



HUSEIN INDUSTRIES LIMITED

ANNUAL REPORT

'JUNE 30, 2020

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

**BOARD OF DIRECTORS**

Mr. Aziz L. Jamal
Mr. Husein Jamal
Mr. Rashid L. Jamal
Mrs. Aisha Bai Suleman
Mr. Muhammed Ali Rashid
Mr. Abdul Rehman Yousuf
Mr. Suleman Aswani

Chairman
Chief Executive
Director
Director
Director
Director
Director

BOARD OF AUDIT COMMITTEE

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

Chairman
Member
Member
Secretary

H.R.& REMUNERATION COMMITTEE

Mr. Suleman Aswani
Mr. Abdul Rehman Yousuf
Mr. Shan ul Haq

Chairman
Member
Member

COMPANY SECRETARY

Mr. M. Anwar Kaludi

REGISTERED & HEAD OFFICE

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

BANKERS

Habib Metropolitan Bank Limited
MCB Bank Limited
Soneri Bank Limited

AUDITORS

Reanda Haroon Zakaria & Co.
Chartered Accountants

SHARE REGISTRAR

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 67th Annual General Meeting of the Shareholders of the Husein Industries Limited will be held on 27th October, 2020 at 1:30 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 66th Annual General Meeting held on 26th October, 2019.
2. To receive, consider and adopt the Financial Statement of the Company for the year ended 30th June, 2020 together with the Directors and Auditor's Report thereon.
3. To appoint Auditors and fix their remuneration for the year ended 30th June, 2021. M/S Reanda Haroon Zakaria & Co., Chartered Accountants, retire and offer themselves for reappointment.
4. To transact any other business as may be placed before the Meeting with the permission of the Chair.

Karachi, 5th October, 2020

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

NOTES:

1. The Register of Members of the Company will remain closed from 21/10/2020 to 27/10/2020 (both days inclusive) Transfer received in order at the office of our Share Registrar M/s. C & K Management Associates (Pvt.) Limited, 404, Trade Tower, Abdullah Haroon Road, Near Metropole Hotel, Karachi-75330 at the close of business on 20th October, 2020 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 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 place the Financial Statements and reports on the Company on 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) alongwith 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.

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 2020 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.2,463,000 and earning a Revenue of Rs. 108,339,000. 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.

Date: October 05th October 2020



Aziz L. Jamal
Chairman

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, 2020 together with the independent auditors' report thereon.

OPERATING AND FINANCIAL RESULTS

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

	2020	2019
	---- (Rupees in '000') ----	
Revenue	108,339	63,832
Cost of sales and expenses	(22,382)	(14,028)
Gross Profit /(loss)	85,957	49,804
Administrative expenses	(21,740)	(15,943)
Operating profit / (loss)	64,217	33,861
Other charges	(96)	(31,613)
Finance cost	(60,517)	(5)
Other income	15	911
Profit before taxation	3,619	3,154
Taxation –net	(1156)	2,313
Profit after taxation	2,463	5,467
Other comprehensive income	-	-
	2,463	5,467
Earnings per share	0.23	0.51

GOING CONCERN ASSUMPTION

As regards to going concern the company has repaid the restructured loan and your Company is in profit 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 in the future.

CHANGE IN PRICIPAL LINE OF BUSINESS

The Principal Line of Business of the Company is 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 near future.

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.

IMPACT OF COVID-19

The year 2020 has been a very challenging year due to the global pandemic COVID-19. Your Company has been mostly immune to any adverse financial consequences. However, as economic activity slowed many of the Company's new initiatives were held back for a more suitable economic climate. And as such we expect the next year to be a positive one which will further build on the strong recovery of the Company from years of financial turmoil.

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

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 Board of Audit Committee as well as HR & 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) Board of Audit Committee	Designation	No. of Meetings attended
Mr. Suleman Aswani	Chairman	4
Mr. Rashid L. Jamal	Member	4
Mr. Akhtar Wasim Dar	Member	2
Mr. Abdul Rehman Yousuf	Member	2
Mr. Mirza Akhtar Shikoh	Secretary	4
b) HR & Remuneration committee	Designation	No. of Meeting attended
Mr. Suleman Aswani	Chairman	1
Mr. Abdul Rehman Yousuf	Member	1
Mr. Shan ul Haq	Member	1

EARNING PER SHARE

The Earnings per share of the company stood at Rs 023 [Loss Rs. (0.51): 2019].

STATEMENT ON CORPORATE AND FINANCIAL FRAME WORK

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

- The Financial Statements, prepared by the Management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained in the manner required under the Companies Act 2017.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- 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.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- We have an Audit Committee, majority of the members of which are amongst non-executive directors
- 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 accumulated losses.
- 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 Directors 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:-

- SSGC case
- Internal Audit Report
- Five year projection.
- Anwar Kaludi continues to hold the office of Chief Financial Officer.

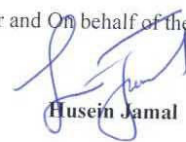
ACKNOWLEDGEMENT

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 5, 2020

**INDEPENDENT AUDITORS' REVIEW REPORT
TO THE MEMBERS OF HUSEIN INDUSTRIES LIMITED**

Review Report on The Statement of Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Husein Industries Limited** (the Company) for the year ended June 30, 2020 in accordance with the requirements of regulation 36 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.

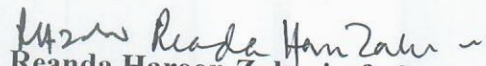
As a part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control 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. 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.

Based on our review, 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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2020.

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

<i>Paragraph Reference</i>	<i>Description</i>
19 (a)	A system of sound internal control is not established.
9 and 19 (b)	The Company has not arranged appropriate orientation courses and training program for its Directors.
10 and 19 (c)	The position of Chief Financial Officer and the Company Secretary is being held by the same person.
19 (d)	Directors' report for the year ended June 30, 2019 doesn't include the total number of directors and the composition of the Board of Directors.
19 (e)	Significant accounting policies are not placed on the Company's website.


Reanda Haroon Zakaria & Company
Chartered Accountants

Engagement Partner
Muhammad Haroon

Place: Karachi
Dated: 05 OCT 2020

**STATEMENT OF COMPLIANCE WITH LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 (THE REGULATIONS)**

Name of Company: Husein Industries Limited
Year ended: June 30, 2020

Husein Industries Limited (the Company) has complied with the requirements of the Regulations in the following manner:

1. The total number of Directors are seven as per the following:
 - a. Male: 6
 - b. Female: 1
2. The composition of the Board of Directors (the Board) is as follows:

<u>Category</u>	<u>Names</u>
Independent Directors	Mr. Suleman Aswani
	Mr. Abdul Rehman Yousuf
Non-Executive Directors	Mr. Rashid L. Jamal
	Mr. Muhammed Ali Rashid
	Mr. Abdul Rehman Yousuf
	Mr. Aziz L. Jamal
Executive Director	Mr. Husein Jamal
Female Director	Mrs. Aisha Bai Suleman

Note: Number of Directors are seven and one third is 2.33, and as a general principal 0.33 is not rounded off to one.

