CONDENSED INTERIM FINANCIAL INFORMATION

for the Half Year Ended December 31, 2018 Un-Audited





Committed to Excellence



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Corporate Directory

Chairman

Muhammad Hafiz (Chairman)

Chief Executive

Hafiz Abdul Majid

Executive Director

Hafiz Abdul Haseeb

Board of Directors

Mr. Talal Yousuf Mohammed Najibi

Mr. Nabil Abdul Rahman Ahmad Arif

Mr. Fahad Abdul Aziz Eshaq A.Rehman

Mr. Muhammad Hafiz

Mr. Arshad Ahmed

Hafiz Abdul Waheed

Hafiz Abdul Sami

Hafiz Abdul Aleem

Hafiz Abdul Majid

Hafiz Abdul Haseeb

Mr. Nasir Mahmood (Independent Director)

Mr. Asghar Imam Khalid (Independent

Director)

Mrs. Javeria Sami (Female Director)

Audit Committee:

Mr. Nasir Mahmood Chairman

Mr. Muhammad Hafiz member

Mr. Arshad Ahmed member
Mr. Asghar Imam Khalid member
Hafiz Abdul Sami (Reserved

member)

Human Resource and Remuneration Committee:

Mr. Nasir Mahmood (Chairman)

Mr. Muhammad Hafiz Mr. Arshad Ahmed Hafiz Abdul Aleem Hafiz Abdul Majid



Mission

To emerge as a leader among the responsible corporate citizens, benefiting all its stakeholders through innovation in its products and services.



Vision

To maintain its position as leader in providing seamless pipes and tubes and engineering goods and services in local market.

To explore export market and get benefit of competitive advantage of its internationally recognized products.

To introduce and adopt best practices within the company to achieve its objectives.

To maintain high standard and quality of its products while bringing cost effectiveness.

To provide adequate return to its investors.

To maintain congenial relationship with all of its stakeholders particularly employees, customers and suppliers.

To establish and maintain safe, healthy and environment-friendly systems.



International Certifications



CONDENSED INTERIM FINANCIAL INFORMATION for the Half year Ended December 31, 2018

Directors' Review Report

Dear Shareholders,

Assalam-o-Alaikum

The Directors have the pleasure in presenting to you the unaudited condensed interim financial information (duly reviewed by the auditors) for the half year ended December 31, 2018. This condensed interim financial information is presented in accordance with the requirements of Companies Act, 2017 and the Code of Corporate Governance Regulations, 2017.

The Company's sales turnover for the half year declined to Rs. 328.314 million as compare to Rs. 433.254 million in the corresponding period last year mainly due low domestic and international demand. Because Steel prices have come down internationally due to demand slowdown in key global markets and this is likely to remain under pressure in near future as well. Imports from China and Russia continue to increase at significantly lower prices thus putting pressure on the Company to lower its prices.

However, we have an optimistic outlook for the upcoming years. The local demand of our products is expected to pick up as the Government's intention to increase gas supply whether through TAPI gas pipe line from Central Asia to Pakistan and India. The IP pipeline would begin form South field of Iran to end at Nawabshah with a total distance to 1931 km out of which roughly 781 km will be in the Pakistan side. Besides, China has agreed to invest in Oil and gas section of Pakistan and have reached an agreement with OGDCL to come to Pakistan in the sector and to invest billions in drilling and developing the gas reserves of the Country.

The Company is hopeful that the demand for seamless pipes will gradually expand in the next period, with increasing demand for line pipe coatings. We are hopeful that the business activity will pick up during the year.

The Board of Directors of the Company places on record its gratitude to valued shareholders, banks, financial institutions and customers whose co-operation, continued support and patronage have enabled the Company to improve continuously. During the period under review, relation between the management and the employees remained cordial and we wish to place on record our appreciation for the dedication and hard work of the staff and workers of the Company.

For and on behalf of the Board of Directors HAFIZ ABDUL MAJID Chief Executive



Karachi: February 28, 2019







AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

INTRODUCTION

We have reviewed the accompanying condensed interim statement of financial position of **HUFFAZ SEAMLESS PIPE INDUSTRIES LIMITED** "the Company" as at 31 December, 2018: and the related condensed interim statement of profit or loss, condensed interim comprehensive income, condensed interim statement of changes in equity, condensed interim cash flow statement and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to as the 'Condensed interim financial information'). Management is responsible for the preparation and presentation of the condensed interim financial information, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial information based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with international standard on review engagements 2410, "Review of interim financial information" performed by the independent auditor of the entity. A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedure. A review is substantially less in scope than an audit conducted in accordance with international standards on auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information does not give a true and fair view, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

OTHER MATTERS

The figures included in the condensed interim statement of profit and loss account and condensed interim statement of comprehensive income for the quarter ended December 31, 2018 and December 31, 2017 have not been reviewed by the statutory auditors of the company as they have reviewed the cumulative figures for the six months ended December 31, 2018 and December 31, 2017

Chartered Accountants

Engagement Partner: Idrees Dawson, FCA

H.A.M.D.Le

Dated: February 28, 2018

Karachi.

