landhi, Karachi-75120.
Tel: (9221) 35018536-8
Fax: (9221) 35018545
E-mail: sales@husein.com
website: www.husein.com.pk

BANKERS

Habib Metropolitan Bank Limited
MCB Bank Limited
Soneri Bank Limited

AUDITORS

Reanda Haroon Zakaria & Co.
Chartered Accountants

SHARE REGISTRAR

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 65th 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 Tuesday 27th November,2018 at 12:00 noon to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the 64th Annual General Meeting held on 30th October, 2017 and of the Extraordinary General Meeting held on 13th March, 2018.
2. To receive consider and adopt the Financial Statement of the Company for the year ended 30th June, 2018 together with the Directors and auditor's Report thereon.
3. To appoint auditors and fix their remuneration for the year ended 30th June, 2019. M/s. Reanda Haroon Zakaria & Co., Chartered Accountants, retire and offer themselves for reappointment.

SPECIAL BUSINESS:

4. To consider amendment in object clause of the existing Memorandum of Association of the Company in accordance with section-26 of the Companies Act, 2017('the Act') by replacing the existing object clause with the new Principal Line of Business, and to change the existing Articles of Association of the Company by replacing the same with the new set of Articles in accordance with the Regulations as contained in Table 'A' to the First Schedule to the Act and if thought fit to pass the following Special Resolution with or without modification:

"Resolved that the following changes be and are hereby approved;

i) Clause-III of the existing Memorandum of Association be replaced with the new clause containing Principal Line of Business , to read as under:

"3. To purchase any land, plot(s) of land or immovable property or any right or interest therein either singly or jointly or in Partnership with any person(s) or Body corporate or partnership Firm and to sub contract the development and construction thereon of residential, commercial complex or complex(es) either singly or jointly or in partnership as aforesaid, comprising offices for sale or self use or for earning rental income thereon by letting out individual units comprised in such building(s) and to purchase any movable or immovable property including industrial, commercial, residential, or farm lands. Plots, buildings, houses, apartments, flats or areas within or outside the limits of Municipal Corporation or other local bodies, anywhere within the geographical territories of Islamic Republic of Pakistan, to divide the same into suitable plots subject to applicable regulatory approach and Legal framework, and to rent or sell the plot for building/constructing residential houses, bungalows, business premises, and colonies and rent or sell the same and realize cost in lump sum or easy installments or by hire purchase system and otherwise subject to applicable regulatory approval and legal framework and to Set-up construction materials and allied industries.

ii) The rest of the clauses of the Memorandum of Association of the Company shall be as prescribed under Table B of the Companies Act, 2017.

iii)The existing Articles of Association of the Company shall be replaced with the new set of Articles in accordance with the Regulations as contained in Table 'A' to the First Schedule to the Companies Act, 2017, which shall henceforth be the new Articles f Association of the Company.

Iv)The Chief Executive and the Company Secretary be and are hereby authorized to complete all legal formalities in this behalf including amendments/ changes, if any, as may be suggested/directed by the registrar/SECP in text of the above proposed Special Resolution or as may be deemed necessary in the light thereof and to do all acts, deeds and things and to sign/seal all documents on behalf of the Company."

Statement under Section 134(3)

i) The amendments in Memorandum & Articles of Association are proposed to bring the same in conformity with the Companies Act,2017.

ii) No director of the Company has any interest directly or in directly in the above amendments except to the extent of their shareholding.

iii) The documents relating to Special Resolution may be inspected on website of the Company as above.

OTHER BUSINESS:

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

Karachi, 6th November, 2018

By Order of the Board

Muhammad Anwar Kaludi
Company Secretary

NOTES:

1. The Registrar of Members of the Company will remain closed from 21st November, 2018 to 27th November 2018 (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 20th November 2018 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 or copies of proposed amended Memorandum & articles of Association are requested to send their email addresses. The Company shall, however, provide hard copy of the Audited Financial Statements and/or proposed amended Memorandum & articles of Association of the Company 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, along with other material information/documents forming part of Notice .
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, 2018 together with the auditor's report thereon.

OPERATING AND FINANCIAL RESULTS

The Comparative financialresults of the company are summarized below: -

	2018	2017
	--- (Rupees in '000') ---	
Turnover	74,371	76,739
Cost of sales	(123,530)	(80,417)
Gross loss	(49,159)	(3,678)
Administrative expenses	(21,497)	(23,459)
Operating loss	(70,656)	(27,137)
Other charges	(34,183)	(2,053)
Finance cost - bank charges	(2)	(5)
Other income	39,365	29,583
(Loss) / profit before taxation	(65,677)	388
Taxation	(930)	(767)
Loss after taxation	(66,607)	(379)
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss	-	-
Items that will be reclassified subsequently to profit or loss when specific conditions are met		
Revaluation surplus on property, plant and equipment	25,502	-
Unrealized (loss) / gain on remeasurement of available for sale investments	(127)	120
	25,375	120
Total comprehensive loss for the year	(41,232)	(259)
Loss per share - basic and diluted	(6.27)	(0.04)

MATERIAL UNCERTAINITY RELATING TO GOING CONCERN

As regard the auditor's the emphasis of 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.

OBSERVATION OF THE AUDITORS REGARDING CODE OF CORPORATE GOVERNANCE

Regarding observation of auditors in respect of non-compliance with the requirements of the Code of Corporate Governance it is stated that the management is in process of establishing and designing a system of sound internal control which will be started in due course.

The management is searching a qualified head of internal audit who will be included in the management team.

In internal audit team experts of relevant discipline will be included as soon as they are available.

AUDITORS

The present Auditors M/s. ReandaHaroonZakaria& 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 36. 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:

a) Audit committee	Designation	No. of meetings attended
Mr. Suleman Aswani	Chairman	4
Mr. Rashid L. Jamal	Member	4
Mr. Akhtar Wasim Dar	Member	4
Mr. Mirza Akhtar Shikoh	Member	4

b) HR & Remuneration committee	Designation	No. of meetings attended
Mr. Suleman Aswani	Chairman	1
Mr. Akhtar Wasim Dar	Member	1
Mr Abdul Razzak Awan	Member	1

EARNING PER SHARE

The lossper share of the company stood at Rs. 6.27 (2017: Rs. 0.04].

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.

a) 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.

b) Proper books of account of the Company have been maintained in the manner required under the Companies Act, 2017.

c) 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 Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) expect for those mentioned in the statement of compliance.

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 6 meetings of the Board of Directors and 4 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 Regulation number 20 of the Regulations, fourDirector 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

HuseinJamal

Karachi: November, 06, 2018

Chief Executive Officer

TO THE MEMBERS OF HUSEIN INDUSTRIES LIMITED

Review Report on The Statement of Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **Husein Industries Limited** (the Company) for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a 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 of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

REANDA

Following instances of non-compliance with the requirements of the Regulations were observed which are not stated in the Statement of Compliance:

S. No.	***Description***	***Regulation Reference***
i.	A system of sound internal control is not established.	10(3)(iv)
ii.	Head of Internal Audit does not hold the qualification criteria as specified under the regulations.	24
iii.	Internal audit team does not comprise of experts of relevant discipline.	32(1)(c)

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 Regulations as applicable to the Company for the year ended June 30, 2018.

Reanda Haroon Zakaria & Company

Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: 06 NOV 2018

Engagement Partner
Muhammad Haroon

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017
HUSEIN INDUSTRIES LIMITED

FOR THE YEAR ENDED JUNE 30, 2018

The company has complied with the requirements of the Regulations in the following manner:

1. Total number of directors are 7 as per the following:

a) Males 5
b) Females 2

2. The Composition of board is as follows:

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

3. The directors have confirmed that none of them is serving as a director no more than five listed companies, including this Company.

4. 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.

5. 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.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. 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. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The Board has not arranged Directors' Training Program for any of its Directors. The Directors will be trained within the prescribed time period. All the Directors on the Board are fully conversant with their duties and responsibilities.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. However, no new appointment was made during the year.