3. The Directors have confirmed that none of them is serving as a Director on more than seven 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. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and the Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board;

8. The Board have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations;
9. The Board has not arranged Directors' Training Program for any of its Directors. The Directors will be trained within the prescribed time period. All the Directors on the Board are fully conversant with their duties and responsibilities.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and the head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer (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**

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

b. **HR and Remuneration Committee**

Name	Designation
Mr. Suleman Aswani	Chairman
Mr. Abdul Rehman Yousuf	Member
Mr. Shan ul Haq	Member

13. The terms of reference of the aforesaid committees have been formed, documented, and advised to the committees for compliance;
14. The frequency of meetings of the committees were as per following:

Committee	Frequency of Meetings
a) Audit Committee	Quarterly
b) HR and Remuneration Committee	Yearly

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;

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 Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the 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 requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

Para.	Explanation	Regulation Reference
a.	As per regulation 10(3) (iv) of the regulation, the Board is required to ensure that a system of sound internal control is established and is effectively implemented and maintained at all levels within the Company. The Board is of the view that currently the Company has very limited operations and employees and is managed under the direct supervision of Chief Executive Officer, therefore, present system is considered adequate, sufficient and cost effective for the best interest of shareholders in the current scenario.	10 (3) (iv)
b.	As per the regulation 18 and 19, the Company shall make necessary arrangements to conduct orientation courses and training program for their Directors to acquaint them to comply with the regulations, other applicable laws and their duties and responsibilities. The Board is of the view that three out of seven directors were exempt from Directors' training program. Further, all the other directors on the Board are either suitably qualified or experienced, are well aware of their duties and responsibilities and able to effectively govern the affairs of the Company in the best interest of the shareholders.	18 & 19
c.	Regulation 24 of Regulations states that the same person shall not simultaneously hold office of Chief Financial Officer and the Company Secretary of a listed Company. The board is of the opinion that the person is suitably qualified and professionally capable to act and fulfill the duties and responsibilities of both the roles simultaneously. In addition, it is a cost-effective measure and in the best interest of Company and the shareholders.	24
d.	Directors' Report for the year ended June 30, 2019 doesn't include the	34 (2) (i & ii)

total number of directors and composition of the Board of Directors. The Board of directors is of the view that inclusion of the aforesaid information is overlooked erroneously, however, the same information is disclosed in the annual report which also contains the said directors' report; therefore, the objective of this requirement was achieved. Further, the said requirement will be complied in future.

- e. Significant accounting policies are not placed on Company's website. Although, it is not mandatory, however, the Board intends to disclose its significant policies on website once the operational conditions of the Company will be revived.

35 (1 & 2)

On Behalf of the Board,


Chairman

Dated: October 05, 2020

**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 2020, 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 2020 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 related 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. 2.463 (2019: Rs. 5.467) million and its accumulated losses stood at Rs. 1,551.998 (2019: Rs. 1,554.461) million resulting in negative shareholders' equity of Rs. 942.104 (2019: Rs. 944.567) million. Further the Company had incurred gross loss in the financial years from 2011 till 2018. Moreover, its current liabilities exceeded its current assets by Rs. 1,226.117 (2019: Rs. 1,243.679) 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, fully paid restructured bank loan, financial support from directors and other matters. These plans including the viability of the new business are subject to inherent uncertainty as future events are always subject to change. Our opinion is not modified in respect of this matter.

Key Audit matters

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

Except for the matter described in the '*Material Uncertainty related to Going Concern*' section we have determined that there are no other key audit matters to communicate in our report.

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.

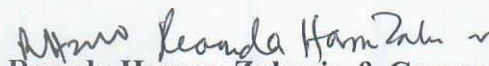
From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes 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

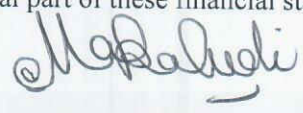
Place: Karachi
Dated: 05 OCT 2020

HUSEIN INDUSTRIES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

<u>ASSETS</u>	Note	2020 ---- (Rupees in '000') ----	2019
Non-Current Assets			
Property, plant and equipment	5	279,711	290,649
Long term investment	6	436	530
Long term deposits	7	3,866	7,933
Deferred taxation - net	8	-	-
		<u>284,013</u>	<u>299,112</u>
Current Assets			
Development property	9	77,756	73,718
Trade debts	10	24,155	-
Prepayment		63	-
Tax refunds due from the Government	11	5,976	6,716
Cash and bank balances	12	939	468
		<u>108,889</u>	<u>80,902</u>
Total Assets		<u>392,902</u>	<u>380,014</u>
<u>EQUITY AND LIABILITIES</u>			
Share Capital and Reserves			
Authorized Capital			
15,000,000 Ordinary shares of Rs. 10 each		<u>150,000</u>	<u>150,000</u>
Share Capital			
Issued, subscribed and paid up capital	13	106,259	106,259
Capital Reserves			
Share premium	14	33,858	33,858
Revaluation surplus on property	14	177,635	177,635
		211,493	211,493
Revenue Reserves			
General reserve	14	292,142	292,142
Accumulated losses	14	(1,551,998)	(1,554,461)
		(1,259,856)	(1,262,319)
Shareholders' equity		(942,104)	(944,567)
Non-Current Liabilities			
Long term borrowings	15	-	-
Current Liabilities			
Trade and other payables	16	210,570	229,479
Contract liabilities	17	349,125	349,560
Short term borrowings	18	280,460	150,444
Overdue portion of long term borrowings	15	274,104	431,389
Mark-up accrued	19	198,626	141,999
Unclaimed dividend	20	21,710	21,710
Provision for taxation		411	-
		1,335,006	1,324,581
Contingencies and Commitments	21		
Total Equity and Liabilities		<u>392,902</u>	<u>380,014</u>

The annexed notes from 1 to 37 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, 2020

	Note	2020 ---- (Rupees in '000') ----	2019
Revenue	22	108,339	63,832
Cost of sales and expenses	23	(22,382)	(14,028)
Gross profit		85,957	49,804
Administrative expenses	24	(21,740)	(15,943)
Operating profit		64,217	33,861
Other charges	25	(96)	(31,613)
Finance cost	26	(60,517)	(5)
Other income	27	15	911
Profit before taxation		3,619	3,154
Taxation - net	28	(1,156)	2,313
Profit after taxation		2,463	5,467
Other comprehensive income		-	-
Total comprehensive income for the year		2,463	5,467
Earnings per share	29	0.23	0.51

The annexed notes from 1 to 37 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, 2020

