HUSEIN INDUSTRIES LIMITED
ANNUAL REPORT

JUNE 30, 2019

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

HUSEIN

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 66th Annual General Meeting of the Shareholders of the Husein Industries Limited will be held on 26thOctober, 2019 at 12:45 pm at the Company's Registered Office at Plot. No.HT-8, Landhi Industrial & Trading Estate, Landhi, Karachi to transact the following business.

ORDINARY BUSINESS

1. To confirm the minutes of the 65th Annual General Meeting on 27th November, 2018.
2. To receive, consider and adopt the Financial Statement of the Company for the year ended 30th June, 2019 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 ReandaHaroonZakaria& Co., Chartered Accountants, retire and offer themselves for reappointment.

SPECIAL BUSINESS

Resolved that the consent of the Members of the Company is hereby accorded for the sale of full leasehold interest in all that peace and parcel of land (with Buildings, Constructions and appurtenances thereof):

a) Land bearing No. MauzaFeroz, Tehsil and District Sheikhupura. Measuring 295.85 kanals.
b) Plant & Machinery at HT-8, Landhi Industrial Area, Karachi.

(Herein after referred to as the properties) to purchaser at such monetary consideration as approved by the Board in their meeting held on October 3, 2019 and in such manner on in such terms and conditions as the Board may deem fit and appropriate.

4) "Further resolved that the company is hereby authorized, subject to compliance of corporate and regulatory requirements (to the extent applicable) and in accordance with the legal and procedural formalities enter into deeds of conveyance / sale for purpose of the transfer of the title to the properties in the name of the intended buyers.

5) Further resolved that Mr. Husein Jamal, CEO and Mr. Muhammad Anwar Kaludi, CFO are hereby jointly authorized and empowered to negotiate and to sale the properties for and on behalf of the company to the prospective buyers and complete legal formalities to be affected by the aforesaid resolution and to performed all such act duly authorized by the board in their meeting held on February 13, 2018 with regard to sale of properties.

6) Further resolved that Mr. Husein Jamal, CEO and Mr. Muhammad Anwar Kaludi, Company Secretary be and are hereby authorized severally authorized to make the necessary disclosers and notification to the Securities & Exchange Commission of Pakistan and the Stock Exchange based on these resolutions and to provide certified true copies of these resolutions to whomever it may concern.

7) Further resolved that the board be and is hereby empowered to agree upon modification in these resolutions that may be directed / required by the SECP without the need of any other further approval of shareholders.

OTHER BUSINESS

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

STATEMENT UNDER SECTION 134(3)

i. To Sale or Rent the aforementioned Company Assets to meet the Company's financing needs.
ii. No Director of the Company has any interest directly or indirectly from the above Sale except to the extent of their shareholding.

Karachi, 3rd October, 2019

By Order of the Board of Directors
Muhammad Anwar Kaludi
Company Secretary

NOTES:

1. The Registrar of Members of the Company will remain closed from 20/10/2019 to 26/10/2019 (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 19th October, 2019 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(1)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 the hard copy of the Audited Financial Statements of the Company to its Shareholders on request, free of cost, within seven days of receipt of such request. The Company shall placed the Financial Statements and reports on the Company website: www.husein.com at least (21) days prior to the date of the Annual General Meeting in terms of SRO 634(1)/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.

Our Vision

The Company wishes to forge ahead, experiments with new ideas and challenge new frontiers. It will endeavor to achieve excellence in all undertaking and intends to provide customer satisfaction by being efficient and competitive.

Our Mission

To become a profitable organization and exceeds the expectations of our customers and stakeholders by producing and marketing high quality products at competitive prices through concentration on quality, business value and fair play. To develop and promote the best use of human talent in a safe environment, as an equal opportunity employer while using advance technology for efficient and cost effective operations.

REVIEW OF THE CHAIRMAN

Dear Stakeholders

I am pleased to present the review for the year ended 30 June 2019 highlighting the Company's performance and the role of the Board of Directors in guiding the management to carry out its responsibility for the benefits of all its stakeholders.

By the grace of Allah, the Company has displayed a strong financial performance in a challenging business environment by attaining profit after tax of Rs.5, 467,000 and making a Revenue of Rs. 63,832,000.

The Board has performed its duties and responsibilities diligently and has contributed effectively in guiding the Company in all its strategic affairs. The Board also played a key role in monitoring of management performance and focus on major risks areas. All Directors including Independent Director fully participated and contributed in decision making process of the Board.

As Chairman of your Company I will continue to be responsible for leading the Board. I will remain firmly committed to ensuring that your Company complies with all relevant codes and regulations and ensuring that our management team continues to take decision that will create value for you in the short, medium and long term.

I am pleased to record appreciation for the continued dedications, commitment and loyalty of the employees of your Company. I am also thankful to all stakeholders for the loyalty they have shown during our difficult period. I also appreciate the assistance and continued support of the various Government Departments, Bankers, Customers and Stakeholders.

Aziz L. Jamal
Chairman

Date: October 03, 2019

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, 2019 together with the independent auditors' report thereon.

OPERATING AND FINANCIAL RESULTS

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

	2019	*2018*
	---- (Rupees in '000') ----	
Revenue	**63,832**	**74,371**
Cost of sales and expenses	**(14,028)**	**(123,530)**
Gross Profit /(loss)	**49,804**	**(49,159)**
Administrative expenses	**(15,943)**	**(21,698)**
Operating profit / (loss)	**33,861**	**(70,857)**
Other charges	**(31,613)**	**(34,310)**
Finance cost - bank charges	**(5)**	**(2)**
Other income	**911**	**39,365**
Profit / (loss) before taxation	**3,154**	**(65,804)**
Taxation –net	**2,313**	**(930)**
Profit / (loss) after taxation	**5,467**	**(66,734)**

Other comprehensive income

Items that will not be reclassified subsequently to profit or loss

Revaluation surplus on property	-	25,502
Total comprehensive income/(loss) for the year	5,467	(41,232)
Earning/loss per share - basic and diluted	0.51	(6.28)

MATERIAL UNCERTAINITY RELATING TO GOING CONCERN

As regard the auditors' emphasis of the material uncertainty to continue as going concern, the course of action taken up by the management was discussed in the report and your Company after a period of eight years has made after tax profit of Rs.5,467,000 and earning per share of Rs.0.51 as your Company has started delivery of plots apart from lease income, and therefore your management do not see any significant doubts to continue as going concern.

CHANGE IN OBJECT CLAUSE AND FUTURE DIRECTION

After Approval from the Board and the General Body at the Last Annual General Meeting, the Object Clause was amended and the Principal Line of Business of the Company would be Marketing and Sale/Purchase of Plots, land and Properties. We have already started on our first Project named 'Jamal Garden' and we expect major developments during the next year. With a dearth of affordable housing in the city, we expect business to thrive in the next 5 years.

OBSERVATION OF AUDITORS REGARDING CODE OF CORPORATE GOVERNANCE

Regarding observations of auditors in respect of non-compliance with the requirements of 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. Reanda Haroon Zakaria & Company, Chartered Accountants, retired and being eligible have offered themselves for reappointment. Audit committee has recommended the reappointment.

REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTOR

REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTOR

All the remuneration of Chief Executive , Directors and Executives as stated in note 31 to the financial statements were approved by the audit committee as well as the board of directors.

RELATED PARTY TRANSACTIONS

There were no transactions with related parties and with the key management personnel except as disclosed in notes 4 and 32 and / or elsewhere in the financial statement. All the remunerations were approved by the audit committee as well as the board of directors.