11. The CFO and CEO duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:

    a) Audit committee

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

    b) HR & Remuneration committee

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

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings of the committee were as per following:

    a) Audit Committee: quarterly
    b) HR and Remuneration Committee: yearly

15. The board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.

16. 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) and registered with the Audit Oversight Board of Pakistan, 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.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with

Dated: 06 NOVEMBER 2018
Karachi

Chairman

INDEPENDENT AUDITORS' REPORT

To the members of Husein Industries Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Husein Industries Limited (the Company)**, which comprise the statement of financial position as at 30 June 2018, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for *Accountants' Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty relating to Going Concern

We draw attention to Note 1.2 to the accompanying financial statements, which indicates that the Company has incurred after tax loss amounting to Rs. 66.607 (2017: 0.379) million and its accumulated losses stood at Rs. 1,559.928 (2017 Restated: Rs. 1,493.194) million resulting in negative shareholders' equity of Rs. 950.034 (2017 Restated: Rs. 908.802) million. Further the Company's gross loss for the year is 49.159 (2017: 3.678) million. Moreover, its current liabilities exceeded its current assets by Rs. 1,244.895 (2017 Restated: Rs. 885.708) million. These conditions along with other matters set forth in note 1.2 to the accompanying 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, restructuring of banking loans, financial support from directors and other matters. These plans including the viability of the new business are subject to inherent uncertainty as future events are always subject to change. Our opinion is not modified in respect of this matter.

Key Audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matters described in the *Material Uncertainty relating to Going Concern* section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	***How the matter was addressed in our audit***
1. Preparation of financial statements under the Companies Act, 2017	
(Refer note 3 to the accompanying financial statements) The Companies Act, 2017 (the Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 30 June, 2018. The Act forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. In the case of the Company, specific additional disclosures and changes to the existing disclosures have been included in note 3.1 to the financial statements. Further, the Company has also changed its accounting policies relating to presentation and measurement of revaluation surplus on property, plant and equipment as a consequence of the application of the Act with retrospective effect. The impact of the said change in accounting policies has been disclosed in note 4.10 to the financial statements. The aforementioned changes and enhancements in the financial statements are considered important and a key audit matter because of the volume and significance of the changes in the financial statements resulting from the transition to the new reporting requirements under the Act.	Our audit procedures to address the matter included the following: • assessing the procedures applied by the management for identification of the changes required in the financial statements due to the application of the Act; • considering the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements; • evaluating the sources of information used by the management for the preparation of the above referred disclosures and the internal consistency of such disclosures with other elements of the financial statements; and • in respect of the change in accounting policies for the measurement and presentation of revaluation surplus on property, plant and equipment as referred to note 4.10 to the financial statements, we assessed the accounting implications in accordance with the applicable financial reporting standards and evaluated its application in the context of the Company.

<table>
<tr><th>Key Audit Matters</th><th>How the matter was addressed in our audit</th></tr>
<tr><td colspan="2">2. Classification of lease hold land (LT-21) as development property (inventories)</td></tr>
<tr><td>(Refer to notes 1.2, 5.1 and 11 to the accompanying financial statements)

Subsequent to adoption of business diversification strategy to enter into real estate development, LT-21 has been classified as development property in accordance with IAS 2 'Inventories' as it is now held for sale in the ordinary course of Company's business.

Due to significance of the aforementioned classification change, we have considered the same to be a key audit matter.</td><td>Our audit procedures to address the matter, amongst others, included the following:
• physical site visit;
• assessing the reasonableness of allocation of other costs incurred in bringing the development property to their present location and condition;
• obtaining an understanding of management's determination of net realizable value (NRV) and the key estimates adopted, including future selling prices and future costs necessary to make the sales and their basis;
• comparing the NRV to the cost of development property to assess whether any adjustments are required to value development property in accordance with applicable accounting and reporting standards; and
• reviewing the related disclosures in accordance with the applicable financial reporting standards.</td></tr>
<tr><td colspan="2">3. Classification of textile plant and machinery as held for sale</td></tr>
<tr><td>(Refer to notes 1.2, 5.1 and 16 to the accompanying financial statements)

Subsequent to the board of Directors' announcement of their intention to cease Company's textile business, the textile plant and machinery has been classified as non-current assets held for sale in accordance with IFRS 5 'Non-Current Assets Held for Sale' as the carrying amount of these assets will be recovered principally through sale transactions rather than through continuing use.

Due to significance of the aforementioned classification change, we have considered the same to be a key audit matter.</td><td>Our audit procedures to address the matter, amongst others, included the following:
• reviewing necessary approvals of the board of Directors and the members;
• reviewing the management's plan adopted for sale of assets classified as held for sale;
• obtaining an understanding of management's determination of fair value less costs to sell (if any) and the key estimates adopted, including future selling prices and future costs necessary to make the sales and their basis;
• comparing the fair value less costs to sell (if any) to the cost of these assets and assessing whether any adjustments are required to value non-current assets held for sale in accordance with applicable accounting and reporting standards; and</td></tr>
</table>

Key Audit Matters	*How the matter was addressed in our audit*
	• reviewing the related disclosures in accordance with the applicable financial reporting standards.
4. Valuation of trade debts	
(Refer to note 12 to the accompanying financial statements) The Company has a significant balance of long outstanding foreign trade debts. During the year the management has determined that debts previously considered good are now considered doubtful and accordingly made provision against these doubtful debts. We identified the recoverability of the Company's long outstanding trade debts as a key audit matter as it involves significant management judgement in determining the recoverable amount of trade debts.	Our audit procedures to address the matter, amongst others, included the following: • obtaining the understanding of the management's basis for the determination of provisions against doubtful trade debts; • testing the adequacy of the provisions for doubtful debts by taking into account the ageing of receivables at the year-end; • obtaining management's written representation; and • obtaining direct balance confirmations.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The Other Information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

REANDA

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of accounts have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

RHZ Reanda Haroon Zakaria

Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: 0 6 NOV 2018

HUSEIN INDUSTRIES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	Note	2018	2017	2016
		---- (Rupees in '000') ----		
ASSETS			(Restated)	(Restated)
Non-Current Assets				
Property, plant and equipment	5	**241,053**	288,504	303,507
Long term investments	6	**482**	609	6,966
Long term deposits	7	**7,933**	7,933	7,933
Deferred taxation - net	8	-	-	-
		249,468	297,046	318,406
Current Assets				
Stores, spare parts and loose tools	9	-	20,622	22,675
Stock in trade	10	-	123,530	203,947
Development property	11	**73,071**	-	-
Trade debts	12	**31,613**	52,105	55,763
Advances	13	-	43,311	-
Deposit		-	725	725
Tax refunds due from the Government	14	**6,081**	8,572	12,292
Cash and bank balances	15	**1,847**	1,182	365
		112,612	250,047	295,767
Non-current assets classified as held for sale	16	**56,459**	-	-
Total Assets		**418,539**	547,093	614,173
EQUITY AND LIABILITIES				
Share Capital and Reserves				
Authorized Capital				
15,000,000 Ordinary shares of Rs. 10 each		**150,000**	150,000	150,000
Share Capital				
Issued, subscribed and paid up capital	17	**106,259**	106,259	106,259
Capital Reserves				
Share premium	18	**33,858**	33,858	33,858
Revaluation surplus on property, plant and equipment	18	**177,635**	152,133	152,133
		211,493	185,991	185,991
Revenue Reserves				
General reserve	18	**292,142**	292,142	292,142
Accumulated losses	18	**(1,559,928)**	(1,493,194)	(1,492,935)
		(1,267,786)	(1,201,052)	(1,200,793)
Shareholder's equity		**(950,034)**	(908,802)	(908,543)
Non-Current Liabilities				
Long term borrowings	19	-	310,304	560,229
Deferred liability	20	**11,066**	9,836	8,685
		11,066	320,140	568,914
Current Liabilities				
Trade and other payables	21	**498,279**	395,048	192,899
Short term borrowings	22	**60,321**	54,700	89,775
Current and overdue portion of long term borrowings	23	**613,896**	499,112	485,000
Markup accrued - overdue	24	**141,999**	141,999	141,999
Unclaimed dividend	25	**41,315**	44,129	44,129
Provision for taxation		**1,697**	767	-
		1,357,507	1,135,755	953,802
Contingencies and Commitments	26			
Total Equity and Liabilities		**418,539**	547,093	614,173

The annexed notes from 1 to 42 form an integral part of these financial statements.