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Tel: +92-42-35784200-201 Fax: +92 42 35784202 Email: waseem@hamdca.com



HUFFAZ SEAMLESS PIPE INDUSTRIES LIMITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018

ASSETS		December 31, 2018 Un-Audited	June 30, 2018 Audited
Non-current assets	Note	Rupees	in '000
Property, plant and equipment Long-term deposits Investment	5 6	5,141,823 6,936 243,187	5,201,352 6,936 243,187
Current assets		5,391,946	5,451,475
Stores and spares Stock-in-trade Trade debts-considered good Loan, advances, trade deposits and short term prepayments Other receivables Advance tax - net of provision Cash and bank balances	7 8 9 10	67,869 1,144,217 167,173 55,475 51,994 17,172 15,421	72,984 1,211,228 103,498 63,174 65,654 34,992 40,951
TOTAL ASSETS		6,911,267	7,043,956
EQUITY AND LIABILITIES Share capital and reserves			
Authorised capital 70,000,000 (2018: 70,000,000) ordinary share of Rs.10 each		700,000	700,000
Share capital			
Issued, subscribed and paid-up capital		554,844	554,844
Capital reserve			
Share premium Surplus on revaluation of property, plant and equipment - net of tax	11	109,437 3,045,941	109,437 3,092,182
Revenue reserve			
General reserve Unappropriated profit		40,000 1,325,517	40,000 1,259,790
TOTAL SHAREHOLDERS' EQUITY		5,075,739	5,056,253
LIABILITIES			
Non-current liabilities			
Long-term financing-secured Deferred liabilities		1,235 1,117,931	1,986 1,181,752
		1,119,166	1,183,738
Current liabilities			
Trade and other payables Short-term sponsors' advances Short-term borrowings-secured Current portion of non-current liabilities-secured Accrued mark-up	12 13 14	653,427 62,036 - 899 -	697,659 65,636 35,029 1,142 4,500
		716,362	803,966
TOTAL LIABILITIES	45	1,835,528	1,987,703
CONTINGENCIES AND COMMITMENTS	15		
TOTAL EQUITY AND LIABILITIES		6,911,267	7,043,956

The annexed notes from 1 to 25 form an integral part of these condensed interim financial information.







HUFFAZ SEAMLESS PIPE INDUSTRIES LIMITED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

		Half yea	ar ended	Quarte	r ended
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	Note	Rupees	in '000	Rupees	in '000
Net sales		328,314	433,254	191,494	204,451
Cost of sales	16	(315,469)	(379,807)	(184,951)	(158,715)
Gross profit		12,845	53,447	6,543	45,736
Selling and Distribution expenses		(5,404)	(4,240)	(2,869)	(903)
Administrative expenses		(33,379)	(45,833)	(17,073)	(30,182)
		(38,783)	(50,073)	(19,942)	(31,085)
		(25,938)	3,374	(13,399)	14,651
Other operating expenses	17.	(1,415)	(2,312)	(1,415)	(1,452)
Other income	18	15,471	19,785	10,802	18,546
		(11,882)	20,847	(4,012)	31,745
Finance cost	19	(14,771)	(18,089)	(8,980)	(9,000)
(Loss) / profit before taxation		(26,653)	2,758	(12,992)	22,745
Taxation	20	46,139	5,040	(1,160)	(20,610)
Profit / (loss) for the period		19,486	7,798	(14,152)	2,135
		Ru	pees		
Earnings /(losses) per share - bas	c and diluted	0.35	0.14	(0.26)	0.04
		Rupees	in '000	Rupees	in '000
Earnings before interest, tax, depr amortisation (EBITDA)	eciation and	91,530	131,108	55,098	95,798
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The annexed notes from 1 to 25 form an integral part of these condensed interim financial information.







CONDENSED INTERIM FINANCIAL INFORMATION for the Half year Ended December 31, 2018

HUFFAZ SEAMLESS PIPE INDUSTRIES LIMITED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Half yea 'December 31, 2018Rupees	'December 31, 2017	Quarter 'December 31, 2018Rupees i	'December 31, 2017
Profit / (loss) for the period	19,486	7,798	(14,153)	2,135
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	19,486	7,798	(14,153)	2,135

The annexed notes from 1 to 25 form an integral part of these condensed interim financial information.