AUDIT AND HR AND REMUNERATION COMMITTEES

The Board of Directors has established Audit Committee as well as HR and Remuneration Committee in compliance with the Code of Corporate Governance, which comprises of the following members. No of meetings by each person is also given:

a) Audit Committee	Designation	No of meetings attend
Mr. Suleman Aswani	Chairman	4
Mr. Rashid L. Jamal	Member	3
Mr. Akhtar Wasim Dar	Member	4
Mr. Mirza Akhtar Shikoh	Secretary	4

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

EARNING PER SHARE

The earnings per share of the company stood at Rs.0.51 [Loss Rs. (6.27): 2018].

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 4 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 Regulation number 20 of the Regulations, four Director of the Company are exempt from the requirement of Directors' training program and the rest of the directors will be trained. All the directors on the Board are fully conversant with their duties and responsibilities as directors of their corporate duties. The Board had arranged an orientation course of the Code of Corporate Governance for its directors to apprise them of their roles and responsibilities.

o) There was no trading in shares of the Company by its directors, CEO, CFO, Company Secretary and their spouses and minor children.

p) The Board of directors and its management team are fully determined to move the Company from present situation of uncertainties and for this a strategic plan has been developed and you will see positive improvements in the foreseeable future.

The following matters were discussed in detail:-

- Risk of default of restructuring agreement.
- SSGC case
- Internal Audit Report
- Five year projection.
- Status of Mauza Feroz Land.
- Anwar Kaludi continue to hold the office of Chief Financial Officer.

ACKNOWLEDGEMENT

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

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

Your directors also appreciate the assistance and continued support of the various Government Departments, Bankers, Customers and Shareholders.

For and On behalf of the Board

Husein Jamal

Chief Executive Officer

Date: October 3, 2019

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, 2019 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.	Chairman's review report has not been attached with financial statements as required under section 192 of the Companies Act. 2017	9
ii.	A system of sound internal control is not established.	10(3)(iv)
iii.	The board has not complied with the requirement of presence of at least two independent Directors in meeting in respect of agenda item/matter where Director has a conflict of interest as defined in section 207 of the Companies Act, 2017.	16
iv.	Head of Internal Audit does not hold the qualification criteria as specified under the regulations.	24
v.	The Chief Finance Officer and Company secretary are the same persons.	25
vi.	Internal audit team does not comprise of experts of relevant discipline.	32(1)(c)
vii.	Significant accounting policies are not placed on Company's website.	39

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, 2019.

Further, we highlight below instance of non-compliance with the requirements of the Regulations as reflected in the paragraph references, where these are stated in the Statement of Compliance:

S. No.	*Reference*	*Description*
i.	*Paragraph 2*	The Board consists of only one independent director as required by regulation 6 of sub clause 1 of the Regulations.
ii.	*Paragraph 9*	The Board has not arranged Directors' Training Program for any of its Directors as required by regulation 20 of sub clause 1 of clause a of the Regulations.

RH2 Reanda Haroon Zakaria

Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: 0 3 OCT 2019

Engagement Partner
Muhammad Haroon

STATEMENT OF COMPLIANCE WITH LISTEDCOMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATION,2017
HUSEIN INDUSTRIES LIMITED
FOR THE YEAR ENDED JUNE 30,2019

The Company has complied with the requirement of the Regulation in the following manner:

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

a) Male: 5
b) Females: 2

2. The Composition of board is as follows:

Category	**Names**
Independent Director	Mr. Suleman Aswani
OtherNon-Executive Directors	Mr. Rashid L. Jamal Miss. Saman Aziz Jamal Mrs. Aisha Bai Suleman Mr. Akhtar Wasim Dar
Executive Director	Mr. HuseinJamal Mr. Aziz L. Jamal

3. The directors have confirmed that none of them is serving as a director on 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 / 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 theBoard for this purpose. The Board has complied with the requirements of Act and the Regulations withrespect to frequency, recording and circulating minutes of meeting of board.

8. The Boards of Directors have a formal policy and transparent procedures for remuneration of directors inaccordance 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 he 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: October 03, 2019

Karachi

Chairman

REANDA
Reanda Haroon Zakaria & Company
Chartered Accountants

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 2019, 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 2019 and of the profit and other comprehensive income, 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 earned after tax profit amounting to Rs. 5.467 (2018: incurred after tax loss of Rs. 66.734 – *restated*) million and its accumulated losses stood at Rs. 1,554.461 (2018: Rs. 1,559.928) million resulting in negative shareholders' equity of Rs. 944.567 (2018: Rs. 950.034) million. Further the Company has been incurring gross loss from financial year 2011 till 2018. Moreover, its current liabilities exceeded its current assets by Rs. 1,243.679 (2018: Rs. 1,255.961) 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.

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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. First time adoption of IFRS 9 – Financial Instruments	
(Refer note 2.5.1 and 10 to the accompanying financial statements) The Company has adopted IFRS 9 with effect from July 01, 2018. IFRS 9 requires the Company to make provision for financial assets (trade debts) using Expected Credit Loss (ECL) approach as against the incurred loss model previously applied by the Company under IAS 39 (note 10) and to change the classification of financial assets as fully described in note 2.5.1. Determination of allowance for credit loss against trade debts requires significant judgement and assumptions including consideration of factors such as historical credit loss experience and forward-looking information. We have considered the first-time application of IFRS 9 relating to ECL as a key audit matter due to significance of the change in accounting methodology and involvement of estimates and judgments in this regard.	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 IFRS 9; • assessing the methodology developed and applied by the Company to estimate the ECL in relation to trade debts; • evaluating the assumptions used in applying the ECL methodology based on historical information and qualitative factors; • assessing the integrity and quality of the data used for ECL computation based on information system of the Company; • performing recalculation to check the mathematical accuracy of the ECL model; • assessing the adequacy of disclosures in the financial statements of the Company regarding application of IFRS 9.
2. Revenue recognition due to change in object clause	
(Refer to note 3.13 and 23 to the accompanying financial statements)	Our audit procedures to address the matter, amongst others, included the following:

REANDA

Key Audit Matters	*How the matter was addressed in our audit*
During the year, the change in object clause of the Company has been approved by the Securities and Exchange Commission of Pakistan, therefore the Company has initiated recognizing revenue from sale of plots in ordinary course of business. Further, rental income from now onwards will be classified as revenue in accordance with the new object clause. The Company has generated revenue amounting to Rs. 63.832 million, which includes 5.392 million against sale of plots and remainder relates to rental income. Due to significant judgements involved, we identified revenue recognition as key audit matter.	• assessing the appropriateness of the Company's accounting policies for revenue recognition and reasonableness of those policies in accordance with IFRS 15 'Revenue from Contracts with Customers'; • reviewing the true certified copy of object clause; • performing substantive procedures for all revenue transactions recorded during the year; • reviewing the related disclosures in accordance with the applicable financial reporting standards.