	Reserves						Shareholders' equity
	Ordinary share capital	Capital		Revenue		Total reserves	
		Share premium	Revaluation surplus on property	General	Accumulated losses		
----- Rupees in '000' -----							
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)
Total Comprehensive income for the year							
Profit for the year	-	-	-	-	2,463	2,463	2,463
Other comprehensive income for the year	-	-	-	-	-	-	-
	-	-	-	-	2,463	2,463	2,463
Balance as at June 30, 2020	106,259	33,858	177,635	292,142	(1,551,998)	(1,048,363)	(942,104)

The annexed notes from 1 to 37 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, 2020

		2020	2019
	Notes	---- (Rupees in '000') ----	
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		3,619	3,154
Adjustments for:			
Depreciation	5.2	10,938	12,080
Gain on disposal of vehicle		-	(798)
Provision for doubtful debts		-	31,613
Remeasurement loss / (gain) on investment	6	94	(48)
Interest on gratuity payable	16.3	1,556	1,383
Finance cost	26	60,517	5
Dividend income	27	(8)	(27)
		<u>73,097</u>	<u>44,208</u>
Cash generated from operating activities before working capital changes		76,716	47,362
Increase in current assets			
Development property		(4,038)	(647)
Trade debts		(24,155)	-
Prepayment		(63)	-
		<u>(28,256)</u>	<u>(647)</u>
(Decrease) / increase in current liabilities			
Trade and other payables		(24,348)	68,311
Contract liabilities		(435)	-
		<u>(24,783)</u>	<u>68,311</u>
Net cash generated from operations		23,677	115,026
Taxes paid - net		(6)	(19)
Dividend paid		-	(19,605)
Financial charges paid		(6)	(5)
Net cash generated from operating activities		<u>23,665</u>	<u>95,397</u>
B. CASH FLOW FROM INVESTING ACTIVITIES			
Proceed from sale of vehicle		-	900
Addition in property, plant and equipment		-	(5,319)
Dividend received	27	8	27
Long term deposits received		4,067	-
Net cash generated from / (used in) investing activities		<u>4,075</u>	<u>(4,392)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term borrowings		(157,285)	(182,507)
Short term borrowings obtained - net		130,016	90,123
Net cash used in financing activities		<u>(27,269)</u>	<u>(92,384)</u>
Net increase / (decrease) in cash and cash equivalents (A+B+C)		471	(1,379)
Cash and cash equivalent at beginning of the year		468	1,847
Cash and cash equivalent at end of the year		<u>939</u>	<u>468</u>

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


Chief Executive Officer


Chief Financial Officer


Director

HUSEIN INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1 NATURE AND STATUS OF BUSINESS

The Company was incorporated in Pakistan on May 25, 1953 as a Public Limited Company under the repealed Companies Act, 1913 (now the Companies Act, 2017) in the name of Husein Textile Mills Limited, which was changed to Husein Industries Limited in 1964 and it is listed on Pakistan Stock Exchange Limited. The trading of Company's shares has been suspended by Pakistan Stock Exchange Limited on December 09, 2013 on account of non holding of Annual General Meeting and other secretarial non-compliances. The registered office of the Company is situated at HT-8, Landhi Industrial Area, Karachi.

The Company has ceased its textile business since the financial year 2014 and the management has developed business diversification strategy to enter into real estate development, construction and allied businesses for which necessary approval from the regulator for change in 'object clause' is obtained during the year ended June 30, 2019.

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

<i>Location</i>	<i>Address</i>
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. 2.463 (2019: Rs. 5.467) million, however, its accumulated losses stood at Rs. 1,551.998 (2019: Rs. 1,554.461) million resulting in negative shareholders' equity of Rs. 942.104 (2019: Rs. 944.567) million. At reporting date, current liabilities of the Company exceeded the current assets by Rs. 1,226.117 (2019: Rs. 1,243.679) million. Further, the Company had incurred gross loss in financial years from 2011 till 2018. Moreover, the operational activities related to textile business have been closed down in financial year 2014, consequently, there has been no production of textile goods thereafter till to date. Accordingly, the Company was unable to pay its creditors on due dates and had also not been able to meet its obligations under various financing agreements with the banking company dated May 23, 2011.

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

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

In July 2016, the Bank at the request of the Company has restructured the long term and short term financing agreements at Rs. 870 million on terms and conditions as disclosed in note 15 to these financial statements. During the year, on March 19, 2020, the Company has repaid full amount of the restructured loan amount as fully disclosed in note 15 to these financial statements. However, the banking company has charged markup on the delayed repayments of restructured loan in accordance with clause (ii) of note 15.3 to these financial statements. Moreover, the delayed payments also attracted clause (iv) of note 15.3 to these financial statements, for which the banking company has not specified its decision, therefore, the waiver of Rs. 416.103 million is not accounted for as it is dependent at the discretion of the banking company.

The Board of Directors having major shareholdings had decided in their meeting held on December 30, 2016 to cease its textile business and developed business diversification strategy to enter into real estate development, construction and allied businesses. The Company will not only utilize its own land but also has plans to buy land for this purpose. The Board had also obtained approval of the proposed business along with change in object clause from members in the annual general meeting held on January 30, 2017. However, Securities and Exchange Commission of Pakistan (SECP) required the management to seek fresh approvals from members for the change in object clause in accordance with the provisions of the Companies Act, 2017. The aforesaid approvals were obtained in the extra ordinary general meeting held on March 13, 2018. During the year ended June 30, 2019, the Company has also obtained approval of change in object clause from SECP.

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

Further, the Company received positive response from the Customers for sale of residential and commercial plots, who have started placing deposits with the Company. 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 and sold all the textile stock in trade and stores, spare parts and loose tools and utilized the proceeds for repayment of restructured bank loan. However, during the year ended June 30, 2019, the management has changed its intention related to use of textile plant and machinery and decided to hold the same to earn lease income till these are sold at a reasonable price and utilized the lease inflows to pay off the revised bank loan.

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

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

The Board has approved five year financial projections prepared by the management of the Company covering all factors mentioned above according to which, the Company will have adequate cash inflows which will not only pay off its banking liabilities, 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.

1.3 Impact of COVID-19 on financial statements

The outbreak of Novel Coronavirus (COVID-19) pandemic followed by a lockdown by the Government, disrupted the commercial and economic activities in the Country. Due to the nature of business operations, the Company is immune to the effects of the pandemic but it has witnessed a slow down in sales and certain planned initiatives, the impact of which remained marginal. Accordingly, the COVID-19 pandemic has no material impact on the financial position and performance of the Company.

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 the 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 fair value;

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 the 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:

- The recoverable amount, residual values and useful lives of property, plant and equipment - note 3.1 and 5;
- Long term investment - note 3.3.2 and 6;
- Impairment of development property and other non-financial assets - note 3.2, 3.4 and 9;
- The provision for debts considered doubtful - note 3.6 and 10;
- Provisions - note 3.12;
- The recognition of current and deferred taxation - note 3.11, 8 and 28;
- Revenue recognition - note 3.13 and 22.