Chief Executive Officer   *Chief Financial Officer*   *Director*

HUSEIN INDUSTRIES LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPERHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018	2017
		---- (Rupees in '000') ----	
Turnover	27	**74,371**	76,739
Cost of sales	28	**(123,530)**	(80,417)
Gross loss		**(49,159)**	(3,678)
Administrative expenses	29	**(21,698)**	(23,459)
Operating loss		**(70,857)**	(27,137)
Other charges	30	**(34,183)**	(2,053)
Finance cost - bank charges		**(2)**	(5)
Other income	31	**39,365**	29,583
(Loss) / profit before taxation		**(65,677)**	388
Taxation	32	**(930)**	(767)
Loss after taxation		**(66,607)**	(379)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that will be reclassified subsequently to profit or loss when specific conditions are met			
Revaluation surplus on property, plant and equipment		**25,502**	-
Unrealized (loss) / gain on remeasurement of available for sale investments		**(127)**	120
		25,375	120
Total comprehensive loss for the year		**(41,232)**	(259)
Loss per share - basic and diluted	33	**(6.27)**	(0.04)

The annexed notes from 1 to 42 form an integral part of these financial statements.

Chief Executive Officer *Chief Financial Officer* *Director*

HUSEIN INDUSTRIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2018

	Ordinary Share capital	Reserves				Total Shareholders' Equity
		Capital		Revenue		
		Share Premium	Revaluation surplus on property, plant equipment	General	Accumulated losses	
	----------	----------	----------	Rupees in '000'	----------	----------
Balance as at July 01, 2016	106,259	33,858	-	292,142	(1,076,832)	(644,573)
Correction of prior period error - note 19.1	-	-	-	-	(416,103)	(416,103)
Impact of change in accounting policy - note 4.10	-	-	152,133	-	-	152,133
Balance as at July 01, 2016 - Restated	106,259	33,858	152,133	292,142	(1,492,935)	(908,543)
Total Comprehensive loss for the year						
Loss for the year	-	-	-	-	(379)	(379)
Other comprehensive income for the year	-	-	-	-	120	120
	-	-	-	-	(259)	(259)
Balance as at June 30, 2017 - Restated	**106,259**	**33,858**	**152,133**	**292,142**	**(1,493,194)**	**(908,802)**
Total Comprehensive loss for the year						
Loss for the year	-	-	-	-	**(66,607)**	**(66,607)**
Other comprehensive income for the year	-	-	**25,502**	-	**(127)**	**25,375**
	-	-	**25,502**	-	**(66,734)**	**(41,232)**
Balance as at June 30, 2018	**106,259**	**33,858**	**177,635**	**292,142**	**(1,559,928)**	**(950,034)**

The annexed notes from 1 to 42 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Director

HUSEIN INDUSTRIES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	---- (Rupees in '000') ----	
A. CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	**(65,677)**	388
Adjustments for:		
Depreciation	**12,982**	15,003
Provision for staff gratuity	**1,230**	1,151
Provision for doubtful debts	**24,420**	-
Loss on sale of stores, spare parts and loose tools	**6,511**	-
Loss on derecognition of Building	**3,252**	-
Dividend income	**(2)**	(79)
Finance cost	**2**	5
	48,395	16,080
Cash (used in) / generated from operating activities before working capital changes	**(17,282)**	16,468
Decrease / (increase) in current assets		
Stores, spare parts and loose tools	-	2,053
Stock in trade	**123,790**	80,417
Development property	**(73,071)**	-
Trade debts	**(3,928)**	3,658
Advances	**43,311**	(43,311)
Deposit	**725**	-
	90,827	42,817
Increase in current liabilities	**105,742**	205,906
Net cash generated from operations	**179,287**	265,191
Taxes paid - net	**(20)**	(37)
Dividend paid	**(2,814)**	-
Financial charges paid	**(2)**	(5)
Net cash generated from operating activities	**176,451**	265,149
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale of long term investment	-	6,477
Proceeds from sale of stores, spare parts and loose tools	**14,111**	-
Dividend received	**2**	79
Net cash generated from investing activities	**14,113**	6,556
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term borrowings	**(195,520)**	(270,888)
Short term borrowings obtained - net	**5,621**	-
Net cash used in financing activities	**(189,899)**	(270,888)
Net increase in cash and cash equivalents (A+B+C)	**665**	817
Cash and cash equivalent at beginning of the year	**1,182**	365
Cash and cash equivalent at end of the year	**1,847**	1,182

The annexed notes from 1 to 42 form an integral part of these financial statements.

Chief Executive Officer *Chief Financial ~~Officer~~* *Director*

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 Act, 2017) in the name of Husein Textile Mills Limited, which was changed to Husein Industries Limited in 1964. Its shares are listed on Pakistan Stock Exchange Limited. The 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 year ended June 30, 2017, the Company has decided to cease its textile business and has developed business diversification strategy to enter into real estate development, construction and allied businesses for which necessary approval from the regulator for change in 'object clause' is in process till the issuance of these financial statements.

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

1.1 The geographical location and addresses of business units are as under:

Location	***Address***
Head Office & Sales Office	Plot no. HT-8, Landhi Industrial Area, Karachi.
Jamal Garden	Plot no. LT-21, Landhi Industrial Area, Karachi.

1.2 Going Concern Assumption

The Company has incurred after tax loss amounting to Rs. 66.607 (2017: Rs. 0.379) million and its accumulated losses stood at Rs. 1,559.928 (2017: Rs. 1,493.194 *restated*) million resulting in negative shareholders equity of Rs. 950.034 (2017: Rs. 908.802 *restated*) million. At reporting date, current liabilities of the Company exceeded the current assets by Rs. 1,244.895 (2017: Rs. 885.708 restated) million. Further the Company's gross loss for the current year is Rs. 49.159 (2017: Rs. 3.678) million. 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 date May 23, 2011.

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

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

In July 2016, the Bank at the request of the Company has restructured the long term and short term financing agreements at Rs. 870 million on terms and conditions as disclosed in note 19.3 to these financial statements. Till the issuance of these financial statements, the Company has repaid Rs. 616.707 million of the restructured loan amount.

The Board of Directors having major shareholdings has decided in their meeting held on December 30, 2016 to cease its textile business and has developed business diversification strategy to enter into real estate development, construction and allied businesses. The company will not only utilize its own land but also has plans to buy land for this purpose. The Board has also obtained approval of the proposed business along with change in object clause from members in the annual general meeting held on January 30, 2017. However, Securities and Exchange Commission of Pakistan (SECP) required the management to seek fresh approvals from members for the change in object clause in accordance with the provisions of the Companies Act, 2017. During the year, the Company has obtained the aforesaid approvals in the extra ordinary general meeting held on March 13, 2018.

In the First phase of real estate business, the company's owned land (LT-21) measuring 38,010 square yards situated at LT-21, scheme-3, Landhi Industrial Area, Karachi, will be sold in the form of residential and commercial plots and sites. Although the Company has obtained NOC for commercialization and approval of the layout plan of the said land from Sindh Building Control Authority, yet, approval of change in object clause from SECP and other legal formalities are in process till the issuance of these financial statements. Further, during the financial year 2017, the Banking Company had issued No Objection Certificate in respect of sub-division / bifurcation of the mortgaged property bearing plot number LT-21 in order to settle its liabilities towards the banking Company. Moreover, during the year, the Banking Company has released the original title documents of the mortgaged property LT-21.

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

The Board has also approved sale of textile plant and machinery, stock in trade and stores, spare parts and loose tools which will facilitate the repayment of revised bank loan. During the year, the Company has sold all the textile stock in trade and stores, spare parts and loose tools and utilized the proceeds for repayment of restructured bank loan.

Further, the Company has given two of its buildings along with plant and machinery installed therein on lease, the inflows of which will be utilized to pay off the revised bank loan.

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

The Board has approved five year financial projections prepared by the management of the Company covering all factors mentioned above according to which, the Company will have adequate cash inflows which will not only pay off its revised bank loan, trade creditors, other payables and project development expenditures but also generate additional cash inflows in the form of profits.

Accordingly, these financial statements have been prepared on the going concern basis.