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.**

Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: 03 OCT 2019

HUSEIN INDUSTRIES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019	2018
		----- (Rupees in '000') -----	
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	**290,649**	241,053
Long term investment	6	**530**	482
Long term deposits	7	**7,933**	7,933
Deferred taxation - net	8	**-**	-
		299,112	249,468
Current Assets			
Development property	9	**73,718**	73,071
Trade debts	10	**-**	31,613
Tax refunds due from the Government	11	**6,716**	6,081
Cash and bank balances	12	**468**	1,847
		80,902	112,612
Non-current assets classified as held for sale	13	**-**	56,459
Total Assets		**380,014**	418,539
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized Capital			
15,000,000 Ordinary shares of Rs. 10 each		**150,000**	150,000
Share Capital			
Issued, subscribed and paid up capital	14	**106,259**	106,259
Capital Reserves			
Share premium	15	**33,858**	33,858
Revaluation surplus on property	15	**177,635**	177,635
		211,493	211,493
Revenue Reserves			
General reserve	15	**292,142**	292,142
Accumulated losses	15	**(1,554,461)**	(1,559,928)
		(1,262,319)	(1,267,786)
Shareholder's equity		**(944,567)**	(950,034)
Non-Current Liabilities			
Long term borrowings	16	**-**	-
Current Liabilities			
Trade and other payables	17	**229,479**	214,793
Contract liabilities	18	**349,560**	294,552
Short term borrowings	19	**150,444**	60,321
Overdue portion of long term borrowings	16	**431,389**	613,896
Markup accrued - overdue	20	**141,999**	141,999
Unclaimed dividend	21	**21,710**	41,315
Provision for taxation		**-**	1,697
		1,324,581	1,368,573
Contingencies and Commitments	22		
Total Equity and Liabilities		**380,014**	418,539

The annexed notes from 1 to 38 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 COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		----- (Rupees in '000') -----	
			Restated
Revenue	23	**63,832**	74,371
Cost of sales and expenses	24	**(14,028)**	(123,530)
Gross profit / (loss)		**49,804**	(49,159)
Administrative expenses	25	**(15,943)**	(21,698)
Operating profit / (loss)		**33,861**	(70,857)
Other charges	26	**(31,613)**	(34,310)
Finance cost - bank charges		**(5)**	(2)
Other income	27	**911**	39,365
Profit / (loss) before taxation		**3,154**	(65,804)
Taxation - net	28	**2,313**	(930)
Profit / (loss) after taxation		**5,467**	(66,734)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Revaluation surplus on property		-	25,502
Total comprehensive income / (loss) for the year		**5,467**	(41,232)
Earning / (loss) per share - basic and diluted	29	**0.51**	(6.28)

The annexed notes from 1 to 38 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, 2019

		Reserves					
		Capital		Revenue			
	Ordinary share capital	Share premium	Revaluation surplus on property	General	Accumulated losses	Total reserves	Total shareholders' equity
	Rupees in '000'						
Balance as at June 30, 2017	106,259	33,858	152,133	292,142	(1,493,194)	(1,015,061)	(908,802)
Total Comprehensive loss for the year							
Loss for the year - *Restated*	-	-	-	-	(66,734)	(66,734)	(66,734)
Other comprehensive income for the year - *Restated*	-	-	25,502	-	-	25,502	25,502
	-	-	25,502	-	(66,734)	(41,232)	(41,232)
Balance as at June 30, 2018	**106,259**	**33,858**	**177,635**	**292,142**	**(1,559,928)**	**(1,056,293)**	**(950,034)**
Total Comprehensive income for the year							
Profit for the year	-	-	-	-	5,467	5,467	5,467
Other comprehensive income for the year	-	-	-	-	-	-	-
	-	-	-	-	5,467	5,467	5,467
Balance as at June 30, 2019	106,259	33,858	177,635	292,142	(1,554,461)	(1,050,826)	(944,567)

The annexed notes from 1 to 38 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, 2019

	2019	2018
	---- (Rupees in '000') ----	
A. CASH FLOW FROM OPERATING ACTIVITIES		*Restated*
Profit / (loss) before taxation	**3,154**	(65,804)
Adjustments for:		
Depreciation	**12,080**	12,982
Provision for staff gratuity	**1,383**	1,230
Provision for doubtful debts	**31,613**	24,420
Loss on sale of stores, spare parts and loose tools	**-**	6,511
Remeasurement (gain) / loss on investment	**(48)**	127
Gain on disposal of vehicle	**(798)**	-
Loss on derecognition of building	**-**	3,252
Dividend income	**(27)**	(2)
Finance cost	**5**	2
	44,208	48,522
Cash generated from / (used in) operating activities before working capital changes	**47,362**	(17,282)
(Increase) / decrease in current assets		
Stock in trade	**-**	123,790
Development property	**(647)**	(73,071)
Trade debts	**-**	(3,928)
Advances	**-**	43,311
Deposit	**-**	725
	(647)	90,827
Increase in current liabilities	**68,311**	105,742
Net cash generated from operations	**115,026**	179,287
Taxes paid - net	**(19)**	(20)
Dividend paid	**(19,605)**	(2,814)
Financial charges paid	**(5)**	(2)
Net cash generated from operating activities	**95,397**	176,451
B. CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of stores, spare parts and loose tools	**-**	14,111
Proceed from sale of vehicle	**900**	-
Addition in property, plant and equipment	**(5,319)**	-
Dividend received	**27**	2
Net cash (used in) / generated from investing activities	**(4,392)**	14,113
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term borrowings	**(182,507)**	(195,520)
Short term borrowings obtained - net	**90,123**	5,621
Net cash used in financing activities	**(92,384)**	(189,899)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	**(1,379)**	665
Cash and cash equivalent at beginning of the year	**1,847**	1,182
Cash and cash equivalent at end of the year	**468**	1,847

The annexed notes from 1 to 38 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 Companies Act, 2017) in the name of Husein Textile Mills Limited, which was changed to Husein Industries Limited in 1964 and it is listed on Pakistan Stock Exchange Limited. The trading of Company's shares has been suspended by Pakistan Stock Exchange Limited on December 09, 2013 on account of non holding of Annual General Meeting and other secretarial non-compliances. The registered office of the Company is situated at HT-8, Landhi Industrial Area, Karachi.

The Company has ceased its textile business since the financial year 2014 and the management has developed business diversification strategy to enter into real estate development, construction and allied businesses for which necessary approval from the regulator for change in 'object clause' is obtained during the current financial year.

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 earned after tax profit amounting to Rs. 5.467 (2018: incurred after tax loss of Rs. 66.734 - as restated) million and its accumulated losses stood at Rs. 1,554.461 (2018: Rs. 1,559.928) million resulting in negative shareholders equity of Rs. 944.567 (2018: Rs. 950.034) million. At reporting date, current liabilities of the Company exceeded the current assets by Rs. 1,243.679 (2018: Rs. 1,255.961) million. Further the Company has been incurring gross loss from financial year 2011 till 2018. Moreover, the operational activities related to textile business have been closed down in financial year 2014, consequently, there has been no production of textile goods thereafter till to date. Accordingly, the Company was unable to pay its creditors on due dates and had also not been able to meet its obligations under various financing agreements with the banking company dated May 23, 2011.

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

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

In July 2016, the Bank at the request of the Company has restructured the long term and short term financing agreements at Rs. 870 million on terms and conditions as disclosed in note 16 to these financial statements. Till the issuance of these financial statements, the Company has repaid Rs. 742.682 million of the restructured loan amount. The delayed payment of installments of restructured loan and currently overdue installments amounting to Rs. 157.29 million has attracted clause (ii) and (iv) of note 16.3 to these financial statements, the waiver of which is dependent at the discretion of the banking company.

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

In the First phase of real estate business, the Company's owned land (LT-21) measuring 38,010 square yards situated at LT-21, scheme-3, Landhi Industrial Area, Karachi, will be sold in the form of residential and commercial plots and sites. The Banking Company had issued No Objection Certificate in respect of sub-division / bifurcation of the mortgaged property bearing plot number LT-21 in order to settle its liabilities towards the banking Company. Further, the Company has already obtained NOC for commercialization and approval of the layout plan of the LT-21 from Sindh Building Control Authority. Moreover, the Banking Company had also released the original title documents of the mortgaged property LT-21 in accordance with Settlement (Restructuring) Agreement dated July 11, 2016.