2.5 *New standards, amendments to standards and IFRS interpretations that are effective for the year ended June 30, 2020*

The following amendments to accounting standards are effective for the year ended June 30, 2020 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:

	<i>Effective for period beginning on or after</i>
Amendments to IFRS 9 'Financial Instruments': Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 1, 2019
IFRS 14 - Regulatory Deferral Accounts	July 1, 2019
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 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

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 16 - Leases

This standard has been notified by the SECP to be effective for annual periods beginning on or after January 01, 2019. IFRS 16 replaces the previous lease standard IAS 17 - Leases. Adoption of IFRS 16 will result in almost all leases being recognized in the statement of financial position because the distinction between operating and finance leases is eliminated for lessees, and a new lease asset (representing the right to use the leased item for the lease term) and lease liability (representing the obligation to pay rentals) are recognized for all leases except for the exempted short term leases and low value asset leases.

The statement of profit or loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in the later years. Additionally, operating expense will be replaced with interest and depreciation so key metrics like EBITDA will change. Operating cashflows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of payments that reflects the interest can continue to be presented as operating cash flows.

The accounting for lessors will not significantly change.

Changes in accounting policies resulting from the adoption of IFRS 16 have been applied retrospectively in accordance with the requirements of IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. However, there is no restatement in these financial statements as the Company has not entered into any lease agreements as lessee and only has short term lease agreements (less than 12 months) in place as a lessor to lease out its buildings along with plant and machinery installed therein, therefore, the impact of the adoption of IFRS 16 has only been in the presentation of rental income which is now disclosed as lease income.

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 interim financial statements other than certain additional disclosures:

	<i>Effective from accounting period beginning on or after</i>
Amendments to IFRS 3 'Business Combinations': Amendments to clarify the definition of a business	January 1, 2020
Amendments to IFRS 4 'Insurance Contracts': Amendments regarding the expiry date of the deferral approach	January 1, 2023
Amendments to IFRS 7 'Financial Instruments - Disclosures', IFRS 9 'Financial Instruments' and IAS 39 'Financial Instruments - Recognition and Measurement': Amendments regarding pre-replacement issues in the context of the IBOR reform	January 1, 2020
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures': Sale or contribution of assets between an investor and its associate or joint venture	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
Amendments to IFRS 16 'Leases': Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification	June 1, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors': Amendments regarding the definition of material	January 1, 2020
Amendments to IAS 1 'Presentation of Financial Statements': Amendments regarding the classification of liabilities	January 1, 2022
Amendments to IAS 16 'Property, Plant and Equipment': Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use.	January 1, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets': Amendments regarding the costs to include when assessing whether a contract is onerous	January 1, 2022
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 been enumerated here for brevity.

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

IFRS 1 - First Time Adoption of International Financial Reporting Standards
IFRS 17 - Insurance Contracts

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, the 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 recognized 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. Credit risk of a financial asset is assumed to be increased significantly if it is more than past due for a reasonable period of time as decided by the senior management of the Company. Further, the Company considers information based on the Company's historical experience and the impact of forward looking information (such Company's internal factors and economic environment of the country of customers) on ECLs that is available without undue cost or effort. However, in certain cases, the Company may also consider a financial assets to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. 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). A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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 lease 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 or when the 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 reporting date less estimated costs of completion and the estimated costs necessarily 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-specific costs based on the total area of land sold for plots / commercial sites, in relation to total area of land.

3.5 Deposits and prepayment

Prepayment are stated at cost less provision for doubtful balances, if any. Deposits are initially stated at fair value and subsequently measured at amortized cost after deducting allowance for uncollectable amount, if any. Deposits and prepayment considered irrecoverable are written off.

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

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, if any. 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 15 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 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 is recognised at the amounts that reflect the consideration that the Company expects to be entitled to in exchange for transferring goods to a customer. Revenue is measured at the fair value of the consideration received or receivable, and is recognised on the following basis;

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 upon issuance of letter of possession to the customers upon the Company's 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 development costs incurred till reporting date and costs to be incurred. The transaction price of the Company's contract with customers does not include any variable consideration, any significant financing component, any non cash consideration or any consideration payable to its customers.

Lease income is recognized on accrual basis in accordance with terms of agreement. The credit term ordinarily ranges from 7 to 10 days.

Dividend from investment 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 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.

<i>Name of related parties</i>	<i>% of holding</i>	<i>Basis of relationship</i>
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
<i>(Rupees in '000')</i>							
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 - note 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
Year ended June 30, 2020							
Depreciation for the year - note 5.2	-	-	(2,457)	(7,736)	(106)	(639)	(10,938)
Net book value as at June 30, 2020	183,427	333	46,675	45,768	953	2,555	279,711
At June 30, 2019							
Cost / revalued amount *	183,427	333	123,675	734,395	13,303	21,962	1,077,095
Accumulated depreciation	-	-	(74,543)	(680,891)	(12,244)	(18,768)	(786,446)
Net book value	183,427	333	49,132	53,504	1,059	3,194	290,649
At June 30, 2020							
Cost / revalued amount *	183,427	333	123,675	734,395	13,303	21,962	1,077,095
Accumulated depreciation	-	-	(77,000)	(688,627)	(12,350)	(19,407)	(797,384)
Net book value	183,427	333	46,675	45,768	953	2,555	279,711
Depreciation rate	-	-	5%	10-17%	6-15%	20-25%	

		2020	2019
	Note	---- (Rupees in '000') ----	
5.2 Depreciation for the year has been allocated as follows:			
Cost of sales	23	2,457	2,507
Administrative expenses	24	8,481	9,573
		<u>10,938</u>	<u>12,080</u>

5.3 The management has not classified 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 leased out.

5.4 Particulars of immovable fixed assets 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 Sheikhpura.	37.356
Lease hold land and Buildings thereon (Head Office and Textile Plant)	Plot no. HT-8, Landhi Industrial Area, Karachi.	22.95

6 LONG TERM INVESTMENT	Note	2020	2019
		---- (Rupees in '000') ----	
- At fair value through profit or loss			
In securities of listed company			
Dawood Lawrencepur Limited		530	482
Unrealized (loss) / gain on remeasurement		(94)	48
	6.1	<u>436</u>	<u>530</u>

6.1 Dawood Lawrencepur Limited

Number of shares	2,742	2,742
Market price per share (Rupees)	158.87	193.43
Fair value (Rupees in '000')	<u>436</u>	<u>530</u>

7 LONG TERM DEPOSITS

Against:

Utilities	3,417	3,417
CDC account	25	25
Services	20	20
Bank guarantee	404	4,471
	<u>3,866</u>	<u>7,933</u>

7.1 During the year, the banking companies have adjusted the margin deposit amounting to Rs. 4.067 million against encashment of letter of guarantees as disclosed in note - 16.1 to these financial statements.