2 *SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS*

Following is the summary of significant transactions and events that have affected the Company's financial position and performance:

- *a)* Adoption of Companies Act, 2017 - note 3.1.
- *b)* Revaluation of freehold land - note 5.2.
- *c)* Classification of LT-21 as development property - note 5.3 & 11.
- *d)* Classification of textile plant and machinery as held for sale - note 5.4 & 16.
- *e)* Sale of textile stock and stores - note 9 & 10.
- *f)* Commercialization and development of LT - 21 - note 11.
- *g)* Restatement of bank borrowings - note 19.2.
- *h)* Repayment of restructured loan - note 19 & 22.
- *i)* Advances from allottees - note 21.

3 *BASIS OF PREPARATION*

3.1 *Statement of compliance*

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of such International Financial Reporting Standards (IFRSs), issued by International Accounting Standard Board (IASB) as notified under Companies Act, 2017 (the Act) and, provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRSs, the provisions of and directives issued under the Act have been followed.

The Act has also brought certain changes with regard to the preparation and presentation of these financial statements. These changes, amongst others, included change in nomenclature of primary statements and change in respect of presentation and measurement of revaluation surplus on property, plant and equipment (note 4.10 and 18). Further, the disclosure requirements contained in the Fourth Schedule of the Act have been revised, resulting in elimination of duplicative disclosure with the IFRSs disclosure requirements and incorporation of additional amended disclosures including, but not limited to, particulars of immovable assets of the Company (note 5.8), change in threshold for identification of executives (note 35) and additional disclosure requirements for related parties (note 36).

3.2 *Basis of measurement*

These financial statements have been prepared under the historical cost convention except for:

- Free hold land is stated at revalued amount; and
- long term (available for sale) investments are stated at the fair values;

These financial statements have been prepared under the accrual basis of accounting except for the cash flow information.

3.3 *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.

3.4 *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 4.1 and 5;

(ii) Assumptions and estimates used in determining the provision for debts considered doubtful - note 4.6 and 12;

(iii) Assumptions and estimates used in the recognition of current and deferred taxation - note 4.14, 8 and 32;

(iv) Assumptions and estimates used in accounting for staff retirement benefits - note 4.11 and 20;

3.5 *Amendments to standards that are effective for the year ended June 30, 2018*

The following amendments to accounting standards are effective for the year ended June 30, 2018. These amendments 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:

	Effective for period beginning on or after
IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	January 1, 2017
IAS 12 'Income Taxes' - Amendments with respect to recognition of deferred tax assets for unrealized losses	January 1, 2017

Certain annual improvements have also been made to a number of standards, which have not ben enumerated here for brevity.

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

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

	Effective from accounting period beginning on or after
IFRS 2 'Share-based Payment' - Amendments with respect to clarification on the classification and measurement of share-based payment transactions	January 1, 2018
IFRS 4 'Insurance Contracts': Applying IFRS 9 with IFRS 4	January 1, 2018
IFRS 9 'Financial Instruments'	January 1, 2018
IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Amendments with respect to sale or contribution of assets between an investor and its associate or joint venture	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
IFRS 15 'Revenue From Contracts With Customers'	January 1, 2018
IFRS 16 'Leases'	January 1, 2019
IAS 19 'Employee Benefits': Amendments with respect to plan amendments, curtailments or settlements	January 1, 2019
IAS 28 'Investments in Associates and Joint Ventures': Amendment with respect to long-term interests in associates and joint ventures	January 1, 2019
IAS 40 'Investment Property': Amendments with respect to clarification on transfers of property to or from investment property	January 01, 2018 Earlier application is permitted.
IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018 Earlier application is permitted.
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 1, 2019

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual period beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Certain annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

IFRS 1 - First Time Adoption of International Financial Reporting Standards
IFRS 14 - Regulatory Deferral Accounts
IFRS 17 - Insurance Contracts

4 *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

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

4.1 *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 or loss 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 or loss, 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 reporting date, if significant and appropriate. Assets are derecognized when disposed or when no future economic benefits are expected from its use or disposal.

4.2 *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 or loss.

4.3 *Stores, spare parts 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.

4.4 *Development property*

Property acquired, constructed or in the course of construction held for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is classified as development property and is measured at lower of cost and net realisable value. The Company will sell residential and commercial plots and bungalows and will not provide any construction services as a contractor engaged by the buyer. In addition, the buyer of constructed units does not have an ability to specify the major structural elements of the design or major structural changes before construction and / or construction is in progress. All project costs incurred or to be incurred are capitalised as a cost of development properties and mainly includes:

- Cost of leasehold land.
- Amounts paid to contractors for construction or development of amenities.
- Development or other charges paid to relevant authorities

4.5 Stock in trade

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.

4.6 Trade debts

Trade debts are recognized initially at original invoice amount. Provision for doubtful 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.

4.7 Advances

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

4.8 Non-current assets classified as held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and sale is considered highly probable. These are stated at the lower of carrying amount and fair value less costs to sell. Property, plant and equipment once classified as held for sale are not depreciated.

4.9 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position 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.

4.10 Revaluation surplus on property, plant and equipment

A revaluation surplus is recorded in other comprehensive income and credited to the revaluation surplus on property, plant and equipment in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in profit or loss, the increase is recognized in profit or loss. A revaluation deficit is recognized in the profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in the revaluation surplus on property, plant and equipment. Upon disposal, any revaluation surplus relating to the particular operating fixed asset being sold is transferred to accumulated losses.

4.10.1 *Change in accounting policy*

During the year, the Company has changed its accounting policy for presentation and measurement of revaluation surplus on property, plant and equipment, due to adoption of the Act, which became applicable for the first time for the preparation of the Company's annual financial statements for the year ended June 30, 2018. The above change in the accounting policy has been applied retrospectively and comparative information have been restated in accordance with the requirement of International Accounting Standard (IAS) – 16 "Property, Plant and Equipment" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Due to the above change in accounting policy, the Company has presented its statement of financial position as at the beginning of the earliest comparative period i.e., July 01, 2016, in accordance with requirement of IAS 1 – Presentation of Financial Statements (Revised) (IAS 1). Had the accounting policy not been changed, the surplus on revaluation of property, plant and equipment would have been shown as a separate line item (below equity in the statement of financial position) amounting to Rs. 152.133 million and Rs. 152.133 million for the year ended 30 June 2017 and 2016 respectively.

4.11 *Staff Retirement benefits:*

Defined benefit plan

The Company operates an unfunded 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 or loss. 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 on opening balance of defined benefit obligation 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.

4.12 *Bank borrowings*

All bank borrowings are initially recognised at fair value less directly attributable transaction costs. Subsequently, these are measured at amortised cost using effective interest rate method.

The Company has restructured all its bank borrowings and related markup liabilities as disclosed in note 19.1 to these financial statements.

4.13 *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.

4.14 *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 reporting 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 reporting date.

Deferred income tax asset is recognized for all deductible temporary differences and carry forward 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.

4.15 Provisions

Provisions are recognized when the Company has a present (legal or constructive) obligation as a result of past events and 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 reporting date and adjusted to reflect the current best estimate.

4.16 Revenue recognition

Turnover relates only to sale of textile stock during the year. Sale of textile stock is recognized on dispatch of goods to customers, when significant risk and rewards are transferred to the customer.

Revenue from the sale of development property is recognized when the equitable interest in a property vests in a buyer and all the following conditions have been satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership in property;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the property sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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.

4.17 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.

4.18 Offsetting of financial assets and financial liabilities

Financial asset and financial liability is set off and the net amount is reported in the statement of financial position 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.

4.19 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 reporting date.

4.20 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 or loss.

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 or loss, 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.