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

During the year ended June 30, 2018, the Board has also approved sale of textile plant and machinery, stock in trade and stores, spare parts and loose tools which will facilitate the repayment of revised bank loan. Therefore, the Company sold all the textile stock in trade and stores, spare parts and loose tools and utilized the proceeds for repayment of restructured bank loan. However, during the year, management has changed its intention related to use of textile plant and machinery and decided to hold the same to earn rental income till these are sold at a reasonable price and utilize the inflows to pay off the revised bank loan.

The Company has also rented its buildings situated at HT-8 along with plant and machinery installed therein on lease, the inflows of which are utilized to pay off the revised bank loan.

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

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

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

2 *BASIS OF PREPARATION*

2.1 *Statement of compliance*

These financial statements have been prepared in accordance with the 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.

2.2 *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 investment (fair value through profit or loss) is stated at the fair values;

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

2.3 *Functional and presentation currency*

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

2.4 *Critical accounting estimates and judgments*

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

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

(i) The recoverable amount, residual values and useful lives of property, plant and equipment - note 3.1 and 5;

(ii) The provision for debts considered doubtful - note 3.5 and 10;

(iii) The recognition of current and deferred taxation - note 3.11, 8 and 28;

(iv) Accounting for staff retirement benefits - note 3.9 and 17;

(v) Revenue recognition - note 3.13 and 23;

2.5 *New standards, amendments to standards and IFRS interpretations that are effective for the year ended June 30, 2019*

The following amendments to accounting standards are effective for the year ended June 30, 2019 except as explained otherwise, these standards 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 for period beginning on or after
Amendments to IFRS 2 'Share-based Payment' - 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

	Effective for period beginning on or after
IFRS 9 'Financial Instruments'	Annual period ending on or after June 30, 2019
IFRS 15 'Revenue from Contracts with Customers'	July 1, 2018
Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property	January 1, 2018
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 1, 2018

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

2.5.1 *First time adoption of new Standards*

IFRS 9 - Financial Instruments

This standard has been notified by the SECP to be effective for annual periods ending on or after June 30, 2019. This standard replaced the majority of requirements of IAS 39 - Financial Instruments: Recognition and Measurement (IAS 39) and covers the classification, measurement and de-recognition of financial assets and financial liabilities. It requires all fair value movements on equity investments to be recognized either in the profit or loss or in other comprehensive income, on a case-by-case basis, and also introduced a new impairment model for financial assets based on expected losses rather than incurred losses and provides a new hedge accounting model.

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively. The accounting policies that apply to financial instruments are stated in note 3.3 to the financial statements. The impact of the adoption of IFRS 9 has been in the following areas:

(i) *Classification and measurement of financial assets and financial liabilities*

IFRS 9 largely retains the existing requirements of IAS 39 for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, held for trading, available for sale and held to maturity with the categories such as amortized cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

The following table explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at June 30, 2018:

As at June 30, 2018	*Original classification under IAS 39*	*New Classification under IFRS 9*	*Original carrying amount*	*New carrying amount*
			-----Rupees in '000'-----	
Long term investment	Available for sale	FVTPL	482	482
Long term deposits	Loans and receivable	Amortized cost	7,933	7,933
Trade debts	Loans and receivable	Amortized cost	31,613	31,613
Cash and bank balances	Loans and receivable	Amortized cost	1,847	1,847
Total fiancial assets			41,875	41,875

Retrospective application of changes in classification of financial assets due to adoption of IFRS 9 has had the following effects on the amounts presented for June, 30 2018:

Statement of Profit or Loss and Other Comprehensive Income For the year ended 30 June 2018	***As previously reported***	***Adjustment as per IFRS 9***	***As restated with adoption of IFRS 9***
	----------Rupees in '000'----------		
Other charges	**34,183**	**127**	**34,310**
Loss before taxation	**65,677**	**127**	**65,804**
Loss after taxation	**66,607**	**127**	**66,734**
Unrealized loss on remeasurement of available for sale investments	**127**	**(127)**	**-**
Loss per share - basic and diluted	**6.27**	**0.01**	**6.28**

The adoption of IFRS 9 did not have a significant effect on Company's accounting policies related to financial liabilities

(ii) Hedge accounting

IFRS 9 requires that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

There is no impact of the said change on these financial statements as there is no hedge activity carried on by the Company during the year ended June 30, 2019.

(iii) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model of IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVTOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

Under IFRS 9, loss allowances are measured on either of the following basis:

- 12 - months ECLs: These are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: These are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company has elected to recognize loss allowance ECL in respect of financial assets carried at amortized cost on the basis of lifetime ECLs.

Impact of the new impairment model

For assets within the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of IFRS 9's impairment requirements on the reporting date does not have a material impact on provision for doubtful debts measured under IAS 39.

IFRS 15 - Revenue from Contracts with Customers

This standard was notified by the Securities and Exchange Commission of Pakistan ('SECP') to be effective for annual periods beginning on or after July 1, 2018. IFRS 15 - Revenue from contracts with customers (IFRS 15) replaced IAS 18 - Revenue, IAS 11 - Construction Contracts, IFRIC 13 - Customer Loyalty Programmes, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers and SIC 31 - Revenue - Barter Transactions involving Advertising Services. IFRS 15 establishes a five-steps model to account for revenue arising from contracts with customers. These are identification of contracts with customers, performance obligations in the contracts, determined the transaction price, allocate the transaction price to performance obligations and recognition of revenue on satisfaction of performance obligations. The Company's revenue relates to sale of plots / sites and rental income. The Company started recognizing revenue from aforesaid operations during the year after obtaining the approval of change in object clause from SECP in accordance with revenue policy as fully described in note 3.13 to these financial statements. Accordingly, the adoption of IFRS 15 did not have an impact on the prior years.

2.6 *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
Amendments to IFRS 3 'Business Combinations': Amendments to clarify the definition of a business	January 1, 2020
Amendments to IFRS 9 'Financial Instruments': Amendments regarding prepayment features with negative compensation and modifications of financial liabilities.	January 1, 2019
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures': Sale or contribution of assets between an investor and its associate or joint venture	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
IFRS 16 'Leases'	January 1, 2019
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors': Amendments regarding the definition of material	January 1, 2020
Amendments to IAS 19 'Employee Benefits': Plan amendments, curtailments or settlements	January 1, 2019
Amendments to IAS 28 'Investments in Associates and Joint Ventures': Long-term interests in associates and joint venturesAmendments to IAS 28 'Investments in Associates and Joint Ventures': Long-term interests in associates and joint ventures	January 1, 2019
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

	Effective from accounting period beginning on or after
Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.	January 1, 2020

Certain annual improvements have also been made to a number of standards, which have not ben 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

3 *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

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

3.1 *Property, plant and equipment*

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

3.2 *Impairment of non-financial assets*

The carrying amounts of non-financial assets are reviewed at each reporting date to determine 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 determined 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 risks specific to the assets.

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.

3.3 *Financial assets and liabilities*

3.3.1 *Initial Recognition*

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value or amortized cost as the case may be.

3.3.2 *Classification of financial assets*

The Company classifies its financial instruments in the following categories:

- at amortized cost.
- at fair value through other comprehensive income ("FVTOCI"), or
- at fair value through profit or loss ("FVTPL"),

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets at amortized cost
Financial assets that meet the following conditions are subsequently measured at amortized cost:

a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through OCI
Financial assets that meet the following conditions are subsequently measured at FVTOCI:

a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

However, Company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income provided that the investment is neither held for trading nor is a contingent consideration in a business combination.