8 DEFERRED TAXATION - NET

Note 2020 2019
---- (Rupees in '000') ----

This comprises of the following: -

Taxable temporary difference

Accelerated tax depreciation

(16,023) (17,410)

Deductible temporary differences

Provision for doubtful debts

20,491 20,491

Effect of unabsorbed tax depreciation

280,458 280,458

Effect of minimum tax

1,823 1,764

Effect of alternate corporate tax

1,025 469

Effect of tax losses

37,072 78,506

340,869 381,688

324,846 364,278

Net deferred tax asset not recognized

8.1 (324,846) (364,278)

- -

8.1 Deferred tax asset as at June 30, 2020 to the extent of Rs. 324.846 (2019: Rs. 364.278) million has not been recognized because of the inherent uncertainties in forecasts of sufficient taxable profits in foreseeable future against which such benefits can be utilized.

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

Normal business losses	Expiry Date	2020 ---- (Rupees in '000') ----	2019
Tax year 2014	June, 30 2020	-	142,876
Tax year 2015	June, 30 2021	75,550	75,550
Tax year 2018	June, 30 2024	52,283	52,283
<i>Unabsorbed tax depreciation</i>	Indefinite	967,097	967,097
<i>Tax credit</i>			
Minimum tax 2017	June, 30 2022	767	767
Minimum tax 2018	June, 30 2023	930	930
Minimum tax 2019	June, 30 2024	67	67
Minimum tax 2020	June, 30 2025	59	-
Alternate corporate tax 2019	June, 30 2029	469	469
Alternate corporate tax 2020	June, 30 2030	556	-

9 DEVELOPMENT PROPERTY

Note 2020 2019
---- (Rupees in '000') ----

Cost of land (LT-21)

260 260

Commercialization fee

42,811 42,811

Amenities - development expenditure

9.1 38,347 32,779

81,418 75,850

Transferred to cost of sales to date

9.2 (3,662) (2,132)

77,756 73,718

9.1 Development expenditure

Opening balance

32,779 30,000

Add: incurred during the year

5,568 2,779

38,347 32,779

9.2 Includes Rs. 1.530 (2019: Rs. 2.132) million charged to profit or loss in respect of cost of sales for the year.

10 TRADE DEBTS		2020	2019
		---- (Rupees in '000') ----	
	Note		
<i>Considered doubtful</i>			
Exports		59,298	59,298
Local		11,362	11,362
		70,660	70,660
Lease receivables - considered good		24,155	-
Allowance for expected credit loss	10.1	(70,660)	(70,660)
		24,155	-

10.1 Movement in allowance for expected credit loss

Opening	70,660	39,047
Impairment loss on financial asset	-	31,613
Closing	70,660	70,660

11 TAX REFUNDS DUE FROM THE GOVERNMENT

Income tax	-	740
Duty drawback	3,676	3,676
Sales tax	2,300	2,300
	5,976	6,716

12 CASH AND BANK BALANCES

Cash in hand	536	165
Cash at bank - in current accounts	403	303
	939	468

12.1 Includes foreign currency accounts amounting to Rs. 0.109 (2019: Rs. 0.111) million.

12.2 Includes balance of Rs. 0.032 (2019: Rs. 0.075) million in multiplier account having effective interest rate ranging from 7.66% to 11.87% (2019: 4.60% to 11.10%).

13 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2020	2019		2020	2019
Number of Shares			---- (Rupees in '000') ----	
		Ordinary shares of Rs.10 each		
4,119,366	4,119,366	fully paid in cash	41,194	41,194
6,506,486	6,506,486	issued as bonus shares	65,065	65,065
10,625,852	10,625,852		106,259	106,259

13.1 Includes 2,185,964 (2019: 2,185,964) ordinary shares of Rs. 10 each held by the Husein Ebrahim Foundation, an associated undertaking of the Company.

13.2 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.

14 RESERVES

Capital Reserves

	Note	2020 ---- (Rupees in '000') ----	2019
Share premium	14.1	33,858	33,858
Revaluation surplus on property	14.2	177,635	177,635
		<u>211,493</u>	<u>211,493</u>

Revenue Reserves

General reserve	14.3	292,142	292,142
Accumulated losses		(1,551,998)	(1,554,461)
		<u>(1,259,856)</u>	<u>(1,262,319)</u>
		<u>(1,048,363)</u>	<u>(1,050,826)</u>

14.1 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.

14.2 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 forced sale value of freehold land amounts 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.

14.3 Represents appropriation of profit in preceding years.

15 LONG TERM BORROWINGS

From a banking company - secured

	2020 ---- (Rupees in '000') ----	2019
Term finance as per loan agreement of May 23, 2011	274,104	431,389
Less: Overdue portion	(274,104)	(431,389)
	<u>-</u>	<u>-</u>

15.1 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 mark-up amounting to Rs. 141.999 million as on May 27, 2016 will be completely waived off while the personal guarantees of the Directors will be cancelled. Accordingly, the total waiver of Rs. 416.103 million, comprising of loan of Rs. 274.104 million (included in overdue portion) and mark-up of Rs. 141.999 million, shall be subject to certain terms conditions as disclosed in note 15.3 to these financial statements.

15.2 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. 274.058 (2019: Rs. 431.344) million.

15.3 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, mark-up at the rate of 3 Months KIBOR + 1% p.a. (calculated on daily basis) will be charged on the delayed instalment.
- 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 mark-up 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 released the mortgage over property bearing no. LT-21, Landhi Industrial Area, Karachi. During the year, on March 17, 2020, the bank, in line with the interim order of Honourable High Court of Sindh, encashed the letter of guarantee amounting to Rs. 32.783 million as fully disclosed in note 16.1 to these financial statements, thereafter, on March 19, 2020, the Company has fully repaid the remaining balance of the restructured amount of 870 million. However, open plots and land situated at Lahore-Faisalabad Road, Sheikhpura and property bearing no. HT-8 located at Landhi Industrial Area, Karachi along with plant and machinery installed therein are under mortgage till the issuance of these financial statements as the management will apply for NOC from the bank to release mortgage charge once the remaining amount of liability of Rs. 2.485 million arised upon encashment of letter of guarantee is paid.

During the year, the management has decided to prudently record the liability of Rs. 35 million for mark-up on delayed payment of restructured loan as intimated by the banking company. However, the management is still in negotiations with the banking company to waive some or all of the aforesaid markup. Further, liability for mark-up on account of default as per cluase (iv) is contingent on the decision of the banking company which is not confirmed at year end and therefore, could not be determined with accuracy.

	Note	2020 ---- (Rupees in '000') ----	2019
16 TRADE AND OTHER PAYABLES			
Trade creditors		28,568	23,091
Accrued liabilities	16.1 & 16.2	147,902	179,394
Gratuity payable	16.3	14,005	12,449
Commission on bank guarantees		3,883	-
Security deposit against rent		15,412	11,211
Advance rental income		800	3,334
		210,570	229,479

- 16.1 Includes Rs. 124.969 (2019: Rs. 162.741) million prudently recorded by the Company against liability of Sui Southern Gas Company Limited (SSGC). In year 2012, the Company filed a case in the 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 mark-up on outstanding amount including mark-up which aggregated to Rs. 163.023 (2019: Rs. 200.782) million as at reporting date. The management is confident, based on legal advisor's opinion and the fact that mark-up on mark-up is illegal, that the Company is likely to succeed in waiving of the aforesaid additional charges. Accordingly, the Company has not recorded liability of Rs. 38.054 (2019: Rs. 38.041) million in these financial statements.