Hafiz Abdul Sami Director



HUFFAZ SEAMLESS PIPE INDUSTRIES LIMITED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

December 31, 2017 2018 2	FOR THE HALF TEAR ENDED DECEMBER 31, 2010		Half year e	<u>nded</u>
Cash FLOWS FROM OPERATING ACTIVITIES Cash FLOWS FROM POPERATING ACTIVITIES				
Cash FLOWS FROM OPERATING ACTIVITIES (Loss) / profit before taxation (26,653) 2,758 Adjustments for:				
Adjustments for: Depreciation Amortisation Finance cost Workers profit participation fund Workers profit participation fund Workers Welfare Fund Provision for compensated absences Provision for staff gratuity Departing cash flows before working capital changes Changes in working capital Provision for staff gratuity Departing cash flows before working capital changes Changes in working capital Provision for staff gratuity Departing cash flows before working capital changes Eagle 119,548 21 (26,097) (6,415) Cash generated from operations Finance cost paid Finan	CASH FLOWS FROM OPERATING ACTIVITIES	Note	Rupees in	'000
Depreciation Amortisation 1	(Loss) / profit before taxation		(26,653)	2,758
Amortisation 1.25 114,771 18,089 Finance cost 14,771 18,089 Workers profit participation fund 2,57 Workers Welfare Fund 1,415 2,142 Provision for compensated absences 84 130 Provision for staff gratuity 4,500 4,000 Operating cash flows before working capital changes 82,758 119,548 Changes in working capital 21 (26,097) (6,415) Cash generated from operations 56,661 113,133 Finance cost paid (5,092) (9,597) Compensated absences paid (5,092) (9,597) Compensated absences paid (4,126) (3,021) Income tax paid (6,207) (26,566) Income tax paid (2,126) (3,021) Net cash generated in operating activities 43,193 73,959 CASH FLOWS FROM INVESTING ACTIVITIES (29,100) (5,759) CASH FLOWS FROM FINANCING ACTIVITIES (29,100) (5,759) CASH FLOWS FROM FINANCING ACTIVITIES (9,94) (9,00)	Adjustments for:			
Finance cost Workers profit participation fund Workers profit participation fund Workers profit participation fund 1,415			88,641	
Workers profit participation fund Workers' Welfare Fund Provision for compensated absences Provision for compensated absences Provision for compensated absences Provision for staff gratuity A,000 Provision for staff gratuity B,000 Provisi			14,771	
Provision for compensated absences 484 (130 (4,000) 1.09,411 (16,790) Operating cash flows before working capital changes 82,758 (19,48) 119,548 Changes in working capital 21 (26,097) (6,415) (6,415) Cash generated from operations 56,661 (113,133) 113,133 Finance cost paid Compensated absences paid (43) (2,126) (43) (2,126) (26,556) (3,021) (26,556) Carry Gratuity paid (6,207) (26,556) (13,468) (39,174) (6,207) (26,556) Income tax paid (13,468) (39,174) (3,021) (26,556) Vectors of property of the compensated in operating activities 43,193 (73,959) CASH FLOWS FROM INVESTING ACTIVITIES (29,100) (5,759) CASH FLOWS FROM FINANCING ACTIVITIES (29,100) (5,759) CASH FLOWS FROM FINANCING ACTIVITIES (39,40) (4,00	Workers profit participation fund		-	
Provision for staff gratuity 4,500 4,000 109,411 116,790 Operating cash flows before working capital changes 82,758 119,548 Changes in working capital 21 (26,097) (6,415) Cash generated from operations 56,661 113,133 Finance cost paid (5,092) (9,597) Compensated absences paid (43) (2,126) Staff gratuity paid (21,26) (3,021) Income tax paid (6,207) (26,556) (13,468) (39,174) Net cash generated in operating activities 43,193 73,959 CASH FLOWS FROM INVESTING ACTIVITIES Additions to property, plant and equipment (29,100) (5,759) Net cash used in investing activities (29,100) (5,759) CASH FLOWS FROM FINANCING ACTIVITIES (9,00) (4,000) Short-term sponsors' advances paid (3,600) (4,000) Ohividend paid (3,600) (4,000) Net cash used in financing activities (4,594) (4,050) Net cash used in financing activities <td></td> <td></td> <td>· · · · · · · · · · · · · · · · · · ·</td> <td></td>			· · · · · · · · · · · · · · · · · · ·	
109,411 116,790 Operating cash flows before working capital changes 82,758 119,548 Changes in working capital 21 (26,097) (6,415) Cash generated from operations 56,661 113,133 Finance cost paid				