Financial assets at fair value through P&L
A financial asset is measured at fair value through P&L unless it is measured at amortized cost or at fair value through OCI.

3.3.3 *Financial liabilities*

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"), or
- at amortized cost.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

3.3.4 *Subsequent measurement*

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognized in OCI.

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, and subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the profit or loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income. Currently, there are no financial liabilities designated at FVTPL.

3.3.5 *Impairment of financial assets at amortized cost*

The Company recognizes a loss allowance for expected credit losses (ECLs) on financial assets that are measured at amortized cost. Loss allowances are measured on the basis of life time (ECLs) that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL is only recognized if the credit risk at the reporting date has increased significantly relative to the credit risk at initial recognition. Further, the Company considers the impact of forward looking information (such Company's internal factors and economic environment of the country of customers) on ECLs. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity and the cash flows that the Company expects to receive).

Financial assets that are subject to ECL model includes long term deposits, trade debts and cash and bank balances.

The Company recognizes an impairment gain or loss in the statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

3.3.6 *Derecognition*

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in profit or loss.

In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to revenue reserve.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss and other comprehensive income.

3.3.7 *Offsetting of financial assets and financial liabilities*

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.4 *Development property*

Property acquired, constructed or in the course of construction and is held for sale in the ordinary course of business, rather than held to earn rental income 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 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 including those paid to relevant authorities.

Net realizable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date less estimated costs of completion and the estimated costs necessaarily to be incurred to make the sale.

The cost of sales recognised in profit or loss on disposal is determined with reference to the costs incurred on the plots / commercial sites sold and an allocation of any non-sepecific costs based on the total area of land sold for plots / commercial sites, in relation to total area of land.

3.5 *Trade debts*

Trade debts are recognized initially at fair value and subsequently measured at amortized cost after deducting allowance for uncollectable amounts, if any. The Company applies the IFRS 9 simplified approach to measure the expected credit losses (ECL) which uses a lifetime expected loss allowance for trade debts. Trade debts considered irrecoverable are written off.

Since all the trade debts were credit impaired at reporting date, therefore, the Company used practical expedient in accordance with IFRS 9 for calculation of the ECL on trade receivables using a provision matrix.

3.6 *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.

3.7 *Cash and cash equivalents*

It comprises of cash in hand and cash at bank which are carried at amortized cost. For the purpose of cash flow statements, cash and cash equivalent include cash in hand, current and deposit account held with the banks.

3.8 *Revaluation surplus on property*

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

3.9 *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 16 to these financial statements.

3.10 *Trade and other payables*

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

3.11 *Taxation*

Current

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

Deferred

Deferred income tax is provided using the balance sheet liability method for all temporary differences at the 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.

3.12 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.

3.13 Revenue recognition

Revenue from sale of plots and commercial sites are recognized as the performance obligations are satisfied. The Company satisfies its performance obligations over time because the customer controls the asset as the asset is developed. The control of plots or sites is transferred to the customers generally on issuing letter of possession to the customers upon satisfaction that the economic benefits of the transaction will flow to the Company in its entirety. Revenue is recognized based on amount of transaction price specified in the contract by allocating to performance obligation satisfied during the year. The Company uses input methods to measure the progress towards complete satisfaction of performance obligations instead of output methods because the outputs used to measure progress are not directly observable and information required is not available without undue cost. Input methods are based on develpment costs incurred till reporting date and costs to be incurred.

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

Dividend from investment at fair value through profit or loss are recorded when right to receive the same is established.

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

Other income is recognized on the occurrence of related transactions.

3.14 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 DETAILS OF RELATED PARTIES

Followings are the names of those related parties with whom the company has made transactions during the current financial year.

Name of related parties	*% of holding*	*Basis of relationship*
Aziz L. Jamal	11.93%	Director
Rashid L. Jamal	12.65%	Director
Aisha Bai Suleman	0.71%	Director

5 PROPERTY, PLANT AND EQUIPMENT

5.1 Operating fixed assets

Particulars	Free hold land	Lease hold land	Buildings on lease hold land	Plant and machinery	Furniture and fittings / office equipment	Vehicles	Total
	(Rupees in '000')						
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							
Impact of revaluation - note 15.2	25,502	-	-	-	-	-	25,502
Classification as development property	-	(260)	-	-	-	-	(260)
Classified as held for sale							
Cost	-	-	-	677,329	-	-	677,329
Depreciation	-	-	-	(620,870)	-	-	(620,870)
	-	-	-	56,459	-	-	(56,459)
Derecognition during the year							
Cost	-	-	9,409	-	-	-	9,409
Depreciation	-	-	(6,157)	-	-	-	(6,157)
	-	-	3,252	-	-	-	(3,252)
Depreciation for the year - note 5.2	-	-	(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**
Year ended June 30, 2019							
Addition	-	-	**2,992**	-	-	**2,327**	**5,319**
Classified as operating fixed assets 5.4							
Cost	-	-	-	**677,329**	-	-	**677,329**
Depreciation	-	-	-	**(620,870)**	-	-	**(620,870)**
	-	-	-	**56,459**	-	-	**56,459**
Disposal							
Cost	-	-	-	-	-	**1,316**	**1,316**
Depreciation	-	-	-	-	-	**(1,214)**	**(1,214)**
	-	-	-	-	-	**(102)**	**(102)**
Depreciation for the year - note 5.2	-	-	**(2,507)**	**(9,093)**	**(121)**	**(359)**	**(12,080)**
Net book value as at June 30, 2019	**183,427**	**333**	**49,132**	**53,504**	**1,059**	**3,194**	**290,649**
At June 30, 2018							
Cost / revalued amount *	183,427 *	333	120,683	57,066	13,303	20,952	395,765
Accumulated depreciation	-	-	(72,037)	(50,928)	(12,124)	(19,623)	(154,712)
Net book value	183,427	333	48,647	6,138	1,180	1,328	241,053
At June 30, 2019							
Cost / revalued amount *	**183,427 ***	**333**	**123,675**	**734,395**	**13,303**	**21,963**	**1,077,097**
Accumulated depreciation	-	-	**(74,544)**	**(680,891)**	**(12,245)**	**(18,768)**	**(786,448)**
Net book value	**183,427**	**333**	**49,132**	**53,504**	**1,059**	**3,194**	**290,649**
Depreciation rate	-	-	**5%**	**10-17%**	**6-15%**	**20-25%**	

	Note	2019	2018
		---- (Rupees in '000') ----	

5.2 *Depreciation charge for the year has been allocated as follows.*

	Note	2019	2018
Cost of sales	24	**2,507**	-
Administrative expenses	25	**9,573**	-
		12,080	-

5.3 The management has not reclassified lease hold land 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.

5.4 During the year, due to poor economic and business environment the management was unable to complete the sale of assets previously classified as held for sale. Therefore, the management revised its plans related to these plant and machinery and decided to hold these assets to earn rental income till these are sold at a reasonable price. Accordingly, these assets were reclassified as Property, Plant and Equipment in accordance with IAS 16. As a result of change in management's intentions, profit after tax for the year is reduced by Rs. 6.937 million (2018: Rs. nil).