	2020	2019
	---- (Rupees in '000') ----	
<i>Movement in the provision</i>		
Opening	162,741	163,290
Provision recorded during the year	1,071	521
Guarantees encashment / payment during the year*	(38,843)	(1,070)
Closing	<u>124,969</u>	<u>162,741</u>

* During the year, SSGC intimated the banks to encash the letter of guarantees amounting to Rs. 38.843 million, subsequent to which, the Company filed a suit in the Honourable High Court of Sindh to obtain stay order against the encashment of aforesaid letter of guarantees, which was decided against the Company's plea, whereby, the Honourable High Court of Sindh directed the banks through its order dated February 26, 2020 to encash the aforesaid guarantees in favour of the SSGC.

- 16.2 Includes director's and executive's remuneration payable amounting to Rs. 1.080 (2019: Rs. 0.720) million and Rs. 0.9 (2019: Rs. 1) million respectively.
- 16.3 Represents payable to employees in respect of gratuity scheme reclassified from deferred liabilities because the Company had decided to discontinue its gratuity scheme as the total strength of employees, by law, do not qualify for entitlement of any retirement benefits. The Company continued to record the provision for interest at the rate of 12.5% on outstanding liability.

	Note	2020	2019
		---- (Rupees in '000') ----	
<i>Movement in gratuity payable</i>			
Opening		12,449	11,066
Interest charged during the year		1,556	1,383
Closing		<u>14,005</u>	<u>12,449</u>

17 CONTRACT LIABILITIES

Advance from allottees - unsecured	17.1	<u>349,125</u>	<u>349,560</u>
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- 17.1 Represents liabilities against contract with customers / allottees for sale of open plots / sites. Revenue of Rs. 3.935 (2019: Rs. 5.392) million recognized during the year is adjusted against advance from allottees.

		2020	2019
	Note	---- (Rupees in '000') ----	
18 SHORT TERM BORROWINGS			
Loan from directors	18.1	253,975	150,444
Bank overdraft	18.2	26,485	-
		<u>280,460</u>	<u>150,444</u>

18.1 Represents unsecured loans obtained from directors (related parties) of the Company. These loans are repayable on demand and carries mark-up chargeable at the rate of 10% per annum with effect from July 01, 2019.

18.2 Represents forced finance availed from commercial bank by virtue of encashment of letter of guarantee as fully disclosed in note 16.1 to these financial statements. The amount is repayable on demand and carries mark-up at the rate of 3 month KIBOR plus 1 percent per annum.

		2020	2019
	Note	---- (Rupees in '000') ----	
19 MARK-UP ACCRUED			
- on bank loan as per agreement date May 23, 2011			
long term bank borrowings - term finance		51,681	51,681
short term bank borrowings		90,318	90,318
	15.1	<u>141,999</u>	<u>141,999</u>
- on delayed payment of restructured loan	15.3	35,000	-
- on directors' loan	18.1	20,579	-
- on bank overdraft	18.2	1,048	-
		<u>198,626</u>	<u>141,999</u>

20 UNCLAIMED DIVIDEND

Unclaimed dividend	<u>21,710</u>	<u>21,710</u>
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20.1 Since the directors of the Company are the major shareholders, therefore the unclaimed dividend mainly pertain to the directors. The Company will pay these in future when positive cash flows will arise in the form of profits.

21 CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

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

21.2 Commitments

The banking companies have issued letter of guarantees amounting to Rs. 0.602 (2019: Rs. 39.445) million in favour of Karachi Electric Limited and SSGC on behalf of the Company. The available and unavailed balance as on June 30, 2020 amounting to Rs. 0.966 (2019: Rs. 39.809) million and Rs. 0.364 (2019: Rs. 0.364) million respectively.

		2020	2019
22 REVENUE	Note	---- (Rupees in '000') ----	
Sale of plots	22.1	3,935	5,392
Lease income		104,404	58,440
		<u>108,339</u>	<u>63,832</u>

22.1 The aggregate amount of the transaction price allocated to the unfulfilled performance obligations is Rs. 15.973 (2019: Rs. 10.308) million. The Company will recognise this revenue upon completion of development work.

23 COST OF SALES AND EXPENSES	Note	2020	2019
		---- (Rupees in '000') ----	
<i>Cost of development property sold</i>	9	1,530	2,132
<i>Expenses attributable to lease income</i>			
Fuel and power		4,209	1,495
Repairs and maintenance		12,621	7,744
Depreciation	5.2	2,457	2,507
Advertisement expense		-	150
Commission		1,465	-
Consultancy		100	-
		<u>20,852</u>	<u>11,896</u>
		<u>22,382</u>	<u>14,028</u>

24 ADMINISTRATIVE EXPENSES

Salaries, wages and allowances	24.1	9,338	4,000
Directors' remuneration		360	360
Legal and professional charges		224	172
Travelling expenses		36	-
Fees and subscriptions		208	347
Fuel and power		1,804	675
Insurance		44	-
Depreciation	5.2	8,481	9,573
Directors' meeting fee		14	14
Auditors' remuneration	24.2	855	770
Penalties		360	-
Others		16	32
		<u>21,740</u>	<u>15,943</u>

24.1 Includes an amount of Rs. 1.556 (2019: Rs. 1.383) million in respect of interest charged on outstanding gratuity payable.

24.2 Auditors' remuneration	2020	2019
	---- (Rupees in '000') ----	
Annual audit	635	550
Half yearly review	110	110
Corporate governance review	60	60
Out of pocket expenses	50	50
	<u>855</u>	<u>770</u>

25 OTHER CHARGES

	Note	2020 ---- (Rupees in '000') ----	2019
Impairment loss on trade debts	10.1	-	31,613
Remeasurement loss on investment carried at fair value through profit or loss		94	-
Unrealized exchange loss on bank accounts		2	-
		<u>96</u>	<u>31,613</u>

26 FINANCE COST

Mark-up on

Delayed payment of restructured loan	15.3	35,000	-
Directors' loan	18.1	20,580	-
Bank overdraft	18.2	1,048	-

Commission on bank guarantees

Bank charges

	56,628	-
	3,883	-
	6	5
	<u>60,517</u>	<u>5</u>

27 OTHER INCOME

Income from financial assets

Dividend		8	27
Remeasurement gain on investment carried at fair value through profit or loss		-	48
Unrealized exchange gain on bank account	27.1	-	25
		<u>8</u>	<u>100</u>

Income from other than financial assets

Gain on disposal of vehicle	-	798
Interest income	7	13
	<u>7</u>	<u>811</u>
	<u>15</u>	<u>911</u>

27.1 Includes exchange gain on translation of foreign currency balances of export debtors into reporting currency amounting to Rs. nil (2019: Rs. 0.025 million).