5 PROPERTY, PLANT AND EQUIPMENT

5.1 Operating fixed assets

Particulars	Free hold land	Lease hold land	Building on lease hold land	Plant and machinery	Furniture and fittings/Office equipment	Vehicles	Total
	(Rupees in '000')						
Net book value as at July 01, 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	-	-	-	-	-	-	-
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**
Year ended June 30, 2018							
Imapct of revaluation - note 5.2	**25,502**	-	-	-	-	-	**25,502**
Classified as development property - note 5.3	-	**(260)**	-	-	-	-	**(260)**
Classified as held for sale - note 5.4							
Cost	-	-	-	**677,329**	-	-	**677,329**
Depreciation	-	-	-	**(620,870)**	-	-	**(620,870)**
	-	-	-	**(56,459)**	-	-	**(56,459)**
Derecognition during the year - note 5.5							
Cost	-	-	**9,409**	-	-	-	**9,409**
Depreciation	-	-	**(6,157)**	-	-	-	**(6,157)**
	-	-	**(3,252)**	-	-	-	**(3,252)**
Depreciation for the year - note 5.6	-	-	**(2,560)**	**(9,952)**	**(138)**	**(332)**	**(12,982)**
Net book value as at June 30, 2018	**183,427**	**333**	**48,647**	**6,138**	**1,180**	**1,328**	**241,053**
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
At June 30, 2018							
Cost / revalued amount *	**183,427 ***	**333**	**120,683**	**677,937**	**13,303**	**20,952**	**1,016,635**
Accumulated depreciation	-	-	**(72,037)**	**(671,799)**	**(12,124)**	**(19,623)**	**(775,583)**
Net book value	**183,427**	**333**	**48,647**	**6,138**	**1,180**	**1,328**	**241,053**
Depreciation rate	-	-	**5%**	**10-15%**	**6-15%**	**20-25%**	

5.2 At reporting date, the company carried out valuation of its freehold land by an independent valuer, who has determined fair value and force sale value of freehold land amounting to Rs. 183.427 million and Rs. 146.741 million respectively. The fair value is determined on the basis of present prevalent market value of the similar type of property located in a similar area and having almost the same covered area. Had there been no revaluation the carrying amount of free hold land would have been at cost amounting to Rs. 5.792 (2017: Rs. 5.792) million.

5.3 Represents classification of LT-21 as development property in accordance with IAS 2 'Inventories' because, after the adoption of business diversification strategy as disclosed in note 1.2 to these financial statements, the said land will be sold in the ordinary course of business.

5.4 Represents classification of textile plant and machinery as held for sale in accordance with IFRS 5 'Non current assets held for sale' because, the Company has ceased its textile business as disclosed in note 1.2 to these financial statements and the management is commited to the plan to sell these assets and expects to complete the sale with in one year of the authorisation of these financial statements.

5.5 Represents derecognition in accordance with 'IAS 16 - Property, Plant and Equipment' upon dismantling of building situated at LT-21.

5.6 Depreciation charge for the year has been allocated to administrative expenses.

5.7 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.

5.8 Particulars of immovable property in the name of the Company are as follows:

Particulars	*Location*	*Total Area (Acres)*
Free hold land (Agricultural land)	Lahore - Faislabad road, Mauza Feroz, tehsil and destrict Sheikhapura.	**37.356**
Lease hold land and Buidlings thereon (Head Office and Textile Plant)	Plot no. HT-8, Landhi Industrial Area, Karachi.	**22.95**
Lease hold land (Jamal Garden)	Plot no. LT-21, Landhi Industrial Area, Karachi.	**7.853**

6 LONG TERM INVESTMENTS

	Note	*2018*	*2017*
		---- (Rupees in '000') ----	
Available for sale - in quoted shares at fair value			
Dawood Lawrencepur Limited		**609**	489
Unrealized (loss) / gain on remeasurement		**(127)**	120
	6.1	**482**	609

6.1 Dawood Lawrencepur Limited

	2018	*2017*
Number of shares	**2,742**	2,742
Market price per share (Rupees)	**175.74**	221.92
Fair Value (Amount in '000')	**482**	609

7 LONG TERM DEPOSITS

	Note	2018	2017
		---- (Rupees in '000') ----	
Against:			
Utilities		**3,417**	3,417
CDC account		**25**	25
Services		**20**	20
Bank guarantee		**4,471**	4,471
		7,933	7,933

8 DEFERRED TAXATION - NET

	Note	2018	2017
This comprises of the following: -			
Taxable temporary difference			
Accelerated tax depreciation		**(1,573)**	(21,062)
Deductible temporary differences			
Provision for gratuity		**3,209**	2,951
Provision for doubtful debts		**11,324**	4,388
Effect of unabsorbed tax depreciation		**251,080**	257,364
Effect of minimum tax		**1,697**	767
Effect of tax losses		**123,180**	110,805
		390,490	376,275
		388,917	355,213
Net deferred tax asset not recognized	8.1	**(388,917)**	(355,213)
		-	-

8.1 Deferred tax asset as at June 30, 2018 to the extent of Rs. 388.917 (2017: Rs. 355.213) 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.

8.2 Breakup of unused tax losses and tax credits is as follows:

Normal business losses	*Expiry Date*	*2018*	*2017*
		---- (Rupees in '000') ----	
Tax year 2013	June, 30 2019	**135,067**	135,067
Tax year 2014	June, 30 2020	**142,876**	142,876
Tax year 2015	June, 30 2021	**75,550**	75,550
Tax year 2016	June, 30 2022	**15,858**	15,858
Tax year 2018	June, 30 2024	**55,408**	-
Unabsorbed tax depreciation	Indefinite	**865,792**	857,880
Tax credit			
Minimum tax 2017	June, 30 2023	**767**	767
Minimum tax 2018	June, 30 2024	**930**	-

9 STORES, SPARE PARTS AND LOOSE TOOLS	Note	2018	2017
		---- (Rupees in '000') ----	
Stores		-	39,533
Spare parts and loose tools		-	7,818
		-	47,351
Less: Provision for write-down to net realizable value		-	(26,729)
	9.1	-	20,622

9.1 During the year, the Company has sold all inventories of stores, spare parts and loose tools.

10 STOCK IN TRADE

Raw material		-	2,423
Work in process		-	101,602
Finished goods		-	19,505
	10.1	-	123,530

10.1 During the year, the Company has sold all inventories of stock in trade.

11 DEVELOPMENT PROPERTY

Cost of land (LT-21)	11.1	**260**	-
Commercialization fee	13.1	**42,811**	-
Amenities - development expenditure	11.2	**30,000**	-
		73,071	-

11.1 Represents cost of LT-21 transferred from property, plant and equipment as disclosed in note 5.3 to these financial statements.

11.2 Represents development works on LT-21 including construction of mosque, parks and infrastructure works.

12 TRADE DEBTS	Note	2018	2017
		---- (Rupees in '000') ----	
Exports			
Considered good		**31,613**	52,105
Considered doubtful		**27,685**	3,265
		59,298	55,370
Local			
Considered good		-	-
Considered doubtful		**11,362**	11,362
		11,362	11,362
		70,660	66,732
Provision against debts considered doubtful	12.1	**(39,047)**	(14,627)
		31,613	52,105

	Note	2018	2017
		---- (Rupees in '000') ----	
12.1 Movement in provision against debts considered doubtful			
Opening		**14,627**	14,627
Provision made during the year	12.2	**24,420**	-
Closing		**39,047**	14,627

12.2 Represents provision made during the year by the Company against all long outstanding debts.

13 ADVANCES

- Considered good

	Note	2018	2017
against commercialization fee	13.1	-	42,811
to suppliers		-	500
		-	43,311

13.1 During the year, Sindh Building Control Authority has approved the commercialization of land situtated at LT-21 and accordingly the Company has transferred the amounts paid to the authority to development property.

	Note	2018	2017
		---- (Rupees in '000') ----	
14 TAX REFUNDS DUE FROM THE GOVERNMENT			
Income tax		**105**	85
Duty drawback		**3,676**	3,676
Sales tax		**2,300**	4,811
		6,081	8,572

15 CASH AND BANK BALANCES

	Note	2018	2017
Cash in hand		**681**	126
Cash at bank - in current accounts	15.1	**1,166**	1,056
		1,847	1,182

15.1 Includes foreign currency accounts amounting to Rs. 85,490 (2017: Rs. 72,260)

16 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	Note	2018	2017
Plant and machinery	16.1	**56,459**	-

16.1 Represents obsolete textile plant and machinery transferred from property, plant and equipment as disclosed in note 5.4 to these financial statements.

17 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2018	2017		2018	2017
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
10,625,852	10,625,852		**106,259**	106,259

17.1 Includes 2,185,964 (2017: 2,185,964) ordinary shares of Rs. 10 each held by the Husein Ebrahim Foundation, an associated undertaking of the Company.