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

Particulars	*Location*	*Total Area (Acres)*
Free hold land (Agricultural land)	Lahore - Faisalabad road, Mauza Feroz, tehsil and district Sheikhupura.	**37.356**
Lease hold land and Buildings 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 INVESTMENT

	Note	2019	2018
		---- (Rupees in '000') ----	
- At fair value through profit or loss			
In securities of listed company			
Dawood Lawrencepur Limited		**482**	609
Unrealized gain / (loss) on remeasurement		**48**	(127)
	6.1	**530**	482

6.1 *Dawood Lawrencepur Limited*

	2019	2018
Number of shares	**2,742**	2,742
Market price per share (Rupees)	**193.43**	175.74
Fair value (Amount in '000')	**530**	482

	Note	2019	2018
		---- (Rupees in '000') ----	

7 LONG TERM DEPOSITS

	2019	2018
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	2019	2018
This comprises of the following: -			
Taxable temporary difference			
Accelerated tax depreciation		**(17,410)**	(1,573)
Deductible temporary differences			
Provision for gratuity		**-**	3,209
Provision for doubtful debts		**20,491**	11,324
Effect of unabsorbed tax depreciation		**280,458**	280,458
Effect of minimum tax		**1,693**	1,697
Effect of tax losses		**78,506**	123,180
		381,148	419,868
		363,738	418,295
Net deferred tax asset not recognized	8.1	**(363,738)**	(418,295)
		-	-

8.1 Deferred tax asset as at June 30, 2019 to the extent of Rs. 363.738 (2018: Rs. 418.295) 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:***

Description	*Expiry Date*	*2019*	*2018*
		---- (Rupees in '000') ----	
Normal business losses			
Tax year 2013	June 30, 2019	**-**	135,067
Tax year 2014	June 30, 2020	**142,876**	142,876
Tax year 2015	June 30, 2021	**75,550**	75,550
Tax year 2018	June 30, 2024	**52,283**	55,408
Unabsorbed tax depreciation	Indefinite	**967,097**	967,097
Tax credit			
Minimum tax 2017	June 30, 2022	**-**	767
Minimum tax 2018	June 30, 2023	**895**	930
Minimum tax 2019	June 30, 2024	**798**	-

9 DEVELOPMENT PROPERTY	Note	2019	2018
		---- (Rupees in '000') ----	
Cost of land (LT-21)		**260**	260
Commercialization fee		**42,811**	42,811
Development expenditure	9.1	**32,779**	30,000
		75,850	73,071
Transferred to cost of sales to date	9.2	**(2,132)**	-
		73,718	73,071

9.1 Development expenditure

	2019	2018
Opening balance	**30,000**	-
Add: incurred during the year	**2,779**	30,000
	32,779	30,000

9.2 Represents cost of sales charged to profit or loss account for the year ended June 30, 2019.

10 TRADE DEBTS	Note	2019	2018
		---- (Rupees in '000') ----	
Exports			
Considered good		-	31,613
Considered doubtful		**59,298**	27,685
		59,298	59,298
Local			
Considered good		-	-
Considered doubtful		**11,362**	11,362
		11,362	11,362
		70,660	70,660
Allowance for expected credit loss	10.1	**(70,660)**	(39,047)
		-	31,613

10.1 Movement in allowance for expected credit losses

	2019	2018
Opening	**39,047**	14,627
Impairment loss recognized during the year	**31,613**	24,420
Closing	**70,660**	39,047

11 TAX REFUNDS DUE FROM THE GOVERNMENT

	2019	2018
Income tax	**740**	105
Duty drawback	**3,676**	3,676
Sales tax	**2,300**	2,300
	6,716	6,081

12 CASH AND BANK BALANCES

	Note	2019	2018
Cash in hand		**165**	681
Cash at bank - in current accounts	12.1	**303**	1,166
		468	1,847

12.1 Includes foreign currency accounts amounting to Rs. 0.111 (2018: Rs. 0.085) million.

	Note	2019	2018
		---- (Rupees in '000') ----	

13 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	Note	2019	2018
Plant and machinery	5.4	-	56,459

14 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2019	2018			
Number of Shares				
		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

14.1 Includes 2,185,964 (2018: 2,185,964) ordinary shares of Rs. 10 each held by the Husein Ebrahim Foundation, an associated undertaking of the Company.

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

15 RESERVES

	Note	2019	2018
		---- (Rupees in '000') ----	
Capital Reserves			
Share premium	15.1	**33,858**	33,858
Revaluation surplus on property	15.2	**177,635**	177,635
		211,493	211,493
Revenue Reserves			
General reserve	15.3	**292,142**	292,142
Accumulated losses		**(1,554,461)**	(1,559,928)
		(1,262,319)	(1,267,786)
		(1,050,826)	(1,056,293)

15.1 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.

15.2 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 June 30, 2018, 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 force sale value of freehold land is amounting to Rs. 146.741 million.

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

15.3 Represents appropriation of profit in preceding years.

	2019	2018
	---- (Rupees in '000') ----	

16 LONG TERM BORROWINGS

	2019	2018
From a banking company - secured		
Term finance as per loan agreement of May 23, 2011	**431,389**	613,896
Less: Overdue (2018: current and overdue) portion	**(431,389)**	(613,896)
	-	-

16.1 On July 11, 2016, the Company has entered into a Settlement (restructuring) Agreement with the bank according to which the total principal loan liability of Rs. 1,144.104 million, comprising of long term finance and short term finance amounting to Rs. 1,060.229 million and Rs. 83.875 million respectively, the outstanding amount as at May 27, 2016 will be restructured and reduced to Rs. 870 million and outstanding markup amounting to Rs. 141.999 million as on May 27, 2016 will be completely waived while the personal guarantees of the Directors will be cancelled. Accordingly, the total waiver of Rs. 416.103 million of loan and markup shall be subject to certain terms and conditions as disclosed in note 16.3 to these financial statements.

16.2 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. 431.344 (2018: Rs. 613.850) million.

16.3 Settlement (restructuring) Agreement dated July 11, 2016

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

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

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

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

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

During the year ended June 30, 2018, the bank has released the mortgage over property bearing no. LT-21, Landhi Industrial Area, Karachi and open plots and land situated at Lahore-Faisalabad Road, Sheikhupura. The mortgaged property bearing no. HT-8 located at Landhi Industrial Area, Karachi along with plant and machinery installed therein will continue to remain mortgaged to cover the Letter of Guarantees exposure amounting to Rs. 32.891 million along with the cash margin of Rs. 4.237 million.

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

The Company is making all due efforts to pay of outstanding amount of the Settlement Agreement amounting to Rs. 157.29 million.

	Note	2019	2018
		---- (Rupees in '000') ----	

17 TRADE AND OTHER PAYABLES

	Note	2019	2018
Trade creditors		**23,091**	24,712
Accrued liabilities	17.1 & 17.2	**179,394**	173,873
Gratuity payable	17.3	**12,449**	11,066
Security deposit against rent		**11,211**	5,142
Advance rental income		**3,334**	-
		229,479	214,793

17.1 Includes Rs. 162.741 (2018: Rs. 163.290) million prudently recorded by the Company against liability of Sui Southern Gas Company Limited (SSGC). In year 2012, the company filed a case in the 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. 200.836 million (2018: Rs. 200.819 million) as at reporting date. The management is confident based on legal advisor's opinion and the fact that markup on markup is illegal, that the Company is likely to succeed in waiving of the aforesaid additional charges. Accordingly, the Company has not recorded liability of Rs. 38.095 (2018: Rs. 37.529) million in these financial statements.

17.2 Includes director's and executive's remuneration payable amounting to Rs. 0.720 (2018: 0.360) million and Rs. 1 (2018: 1.2) million respectively.