28 TAXATION - NET

	2020 ---- (Rupees in '000') ----	2019
Current	616	-
Prior	540	(2,313)
	<u>1,156</u>	<u>(2,313)</u>

28.1 Income tax assessments of the Company have been finalized up to and including tax year 2019. 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

	2020	2019
	---- (Rupees in '000') ----	
Accounting profit	3,619	3,154
Tax at applicable tax rate of 29% (2019: 29%)	(1,050)	(915)
Effect of adjustments related to prior years	540	(2,313)
Effect of alternate corporate tax	616	-
Effect of final tax regime	1	4
Others	1,049	911
Tax expense / (income) for the year	1,156	(2,313)

29 EARNINGS PER SHARE

Basic

Basic earnings per share has been computed by dividing the net profit for the year with the number of ordinary shares issued by the Company.

Profit after taxation (Rupees in '000)	2,463	5,467
Number of ordinary shares (Number of shares)	10,625,852	10,625,852
Earnings per shares - basic (Rupees)	Rupees 0.23	0.51

Diluted

Diluted earnings per share has not been computed because there are no dilutive potential ordinary shares.

30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

	2020	2019
	---- (Rupees in '000') ----	

30.1 Financial Instrument by Category

Financial Assets

- Fair value through profit or loss

Long term investment	6	436	530
----------------------	---	-----	-----

- At amortized cost

Long term deposits	7	3,866	7,933
Trade debts	10	24,155	-
Cash and bank balances	12	939	468
		28,960	8,401
		29,396	8,931

Financial Liabilities

- At amortized cost

Trade and other payables	16	209,770	226,145
Short term borrowings	18	280,460	150,444
Overdue portion of long term borrowings	15	274,104	431,389
Mark-up accrued	19	198,626	141,999
Unclaimed dividend	20	21,710	21,710
		984,670	971,687

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 the 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. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines relating mainly to customer credit risk assessment. The management continuously monitors the credit exposure towards the clients and makes allowance for expected credit losses against those balances considered uncollectable.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Company has decent number of customers, both corporate and individual, that are not engaged in similar business activities, therefore, concentration of credit risk is assumed to be limited.

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

	Note	2020 ---- (Rupees in '000') ----	2019
Long term deposits	7	3,866	7,933
Trade debts	10	24,155	-
Bank balances	12	403	303
		<u>28,424</u>	<u>8,236</u>

Trade debts

Ageing of debtors and impairment losses

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

No past due		8,659	-
Past due 1-180 days		15,496	-
Past due 181-365 days		-	-
More than one year		70,660	70,660
		<u>94,815</u>	<u>70,660</u>
Less: Allowance for expected credit loss	10.1	(70,660)	(70,660)
		<u>24,155</u>	<u>-</u>

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

Bank Balances

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

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

Long term deposits

The management evaluates the credit risk with respect to long term deposits as low, as these are mainly deposited with the utility and banking companies and there is no history of credit defaults in past.

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. The Company finances its operations through equity, working capital management, short term borrowings from directors and bank overdraft 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: -

	2020			
	<i>Carrying Amount</i>	<i>Contractual cash flows</i>	<i>Up to one year</i>	<i>More than one year</i>
	----- Rupees in '000' -----			
Financial liabilities				
Short term borrowings	280,460	280,460	280,460	-
Trade and other payables	209,770	209,770	209,770	-
Overdue portion of long term borrowings	274,104	274,104	274,104	-
Mark-up accrued	198,626	198,626	198,626	-
Unclaimed dividend	21,710	21,710	21,710	-
	984,670	984,670	984,670	-
	2019			
	<i>Carrying Amount</i>	<i>Contractual cash flows</i>	<i>Up to one year</i>	<i>More than one year</i>
	----- Rupees in '000' -----			
Financial liabilities				
Short term borrowing	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	-
Mark-up accrued	141,999	141,999	141,999	-
Unclaimed dividend	21,710	21,710	21,710	-
	971,687	971,687	971,687	-

30.5 Market risk

Market risk is the risk 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	2020 ---- (Rupees in '000') ----	2019
Trade debts - exports	10	59,298	59,298
Foreign currency bank account	12.1	109	111
		<u>59,407</u>	<u>59,409</u>

The following significant exchange rates have been applied:	Average Rate		Spot Rate at Reporting Date	
	2020	2019	2020	2019
Pound Sterling to Rupees	<u>206.21</u>	<u>202.59</u>	<u>205.89</u>	<u>206.00</u>
USD to Rupees	<u>162.19</u>	<u>159.69</u>	<u>167.60</u>	<u>162.25</u>

Currency risk sensitivity analysis

Foreign trade debts are considered doubtful by the management, therefore, sensitivity analysis is disclosed only with respect to foreign currency bank accounts. 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:

	2020 ---- (Rupees in '000') ----	2019
Effect on profit or loss	<u>(10.90)</u>	<u>(11.10)</u>

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 profit for the year and assets of the Company.

Interest rate risk

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 the Company's short term bank borrowings and overdue portion of long term borrowings. At the reporting date, the interest rate profile of the Company's interest bearing financial liabilities is:

	2020	2019
	---- (Rupees in '000') ----	
Variable rate instruments		
Financial liabilities		
- Short term borrowings - bank overdraft	26,485	-
- Overdue portion of long term borrowings	274,104	431,389

Interest rate risk sensitivity analysis for variable rate instruments

Overdue portion of long term borrowings represents amount that may be waived in accordance with restructuring agreement as disclosed in note 15.1 to these financial statements, therefore, sensitivity analysis is disclosed only with respect to interest rate risk related to bank overdraft. The analysis has been performed on the same basis for 2019. A change of 100 basis points in interest rates at the reporting date with all other variables held constant, would have decreased the profit by the amounts shown below.

	Increase	(Decrease)
	---- (Rupees in '000') ----	
As at June 30, 2020		
Effect on profit or loss	265	(265)
As at June 30, 2019		
Effect on profit or loss	-	-

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

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), such as equity price risk. Equity price risk is the risk arising from uncertainties about future values of investments securities. At reporting date, the Company is exposed to equity price risk related to long term investment in listed equity securities.

Equity price risk sensitivity analysis

At reporting date, if the market price of securities 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 2019.

	---- (Rupees) ----	
	Increase	(Decrease)
As at June 30, 2020		
Effect on profit or loss	2,742	(2,742)
As at June 30, 2019		
Effect on profit or loss	2,742	(2,742)

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

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 behaviour 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 credit risk, 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, 2020.

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.

		2020	2019
		---- (Rupees in '000) ----	
Total debt		478,636	573,388
Less: Cash and bank balances		(939)	(468)
Net debt	A	477,697	572,920
Total shareholders' equity	B	(942,104)	(944,567)
Net debt and equity	C=A+B	(464,407)	(371,647)
Gearing ratio*	D=A/C	100%	100%

* Gearing ratio is assumed to be 100 percent because of negative shareholder's equity.