17.2 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.

18 RESERVES

	Note	2018	2017	2016
		---- (Rupees in '000') ----		
			(Restated)	(Restated)
Capital Reserves				
Share premium	18.1	**33,858**	33,858	33,858
Revaluation surplus on property, plant and equipment	18.2	**177,635**	152,133	152,133
		211,493	185,991	185,991
Revenue Reserves				
General reserve	18.3	**292,142**	292,142	292,142
Accumulated losses		**(1,559,928)**	(1,493,194)	(644,573)
		(1,267,786)	(1,201,052)	(352,431)
		(1,056,293)	(1,015,061)	(166,440)

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

18.2 The Company carried out revaluation of its free hold land by an independent valuer namely M/s. Akbani and Javed Associates on March 04, 2011, who determined the fair value of free hold land on the basis of market value amounting to Rs. 157.925 million resulting in revaluation surplus amounting to Rs. 152.133 million. As at reporting date, as disclosed in note 5.2 to these financial statements, the Company carried out revaluation of its free hold land by an independent valuer who determined the fair value of freehold land, amounting to Rs. 183.427 million resulting in revaluation surplus amounting to Rs.25.502 million.

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

18.3 Represents appropriation of profit in preceding years.

	Note	2018	2017	2016
		---- (Rupees in '000') ----		
			(Restated)	(Restated)

19 LONG TERM BORROWINGS

	Note	2018	2017	2016
From a banking company - secured				
Term finance - restructured		**423,667**	584,112	870,000
Restructuring adjustment reversed	19.1	**190,229**	190,229	190,229
Restructured loan amount		**613,896**	774,341	1,060,229
Impact of reclassification		**-**	35,075	-
		613,896	809,416	1,060,229
Less: Current and overdue portion	23	**(613,896)**	(499,112)	(500,000)
		-	310,304	560,229

19.1 On July 11, 2016, the Company has entered into a Settlement (restructuring) Agreement with the bank according to which the total principal loan liability of Rs. 1,144.104 million, comprising of long term finance and short term finance amounting to Rs. 1,060.229 million and Rs. 83.875 million respectively, the outstanding amount as on May 27, 2016 will be restructured and reduced to Rs. 870 million subject to certain terms and conditions as disclosed in note 19.3 to these financial statements. However, despite the uncertainities attached with the agreement, the Company erroneously derecognized bank liabilities amounting to Rs. 416.103 million and credited it to profit or loss in the financial statements for the year ended June 30, 2015.

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

	As originally reported in July 01,2016	***Effect of prior period error***	***As Restated July 01, 2016***
	------ (Rupees in '000')------		
Effect on Balance Sheet			
Long term finance	870,000	190,229	1,060,229
Short term borrowings			
Running finance I	-	10,627	10,627
Running finance II	-	24,448	24,448
Packing credit	-	48,800	48,800
	-	83,875	83,875
Markup accrued - overdue			
- on long term finance	-	51,681	51,681
- on short term borrowings	-	90,318	90,318
	-	141,999	141,999
	870,000	416,103	1,286,103
Effect on Statement of Changes in Equity			
Accumulated losses	1,076,832	416,103	1,492,935

19.2 At reporting date, the Banking company has confirmed the outstanding amount of Term Finance as per previous agreement dated May 23, 2011 amounting to Rs. 613.850 (2017: Rs. 809.370) million.

19.3 Settlement (restructuring) Agreement dated July 11, 2016

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

i) The Company shall pay Rs. 870 million in 11 various installments with grace period of 60 days. Further, the Company has issued post dated cheques against the aforementioned installments on the date of this settlement agreement.

ii) In case of delay of more than 60 days in payment of any installment, markup at the rate of 3 Months KIBOR + 1% p.a. (calculated on daily basis) will be charged on the delayed installment.

iii) The Company will repatriate the proceeds of outstanding export overdue bills or will settle the pending claim with Foreign Exchange Adjudication Court of SBP in a timely manner.

iv) In case of default of any two quarterly installments, this Settlement Agreement shall stand withdrawn and all the outstanding liability as per the Bank's book along with the outstanding plus future markup payable at the rate of 3 Months KIBOR + 1% p.a. applicable from the date of default shall become payable.

During the year, the bank has released the mortgage over property bearing no. LT-21, Landhi Industrial Area, Karachi and open plots and land situated at Lahore-Faisalabad Road, Sheikhupura. The mortgaged property bearing no. HT-8 located at Landhi Industrial Area, Karachi will continue to remain mortgaged to cover the Letter of Guarantees exposure amounting to Rs. 40.636 million along with the cash margin of Rs. 4.237 million.

The Company is making all due efforts to comply with all the requirements of the Settlement Agreement which were due till the date of issue of these financial statements.

	Note	***2018***	*2017*
		---- (Rupees in '000') ----	
20 DEFERRED LIABILITY			
- Staff retirement benefits			
Staff gratuity - defined benefit obligation	20.1	**11,066**	9,836

20.1 Movement in defined benefit obligation

	2018	2017
Opening	**9,836**	8,685
Charge for the year - interest cost	**1,230**	1,151
Closing	**11,066**	9,836

20.2 Following significant assumptions have been made for the purpose of actuarial valuation:

	2018	*2017*
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	***EFU 61-66 mortality table***	
Withdrawal rate	***Age dependent***	

	Note	2018	2017
		---- (Rupees in '000') ----	

21 TRADE AND OTHER PAYABLES

	Note	2018	2017
Trade creditors		**24,712**	17,949
Accrued liabilities	21.1 & 21.2	**173,873**	171,941
Advance from allottees - unsecured	1.2	**294,552**	200,274
Security deposit against rent		**5,142**	4,884
		498,279	395,048

21.1 This includes Rs. 163.290 (2017: Rs. 163.566) million prudently recorded by the Company against liability of Sui Southern Gas Company Limited (SSGC). In year 2012, the company filed a case in the Honourable District and Session Court Malir Karachi against SSGC praying that no amount of the liability is payable against the initial claim of 17.6 million. The case is pending for adjudication in the Honourable Court till the date of these financial statements. In the mean time, SSGC continued to charge minimum gas levy and markup on outstanding amount including markup which aggregated to Rs. 200.819 million (2017: Rs. 197.872 million) as at reporting date. The management is confident based on legal advisor's opinion and the fact that markup on markup is illegal, that the Company is likely to succeed in waiving of the aforesaid additional charges. Accordingly, the Company has not recorded liability of Rs. 37.529 (2017: Rs. 34.306) million in these financial statements.

21.2 Includes director's and executive's remuneration payable amounting to Rs. 0.360 (2017: nil) million and Rs. 1.2 (2017: nil) million respectively.

22 SHORT TERM BORROWINGS

	Note	2018	2017 (Restated)	2016 (Restated)
		---- (Rupees in '000') ----		
Loan from directors	22.1	**60,321**	5,900	5,900
Running finance				
RF I		-	10,627	10,627
RF II		-	24,448	24,448
		-	35,075	35,075
Impact of reclassification - note 36		-	(35,075)	-
		-	-	35,075
Packing credit - overdue		-	48,800	48,800
		60,321	54,700	89,775

22.1 Represents unsecured and interest free loan obtained from directors (related parties) of the company and is repayable on demand.

23 CURRENT AND OVERDUE PORTION OF LONG TERM BORROWINGS

	Note	2018	2017 (Restated)	2016 (Restated)
		----- (Rupees in '000') -----		
Current and overdue portion	19	**613,896**	499,112	485,000

	2018	2017	2016
	----- (Rupees in '000') -----		
		(Restated)	(Restated)

24 MARKUP ACCRUED - OVERDUE

	2018	2017	2016
- on long term borrowings	**51,681**	51,681	51,681
- on short term borrowings	**90,318**	90,318	90,318
	141,999	141,999	141,999

25 UNCLAIMED DIVIDEND

	Note	2018	2017
		---- (Rupees in '000') ----	
Unclaimed dividend	37	**41,315**	44,129

26 CONTINGENCIES AND COMMITMENTS

26.1 Contingencies

The Company has no contingent liabilities in respect of any legal claim in the ordinary course of business other then disclosed elsewhere in these financial statements.