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

18 CONTRACT LIABILITIES

	Note	2019	2018
		---- (Rupees in '000') ----	
Advance from allottees - unsecured	18.1	**349,560**	294,552

18.1 Represents liabilities against contract with customers / allottees for sale of open plots / sites. Revenue recognized during the year is adjusted against advance from allottees amounting to Rs. 5.392 million (2018: nil).

19 SHORT TERM BORROWINGS

	Note	2019	2018
		---- (Rupees in '000') ----	
Loan from directors	19.1	**150,444**	60,321

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

	2019	2018
	----- (Rupees in '000') -----	

20 MARKUP ACCRUED - OVERDUE

- on long term bank borrowings - term finance	**51,681**	51,681
- on short term bank borrowings	**90,318**	90,318
	141,999	141,999

21 UNCLAIMED DIVIDEND

Unclaimed dividend	**21,710**	41,315

21.1 During the current financial year, the Company has paid Rs. 19.605 million against liabilities for unclaimed dividend.

22 CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

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

22.2 Commitments

The banking companies have issued bank guarantees amounting to Rs. 39.445 (2018: Rs. 47.190) million in favor of Karachi Electric Limited and Sui Southern Gas Company Limited on behalf of the Company. The available and unavailed balance as on June 30, 2019 amounting to Rs. 39.809 (2018: Rs. 47.554) million and Rs. 0.364 (2018: Rs.0.364) million respectively.

	Note	2019	2018
		---- (Rupees in '000') ----	

23 REVENUE

	Note	2019	2018
Sale of plots	23.1	**5,392**	-
Rental income		**58,440**	-
		63,832	-
Gross sales of textile stock		-	75,858
Less: sales tax		-	(1,487)
		63,832	74,371

23.1 The aggregate amount of the transaction price allocated to the unfulfilled performance obligations is Rs. 10.308 million (2018: nil). The Company will recognise this revenue upon completion of development work.

24 COST OF SALES AND EXPENSES

	Note	2019	2018
		---- (Rupees in '000') ----	
Cost of textile stock sold			
Raw material		-	2,423
Work in process		-	101,602
Finished goods		-	19,505
		-	123,530
Cost of development property sold	9	**2,132**	-
Expenses related to rented property			
Fuel and power		**1,495**	-
Repairs and maintenance		**7,744**	-
Depreciation	5.2	**2,507**	-
Advertisement expense		**150**	-
		11,896	-
		14,028	123,530

25 ADMINISTRATIVE EXPENSES

	Note	2019	2018
Salaries, wages and allowances	25.1	**4,000**	5,827
Directors' remuneration		**360**	360
Legal and professional charges		**172**	26
Fees and subscriptions		**347**	-
Fuel and power		**675**	1,670
Printing and stationery		-	79
Depreciation	5.2	**9,573**	12,982
Directors' meeting fee		**14**	18
Auditors' remuneration	25.2	**770**	720
Others		**32**	16
		15,943	21,698

25.1 Includes an amount of Rs. 1.383 (2018 : Rs. 1.230) million in respect of markup on outstanding gratuity payable.

25.2 Auditors' remuneration

	Note	2019	2018
		---- (Rupees in '000') ----	
Annual audit		**550**	500
Half yearly review		**110**	110
Corporate governance review		**60**	60
Out of pocket expenses		**50**	50
		770	720

26 OTHER CHARGES

	Note	2019	2018
		---- (Rupees in '000') ----	
			Restated
Impairment loss on trade debts	10.1	**31,613**	24,420
Remeasurement loss on investment carried at fair value through profit or loss		-	127
Loss on sale of stores, spare parts and loose tools		-	6,511
Loss on derecognition of building		-	3,252
		31,613	34,310

27 OTHER INCOME

	Note	2019	2018
		---- (Rupees in '000') ----	
Income from financial assets			
Dividend		**27**	2
Remeasurement gain on investment carried at fair value through profit or loss		**48**	-
Unrealized exchange gain on bank account bank accounts	27.1	**25**	3,941
		100	3,943
Income from other than financial assets			
Rental income	23	-	35,419
Gain on disposal of vehicle		**798**	-
Interest income		**13**	3
		811	35,422
		911	39,365

27.1 Includes exchange gain on translation of foreign currency balances of export debtors into reporting currency amounting to Rs. nil (2018: Rs. 3.928 million) .

28 TAXATION - NET

	2019	2018
	---- (Rupees in '000') ----	
Current	-	(930)
Prior	**2,313**	-
	2,313	(930)

28.1 Income tax assessments of the Company have been finalized up to and including tax year 2018. 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.

28.2 Relationship between tax expense and accounting profit

	2019	2018
	---- (Rupees in '000') ----	
Accounting profit / (loss)	**3,154**	(65,804)
Tax at applicable tax rate of 29% (2018: 30%)	**(915)**	(19,741)
Effect of adjustments related to prior years	**2,313**	-
Effect of Minimum Tax Regime	**911**	930
Effect of Alternate Corporate Tax Regime	-	17,879
Effect of Final Tax Regime	**4**	2
Tax income / (expense) for the year	**2,313**	(930)

29 LOSS PER SHARE
- Basic and Diluted

		2019	2018
		---- (Rupees in '000') ----	
			Restated
Profit / (loss) after taxation		**5,467**	(66,734)
Weighted average number of ordinary shares		**10,625,852**	10,625,852
Earning / (loss) per share - basic and diluted	*Rupees*	**0.51**	(6.28)

	Note	2019	2018
		---- (Rupees in '000') ----	

30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

30.1 Financial Instrument by Category

	Note	2019	2018
Financial Assets			
- Fair value through profit or loss			
Long term investment	6	**530**	482
- At amortized cost			
Long term deposits	7	**7,933**	7,933
Trade debts	10	**-**	31,613
Cash and bank balances	12	**468**	1,847
		8,401	41,393
		8,931	41,875
Financial Liabilities			
- At amortized cost			
Trade and other payables	17	**226,145**	214,793
Short term borrowings	19	**150,444**	60,321
Current and overdue portion of long term borrowings	16	**431,389**	613,896
Markup accrued - overdue	20	**141,999**	141,999
Unclaimed dividend	21	**21,710**	41,315
		971,687	1,072,324

30.2 Financial risk management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, market risk (including currency risk, interest rate risk and price risk) and operational 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. The Company consistently manages its exposure to financial risks without any material change from previous period in the manner described in the notes below.

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

30.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause a financial loss for the other party, without taking into account the fair value of any collateral.

Exposure to credit risk

Credit risk of the Company arises principally out of trade debts, deposits and cash at banks. 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 allowance for expected credit losses against those balances considered uncollectable.

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

	Note	2019	2018
		---- (Rupees in '000') ----	
Long term deposits	7	**7,933**	7,933
Trade debts	10	**-**	31,613
Bank balances	12	**303**	1,166
		8,236	40,712

Trade debts

Ageing of debtors and impairment losses

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

Past due 1-180 days		**-**	-
Past due 181-365 days		**-**	-
More than one year		**70,660**	70,660
		70,660	70,660
Less: Allowance for expected credit loss	10.1	**(70,660)**	(39,047)
		-	31,613

Based on the past experience, consideration of financial position, past track records and recoveries, the Company has made necessary allowance for expected credit loss against debts considered uncollectable as disclosed in note 10.1 to these financial statements.