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 the 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:

		2020		
		Level 1	Level 2	Level 3
		----- (Rupees in thousand) -----		
Assets measured at fair value				
Long term investment		436	-	-
Free hold land		-	183,427	-
		2019		
		Level 1	Level 2	Level 3
		----- (Rupees in thousand) -----		
Assets measured at fair value				
Long term investment		530	-	-
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, Directors and Executive of the Company are as follows: -

	Chief Executive		Directors		Executive	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	----- 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	12,000	-	-
Number of persons	1	1	6	6	1	1

In addition, the Chief Executive and Directors have also been provided with free use of the Company's owned and maintained cars.

32 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of key management personnel. 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:

<i>Name of Related Party</i>	<i>Basis of relationship</i>	<i>Percentage of holding</i>	<i>2020 ---- (Rupees in '000') ----</i>	<i>2019</i>
<i>Short term borrowings obtained during the year</i>				
Aziz L. Jamal	Key management personal	11.93%	50,281	40,861
Rashid L. Jamal	Key management personal	12.65%	55,750	49,377
Aisha Bai	Key management personal	0.71%	4,500	-
<i>Short term borrowings repaid during the year</i>				
Aziz L. Jamal	Key management personal	11.93%	6,000	-
Rashid L. Jamal	Key management personal	12.65%	1,000	-
Aisha Bai	Key management personal	0.71%	-	115
<i>Mark-up expenses during the year</i>				
Aziz L. Jamal	Key management personal	11.93%	10,552	-
Rashid L. Jamal	Key management personal	12.65%	8,263	-
Aisha Bai	Key management personal	0.71%	1,764	-

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

For management purposes, the activities of the Company are organised into one operating segment i.e. development of real estate. The Company operates in the said reportable operating segment based on the nature of products, risks and returns, organisational and management structure and internal financial reporting systems. Accordingly, the figures reported in these financial statements are related to the Company's only reportable segment.

Gross turnover of the Company is generated from customers located in Pakistan only.

Non-current assets of the Company are confined within Pakistan and consist of property, plant and equipment, long term investments and long term deposits.

Revenue earned by the Company during the year from two customers which approximately comprises 48 percent and 29 percent (2019: 72 percent and 1 percent) respectively, of the Company's overall revenue.

35 NUMBER OF EMPLOYEES

Total number of employees at the end of the year

Average number of employees during the year

2020

2019

10

4

7

4

36 GENERAL

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

37 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors on 05 OCT 2020.



Chief Executive Officer

Chief Financial Officer

Director

***PATTERN OF HOLDING OF THE SHARES HELD
BY THE SHARES HOLDERS AS AT JUNE 30, 2020***

OLDERS	SHAREHOLDING	TOTAL SHARES HELD
500	1 TO 100	13,123
267	101 TO 500	69,766
94	501 TO 1000	46,763
94	1001 TO 5000	229,704
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	1,216,193
1	1275001 TO 1280000	1,278,332
1	2185001 TO 2190000	2,185,964
1019		10,625,852

CATEGORIES OF SHAREHOLDERS AS AT JUNE 30, 2020

CATEGORIES OF SHAREHOLDERS	NOS	2020	Total Share Held	PERTG.
ASSOCIATED COMPANIES				
UNDERTAKINGS AND RELATED PARTIES				
NIT AND ICP	2	37	211	0.00199
National Bank of Pakistan Trustee Deptt Investment Corporation of Pakistan		174		
CEO				
Mr. Husein Jamal	1	154,489	154,489	1.45
DIRECTORS				
Mr. Aziz L. Jamal	6	1,264,693	2,696,694	25.37874
Mr. Rashid L. Jamal		1,341,379		11.90
Mr. Muhammad Ali Rashid		2,500		12.62
Mr. Abdul Rehman Yousuf		2,500		0.02
Mrs. Aisha Bai Suleman		75,824		0.02
Mr. Suleman Aswani		2,500		0.71
				0.02
EXECUTIVES				
BANK, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARBAS AND MUTUAL FUNDS:				
Banks	6	979,444		9.22
Insurance Companies	2	867,017		8.16
Modarbas	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
Anordoned 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	1,618,795		15.23
	1019	10,825,852		100.07

HUSEIN INDUSTRIES LIMITED
ATTENDANCE AT THE BOARD MEETING
DURING THE YEAR 2019-2020

Name of Directors	Total No. of Board Meetings	No of Meetings attended
Mr. Husein Jamal	4	4
Mr. Aziz L. Jamal	4	4
Mr. Rashid L. Jamal	4	4
Mr. Muhammed Ali Rashid	2	2
Mrs. Aisha Bai Suleman	4	4
Miss. Saman Aziz Jamal	2	2
Mr. Akhtar Wasim Dar	2	2
Mr. Abdul Rehman Yousuf	2	2
Mr.Suleman Aswani	4	4

ATTENDANCE AT THE BOARD OF AUDIT COMMITTEE MEETINGS
DURING THE YEAR 2019-2020

Name of Members	Total No. of Audit committee Meeting	No of Meetings attended
Mr. Suleman Aswani	4	4
Mr. Rashid L. Jamal	4	4
Mr. Akhtar Wasim Dar	2	2
Mr. Abdul Rehman Yousuf	2	2
Mr. Mirza Akhtar Shikoh	4	4

KEY OPERATING & FINANCIAL DATA
FROM 2014-2015 TO 2019-2020

Description	July-June 2019-2020	July-June 2018-2019	July-June 2017-2018	July-June 2016-2017	July-June 2015-2016	July-June 2014-2015
Revenue	108,339	63,832	74,371	76,769	-	3,234
Cost of Sales	(22,382)	(14,028)	(123,530)	(80,417)	-	(87,810)
Gross Profit / (loss)	85,957	49,804	(49,159)	(3,678)	-	(84,576)
Operating Profit / (loss)	64,217	33,861	(70,857)	(27,137)	(27,447)	(90,143)
Profit / (loss) before Tax	3,619	3,154	(65,804)	388	(15,858)	(108,561)
Profit / (loss) After Tax	2,463	5,467	(66,734)	(379)	(15,858)	(109,646)
Paid up Capital	106,259	106,259	106,259	106,259	106,259	106,259
Current Assets	108,889	80,902	112,612	250,047	295,767	324,784
Current Liabilities	1,335,006	1,324,581	1,368,573	1,135,755	727,928	259,308

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 _____
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 _____ 2020

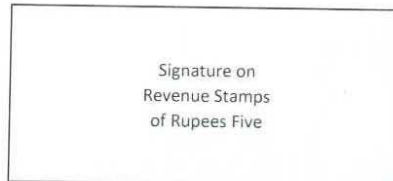
Witnesses:

1. Signature: _____
Name: _____
Address _____

CNIC No. or
Passport No _____

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.