26.2 Commitments

The banking companies have issued bank guarantees amounting to Rs. 47.190 (2017: 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, 2018 amounting to Rs. 47.554 (2017: Rs. 47.554) million and Rs. 0.364 (2017: Rs.0.364) million respectively.

27 TURNOVER

	Note	2018	2017
		---- (Rupees in '000') ----	
Gross Sales		**75,858**	80,417
Less: sales tax		**(1,487)**	(3,678)
		74,371	76,739

28 COST OF SALES

	Note	2018	2017
Raw material			
Opening		**2,423**	2,423
Closing	10	**-**	(2,423)
		2,423	-
Work in process			
Opening		**101,602**	182,019
Closing	10	**-**	(101,602)
		101,602	80,417
Finished goods			
Opening		**19,505**	19,505
Closing	10	**-**	(19,505)
		19,505	-
		123,530	80,417

	Note	2018	2017
		---- (Rupees in '000') ----	

29 ADMINISTRATIVE EXPENSES

	Note	2018	2017
Salaries, wages and allowances	29.1	**5,827**	4,394
Directors' remuneration		**360**	360
Legal and professional charges		**26**	30
Fuel and power		**1,670**	2,999
Priniting and stationery		**79**	-
Depreciation	5.6	**12,982**	15,003
Directors' meeting fee		**18**	40
Auditors' remuneration	29.2	**720**	631
Others		**16**	2
		21,698	23,459

29.1 Includes an amount of Rs. 1.230 (2017 : Rs. 1.151) million in respect of markup on provision for staff retirement benefit.

29.2 Auditors' remuneration

	Note	2018	2017
		---- (Rupees in '000') ----	
Annual audit		**500**	500
Half yearly review		**110**	75
Corporate governance review		**60**	20
Out of pocket expenses		**50**	36
		720	631

30 OTHER CHARGES

	Note	2018	2017
Provision against debts considered doubtful	12.2	**24,420**	-
Stores, spare parts and loose tools written off		**-**	2,053
Loss on sale of stores, spare parts and loose tools		**6,511**	-
Loss on derecognition of Building	30.1	**3,252**	-
		34,183	2,053

30.1 Represents loss on derecognition of building on LT-21 as disclosed in note 5.5 to these financial statements.

31 OTHER INCOME

	Note	2018	2017
Income from financial assets			
Dividend		**2**	79
Unrealized exchange gain on foreign debtors and bank accounts	31.1	**3,941**	1,247
		3,943	1,326
Income from other than financial assets			
Rent income		**35,419**	28,218
Miscellaneous		**3**	39
		35,422	28,257
		39,365	29,583

31.1 Includes exchange gain on translation of foreign currency balances of export debtors into reporting currency amounting to Rs. 3.928 (2017: Rs. 0.899) million.

		2018	2017
		---- (Rupees in '000') ----	

32 TAXATION

	2018	2017
Current	**(930)**	(767)

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

32.2 Income tax assessments of the Company have been finalized up to and including tax year 2017. 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.

33 LOSS PER SHARE
- Basic and Diluted

		2018	2017
		---- (Rupees in '000') ----	
Loss after taxation		**(66,607)**	(379)
Weighted average number of ordinary shares		**10,625,852**	10,625,852
Loss per share - basic and diluted	***Rupees***	**(6.27)**	(0.04)

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

34.1 Financial Instrument by Category

	Note	2018	2017
		---- (Rupees in '000') ----	
Financial assets			
Available for sale investments			
Long term investments	6	**482**	609
Loans and receivables			
Long term deposits	7	**7,933**	7,933
Trade debts	12	**31,613**	52,105
Deposit		**-**	725
Cash and bank balances	15	**1,847**	1,182
		41,393	61,945
		41,875	62,554
Financial Liabilities			
- at amortized cost			
Long term borrowings		**613,896**	809,416
Trade and other payables	21	**203,727**	194,774
Short term borrowings		**60,321**	54,700
Markup accrued - overdue		**141,999**	141,999
Unclaimed dividend		**41,315**	44,129
		1,061,258	1,245,018

34.2 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
- Operational 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.

34.3 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 and deposits. 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:

	Note	2018	2017
		---- (Rupees in '000') ----	
Long term deposits		**7,933**	7,933
Trade debts		**31,613**	52,105
Deposit		-	725
Bank balances		**1,166**	1,056
		40,712	61,819

Trade debts

Ageing of debtors and impairment losses

The aging of trade debts at the reporting date was:-

	Note	2018	2017
Past due 1-180 days		-	-
Past due 181-365 days		-	-
More than one year		**70,660**	66,732
		70,660	66,732
Less: Provision against doubtful debts	12.1	**(39,047)**	(14,627)
		31,613	52,105

Based on the past experience, consideration of financial position, past track records and recoveries, the Company has made necessary provision against debts considered doubtful as disclosed in note 12.1 to these financial statements.

Total debtors include Rs. 59.298 (2017: Rs. 55.370) 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: -

Name of the Bank	*Rating agency*	*Short term ratings*
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+

34.4 *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 and meet business needs due to dynamic nature of the business. Company finances its operations through equity, working capital and term 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: -

	2018			
	Carrying Amount	***Contractual cash flows***	***Up to one year***	***More than one year***
	------------- ***Rupees in '000'*** -------------			
Financial liabilities				
Long term borrowings	**613,896**	**613,896**	**613,896**	-
Short term borrowing	**60,321**	**60,321**	**60,321**	-
Trade and other payables	**203,727**	**203,727**	**203,727**	-
Markup accrued - overdue	**141,999**	**141,999**	**141,999**	-
Unclaimed dividend	**41,315**	**41,315**	**41,315**	-
	1,061,258	**1,061,258**	**1,061,258**	-

	2017			
	Carrying Amount	*Contractual cash flows*	*Up to one year*	*More than one year*
	------------- *Rupees in '000'* -------------			
Financial liabilities				
Long term borrowings	809,416	809,416	724,416	85,000
Short term borrowing	54,700	54,700	54,700	-
Trade and other payables	194,774	194,774	194,774	-
Markup accrued - overdue	141,999	141,999	141,999	
Unclaimed dividend	44,129	44,129	44,129	
	1,245,018	1,245,018	1,160,018	85,000

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

34.5 *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 export debtors and foreign currency bank account.

	Note	2018	2017
		---- (Rupees in '000') ----	
Trade debtors-exports		**59,298**	55,370
Foreign currency bank account	15.1	**85**	72
		59,383	55,442

The following significant exchange rates has been applied:

	Average Rate		Spot Rate at Reporting Date	
	2018	2017	2018	2017
Pound Sterling to Rupees	**148.26**	141.08	**159.93**	138.75
USD to Rupees	**109.97**	105.49	**121.50**	106.70

Currency risk sensitivity analysis

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

	2018	2017
	---- (Rupees in '000') ----	
Effect on profit and loss	**(5,938)**	(5,544)

The weakening of the Rupees against US dollar and Pound Sterling would have had an equal but opposite impact on the loss for the year.

The sensitivity analysis prepared is not necessarily indicative of the effects on loss 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 borrowings. At the reporting date, the interest rate profile of the Company's interest bearing financial liabilities is:

	2018	2017
	---- (Rupees in '000') ----	
Variable rate instruments		(Restated)
Financial liabilities		
- Long term borrowings	**613,896**	809,416

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 2017.

	Increase	(Decrease)
	---- (Rupees in '000') ----	
As at June 30, 2018		
Cash flow Sensitivity	**6,139**	**(6,139)**
As at June 30, 2017		
Cash flow Sensitivity	8,094	(8,094)

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 2017.

	---- (Rupees) ----	
	Increase	(Decrease)
As at June 30, 2018		
Available for sale investment through OCI	**2,742**	**(2,742)**
As at June 30, 2017		
Available for sale investment through OCI	2,742	(2,742)

Risk management policies

Risk management is carried out by the management under policies approved by the 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, 2018.

Consistent with others in the industry, the company monitors capital on the basis of its gearing ratio. This is calculated as net debt divided by total shareholders' equity plus net debt. Net debt is calculated as total debts from financial institutions less cash and bank balances.