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	VIS	A1+

30.4 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, timely collection from trade debtors, the availability of adequate funds through committed credit facilities and the ability to close out and meet business needs due to dynamic nature of the business. Company finances its operations through equity, working capital, term finance facilities from banks and short term borrowings from directors 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: -

	2019			
	Carrying Amount	*Contractual cash flows*	*Up to one year*	*More than one year*
Financial liabilities	------------- Rupees in '000' -------------			
Short term borrowings	**150,444**	**150,444**	**150,444**	-
Trade and other payables	**226,145**	**226,145**	**226,145**	-
Overdue portion of long term borrowings	**431,389**	**431,389**	**431,389**	-
Markup accrued - overdue	**141,999**	**141,999**	**141,999**	-
Unclaimed dividend	**21,710**	**21,710**	**21,710**	-
	971,687	**971,687**	**971,687**	-

	2018			
	Carrying Amount	*Contractual cash flows*	*Up to one year*	*More than one year*
	------------- Rupees in '000' -------------			
Financial liabilities				
Short term borrowing	60,321	60,321	60,321	-
Trade and other payables	214,793	214,793	214,793	-
Current and overdue portion of long term borrowings	613,896	613,896	613,896	-
Markup accrued - overdue	141,999	141,999	141,999	-
Unclaimed dividend	41,315	41,315	41,315	-
	1,072,324	1,072,324	1,072,324	-

30.5 Market risk

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, interest rates and equity prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk comprises of three types of risk: currency risk, interest 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	2019	2018
		---- (Rupees in '000') ----	
Trade debts - exports	10	**59,298**	59,298
Foreign currency bank account	12.1	**111**	85
		59,409	59,383

The following significant exchange rates has been applied:	***Average Rate***		***Spot Rate at Reporting Date***	
	2019	*2018*	***2019***	*2018*
Pound Sterling to Rupees	**202.59**	148.26	**206.00**	159.93
USD to Rupees	**159.69**	109.97	**162.25**	121.50

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, profit for the year would have been lower by the amount shown below:

	2019	2018
	---- (Rupees in '000') ----	
Effect on profit or loss	**(5,941)**	(5,938)

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:

	2019	*2018*
	---- (Rupees in '000') ----	
Variable rate instruments		
Financial liabilities		
- Current and overdue portion of long term borrowings	**431,389**	613,896

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased the profit 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 2018.

	Increase	*(Decrease)*
	---- (Rupees in '000') ----	
As at June 30, 2019		
Cash flow Sensitivity	**4,314**	**(4,314)**
As at June 30, 2018		
Cash flow Sensitivity	6,139	(6,139)

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, profit for the year would have been higher / lower by the amount shown below. The analysis is performed on same basis for year 2018.

	Increase	*(Decrease)*
	---- Rupees ----	
As at June 30, 2019		
At fair value through profit or loss	**2,742**	**(2,742)**
As at June 30, 2018		
At fair value through profit or loss	2,742	(2,742)

30.6 *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.

30.7 *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.

30.8 *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, 2019.

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.

		2019	*2018*
		---- *(Rupees in '000')* ----	
Total debt		**573,388**	755,895
Less: Cash and bank balances		**(468)**	(1,847)
Net debt	**A**	**572,920**	754,048
Total shareholders' equity	**B**	**(944,567)**	(950,034)
Net debt and equity	**C=A+B**	**(371,647)**	(195,986)
Gearing ratio	**D=A/C**	**(162%)**	(385%)

30.9 Fair Value of Financial Instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties at arm's length transaction.

Fair value hierarchy

In accordance with the requirements of IFRS 13 Fair value measurement, the Company classifies its property and investments in terms of following fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: 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).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable).

Details of the Company's long term investment and free hold land in terms of fair value hierarchy, explained above, at reporting date is as follows:

	2019		
	Level 1	Level 2	Level 3
	------- (Rupees in thousand) -------		
Assets measured at fair value			
Long term investment	**530**	-	-
Free hold land	-	**183,427**	-

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

31 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, 2019	June 30, 2018	**June 30, 2019**	June 30, 2018	**June 30, 2019**	June 30, 2018
	------------ Rupees ------------					
Managerial remuneration	**264,000**	264,000	-	-	**1,200,000**	1,200,000
House rent	**96,000**	96,000	-	-	-	-
	360,000	360,000	-	-	**1,200,000**	1,200,000
Fee	**2,000**	2,000	**12,000**	16,000	-	-
Number of persons	**1**	1	**6**	6	**1**	1

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

32 *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%	**40,861**	40,921
Rashid L. Jamal	Key management personal	12.65%	**49,377**	-
Short term borrowings repaid during the year				
Aisha Bai	Key management personal	0.71%	**115**	13,500

33 *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.

34 *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.

35 *CORRESPONDING FIGURES*

Corresponding figures have been reclassified, whenever necessary for the purpose of compliance, comparison and better presentation. Major reclassifications during the year are as follows;

Reclassification from the caption component	*Reclassification to the caption component*	*Note*	*Amount in Rupees*
Deferred liabilities (staff retirement benefits)	Trade and other payables (gratuity payable)	17	**11,066**
Trade debts (provision against debts considered doubtful)	Trade debts (allowance for expected credit loss).	10	**39,047**
Trade and other payable (advance from allottees - unsecured)	Contract liabilities	18	**294,552**

36 NUMBER OF EMPLOYEES

	2019	2018
Total number of employees at the end of the year	**4**	4
Average number of employees during the year	**4**	4

37 GENERAL

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

38 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors on 03 OCT 2019.

Chief Executive Officer

Chief Financial Officer

Director

PATTERN OF HOLDING OF THE SHARES HELD BY THE SHARES HOLDERS AS AT JUNE 30, 2019

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, 2019

CATEGORIES OF SHAREHOLDERS	NOS	2019	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 2018-2019

Name of Directors	Total No. of Board Meetings	No of Meetings attended
Mr. Aziz L. Jamal	4	4
Mr. Husein Jamal	4	4
Mr. Rashid L. Jamal	4	4
Mrs. Aisha Bai Suleman	4	4
Miss Saman Aziz Jamal	4	4
Mr. Akhtar Wasim Dar	4	4
Mr.Suleman Aswani	4	4

ATTENDANCE AT THE AUDIT COMMITTEE MEETINGS DURING THE YEAR 2018-2019

Name of Members	Total No. of Audit committee Meeting	No of Meetings attended
Mr. Suleman Aswani	4	4
Mr. Rashid L. Jamal	4	3
Mr. Akhtar Wasim Dar	4	4
Mr. Mirza Akhtar Shikoh	4	4

KEY OPERATING & FINANCIAL DATA

FROM 2013-2014 TO 2018-2019

Description	July-June 2018-2019	July-June 2017-2018	July-June 2016-2017	July-June 2015-2016	July-June 2014-2015	July-June 2013-2014
Revenue	63,832	74,371	76,769	-	3,234	328,670
Cost of Sales	(14,028)	(123,530)	(80,417)	-	(87,810)	(511,834)
Gross profit / (loss)	49,804	(49,159)	(3,678)	-	(84,576)	(183,164)
Operating profit / (loss)	33,861	(70,857)	(27,137)	(27,447)	(90,143)	(200,469)
Profit / (loss) before Tax	3,154	(65,804)	388	(15,858)	(108,561)	(196,668)
Profit / (loss) After Tax	5,467	(66,734)	(379)	(15,858)	(109,646)	(197,859)
Paid up Capital	106,259	106,259	106,259	106,259	106,259	106,259
Current Assets	80,902	112,612	250,047	295,767	324,784	961,225
Current Liabilities	1,324,581	1,368,573	1,135,755	727,928	259,308	1,206,303

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 26 October 2019 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 ____________ 2019,

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.