		2018	2017
		---- (Rupees in '000') ----	
Total debt		**755,895**	951,415
Less: Cash and bank balances		**(1,847)**	(1,182)
Net debt	**A**	**754,048**	950,233
Total shareholders' equity	**B**	**(950,034)**	(908,802)
Net debt and equity	**C=A+B**	**(195,986)**	41,431
Gearing ratio	**D=A/C**	**(385%)**	2294%

34.6 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with processes technology and infrastructure supporting the company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior and is the risk arising from the company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. The responsibility encompasses the controls in the following areas:

i Requirements for appropriate segregation of duties between various functions, roles and responsibility;

ii Requirements for the reconciliation and monitoring of transactions;

iii Compliance with regulatory and other legal requirements;

iv Documentation of control and procedures;

v Requirements for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risk identified;

vi Ethical and business standards;

vii Risk mitigation, including insurance where this is effective.

34.7 Fair Value of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The carrying values of the financial assets and liabilities reported in the financial statements approximate their fair values.

34.7.1 In accordance with the requirements of IFRS 13 Fair value measurement, the Company classifies its free hold land and long term investments in terms of following fair value hierarchy:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Fair value measurements using Inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs).

Details of the Company's free hold land and long term investments in terms of fair value hierarchy, explained above, at June 30, 2018 is as follows:

	2018		
	Level 1	Level 2	Level 3
	------- (Rupees in thousand) -------		
Assets measured at fair value			
Long term investments	482	-	-
Free hold land	-	183,427	-

	2017		
	Level 1	Level 2	Level 3
	------- (Rupees in thousand) -------		
Assets measured at fair value			
Long term investments	609	-	-
Free hold land	-	157,925	-

35 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: -

	Chief Executive		Directors		Executives	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	---------------------- Rupees ----------------------					
Managerial remuneration	264,000	264,000	-	-	1,200,000	1,200,000
House Rent	96,000	96,000	-	-	-	-
Utilities	-	-	-	-	-	-
Fee	-	-	39,500	39,500	-	-
	360,000	360,000	39,500	39,500	1,200,000	1,200,000
Number of persons	1	1	6	6	1	1

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

36 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of directors. Amounts due to related parties are disclosed in relevant notes to these financial statements. The details of transactions with related parties during the year, other than those disclosed elsewhere in these financial statements, are as follows:

Name of Related Party	*Basis of relationship*	*Percentage of holding*	*2018*	*2017*
			---- (Rupees in '000') ----	
Short term borrowings obtained during the year				
Aziz L. Jamal	Key management personal	11.93%	**40,921**	-
Aisha Bai	Key management personal	0.71%	**13,500**	-

37 CORRESPONDING FIGURES

Corresponding figures have been reclassified, whenever necessary for the purpose of compliance, comparison and better presentation. Major reclassifications during the year, required to incorporate the new accounting software based head of accounts, are as follows;

Description	*Reclassified from*	*Reclassified to*	*Note*	*2017 Rupees in '000'*
Unclaimed Dividend	Trade and other payables	Unclaimed Dividend (presented on face of statement of financial position)	25	**44,129**
Running finance	Short term borrowings	Long term borrowings	19	**35,075**
Provision for taxatior	Accrued liabililties	Provision fro taxation (presented on face of statement of financial position)		**767**

38 CAPACITY AND PRODUCTION

The Company has ceased its operational activities related to textile business and adopted business diversification strategy to enter into real estate development, construction and allied businesses as disclosed in note 1.2 to these financial statements and accordingly plant capacities were not disclosed in these financial statements.

39 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.

40 NUMBER OF EMPLOYEES

	2018	2017
Total number of employees at the end of the year	4	4
Average number of employees during the year	4	4
Employees working in the Company's factory at the year end	1	1
Average employees working in the Company's factory during the year	1	1

41 GENERAL

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

42 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors on 0 6 NOV 2018.

Chief Executive Officer

Chief Financial Officer

Director

PATTERN OF HOLDING OF THE SHARES HELD
BY THE SHARES HOLDERS AS AT JUNE 30, 2018

NO OF SHARESHOLDERS	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 385000	381,331
1	850001 TO 855000	851,197
1	970001 TO 975000	975,000
1	1000001 TO 1005000	1,004,205
1	1215001 TO 1220000	1,218,693
1	1280001 TO 1285000	1,280,832
1	2185001 TO 2190000	2,185,964
1019		**10,625,852**

CATEGORIES OF SHAREHOLDERS AS AT JUNE 30, 2018

CATEGORIES OF SHAREHOLDERS	NOS	2018	Total Share Held	PERTG.
ASSOCIATED COMPANIES UNDERTAKINGS AND RELATED PARTIES	-		-	-
NIT AND ICP	2		211	0.00199
National Bank of Pakistan Trustee Deptt		37		
Investment Corporation of Pakistan		174		
CEO				
Mr. Husein Jamal	1	154,489	154,489	1.45
DIRECTOR	6		2,696,694	25.37874
Mr. Aziz L. Jamal		1,267,193		11.93
Mr. Rashid L. Jamal		1,343,879		12.65
Miss Saman Aziz Jamal		2,500		0.02
Mr. Akhter Wasim Dar		4,791		0.05
Mrs. Aisha Bai Suleman		75,824		0.71
Mr. Suleman Aswani		2,500		0.02
EXECUTIVES				
BANK, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARBAS AND MUTUL FUNDS				
Banks	6	979,444		9.22
Insurance Companies	2	867,017		8.16
Modarabas	2	1,821		0.02
Investment Companies	2	1,006,892		9.47
Business Institutions	4	1,729		0.02
Joint Stock Companies	4	106,370		1.00
Charitable Institutions	4	624,763		5.88
Anondoned Properties	4	1,560		0.01
Trade Association	4	1,839		0.02
Trust	4	385,562		3.63
SHAREHOLDERS HOLDING TEN PERCENT OR MORE VOTING INTEREST IN THE COMPANY				
Husein Ebrahim Foundation	1	2,185,964		20.57
INDIVIDUALS	973	1,611,504		15.17
	1019	10,625,852		100.00

HUSEIN INDUSTRIES LIMITED

ATTENDANCE AT THE BOARD MEETING DURING THE YEAR 2017-2018

Name of Directors	Total No. of Board Meetings	No of Meetings attended
Mr. Husein Jamal	6	6
Mr. Aziz L. Jamal	6	6
Mr. Rashid L. Jamal	6	6
Mrs. Aisha Bai Suleman	6	6
Miss. Saman Aziz Jamal	6	6
Mr. Akhtar Wasim Dar	6	6
Mr.Suleman Aswani	6	6

ATTENDANCE AT THE AUDIT COMMITTEE MEETINGS DURING THE YEAR 2017-2018

Name of Members	Total No. of Audit committee Meeting	No of Meetings attended
Mr. Suleman Aswani	5	5
Mr. Rashid L. Jamal	5	5
Mr. Akhtar Wasim Dar	4	4
Mr. Mirza Akhtar Shikoh	5	5

KEY OPERATING & FINANCIAL DATA
FROM 2012-2013 TO 2017-2018

Description	July-June 2017-2018	July-June 2016-2017	July-June 2015-2016	July-June 2014-2015	July-June 2013-2014	July-June 2012-2013
Turnover	74,371	76,769	-	3,234	328,670	490,206
Cost of Sales	(123,530)	(80,417)	-	(87,810)	(511,834)	(749,662)
Gross (Loss)	(49,159)	(3,678)	-	(84,576)	(183,164)	(259,456)
Operating (Loss)	(70,857)	(27,137)	(27,447)	(90,143)	(200,469)	(303,707)
(Loss) / Profit befor Tax	(65,677)	388	(15,858)	(108,561)	(196,668)	(178,809)
(Loss) / Profit After Tax	(66,607)	(379)	(15,858)	(109,646)	(197,859)	(180,140)
Paid up Capital	106,259	106,259	106,259	106,259	106,259	106,259
Current Assets	112,612	250,047	295,767	324,784	961,225	1,176,112
Current Liabilities	1,357,507	1,135,755	727,928	259,308	1,206,303	1,224,559

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 27 November 2018 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. or Passport No ____________________
   ____

Signature on Revenue Stamps of Rupees Five

2. Signature: ____________________
   Name: ____________________
   Address ____________________
   ____
   ____
   CNIC No. or Passport No ____________________
   ____

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.