Operating cash flows before working capital changes 82,758 119,548 Changes in working capital 21 (26,097) (6,415) Cash generated from operations 56,661 113,133 Finance cost paid (5,092) (9,597) Compensated absences paid (43) - Staff gratuity paid (2,126) (3,021) Income tax paid (13,468) (39,174) Net cash generated in operating activities 43,193 73,959 CASH FLOWS FROM INVESTING ACTIVITIES (29,100) (5,759) Net cash used in investing activities (29,100) (5,759) CASH FLOWS FROM FINANCING ACTIVITIES (3,600) (4,000) Chort-term sponsors' advances paid (3,600) (4,000) Short-term sponsors' advances paid (3,600) (5,00) Net cash used in financing activities (4,594) (4,050) Net (decrease)/increase in cash and cash equivalents 9,499 64,150 Cash and cash equivalents at the beginning of the period 5,922 (91,853)	1 Tovision for stan gratuity			
Cash generated from operations 56,661 113,133 Finance cost paid (5,092) (9,597) Compensated absences paid (43) - Staff gratuity paid (2,129) (3,021) Income tax paid (13,468) (39,174) Net cash generated in operating activities 43,193 73,959 CASH FLOWS FROM INVESTING ACTIVITIES Additions to property, plant and equipment (29,100) (5,759) Net cash used in investing activities (29,100) (5,759) CASH FLOWS FROM FINANCING ACTIVITIES (994) - Long-term financing paid (994) - Short-term sponsors' advances paid (3,600) (4,000) Dividend paid - (50) Net cash used in financing activities (4,594) (4,050) Net (decrease)/increase in cash and cash equivalents 9,499 64,150 Cash and cash equivalents at the beginning of the period 5,922 (91,853)	Operating cash flows before working capital changes			
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Finance cost paid (5,092) (9,597) Compensated absences paid (43) (3,021) Staff gratuity paid (2,126) (3,021) Income tax paid (6,207) (26,556) (13,468) (39,174) Net cash generated in operating activities 43,193 73,959 CASH FLOWS FROM INVESTING ACTIVITIES CASH FLOWS FROM FINANCING ACTIVITIES CASH FLOWS FROM FINANCING ACTIVITIES Long-term financing paid (994) - Short-term sponsors' advances paid (3,600) (4,000) Dividend paid (3,600) (4,000) Net cash used in financing activities (4,594) (4,050) Net (decrease)/increase in cash and cash equivalents 9,499 64,150 Cash and cash equivalents at the beginning of the period 5,922 (91,853)	Cash generated from operations		56.661	113.133
Compensated absences paid Staff gratuity paid (2,126) (43) (2,126) (3,021) Income tax paid (6,207) (26,556) (13,468) (39,174) Net cash generated in operating activities (39,174) 43,193 73,959 CASH FLOWS FROM INVESTING ACTIVITIES Additions to property, plant and equipment (29,100) (5,759) Net cash used in investing activities (29,100) (5,759) CASH FLOWS FROM FINANCING ACTIVITIES Long-term financing paid Short-term sponsors' advances paid (3,600) (4,000) Dividend paid Dividend paid (4,000) (4,500) Net cash used in financing activities (4,594) (4,050) Net (decrease)/increase in cash and cash equivalents (4,594) (4,050) Cash and cash equivalents at the beginning of the period (5,922) (91,853)	3			-,
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Cash FLOWS FROM INVESTING ACTIVITIES Cash used in investing activities Cash FLOWS FROM FINANCING ACTIVITIES Cash used in investing activities Cash Global Cash FLOWS FROM FINANCING ACTIVITIES Cash FLOWS FROM FINANCING ACTIVITIES Cash Global Cash used in financing paid Cash Global C				- (2.024)
Net cash generated in operating activities 43,193 73,959 CASH FLOWS FROM INVESTING ACTIVITIES Additions to property, plant and equipment (29,100) (5,759) Net cash used in investing activities (29,100) (5,759) CASH FLOWS FROM FINANCING ACTIVITIES Long-term financing paid (994) (3,600) (4,000) (6,0				
Additions to property, plant and equipment (29,100) (5,759) Net cash used in investing activities (29,100) (5,759) CASH FLOWS FROM FINANCING ACTIVITIES Long-term financing paid (994) (3,600) (4,000) Dividend paid (3,600) (60) Net cash used in financing activities (4,594) (4,050) Net (decrease)/increase in cash and cash equivalents Cash and cash equivalents at the beginning of the period (994) (4,000) (4,000) (50) (90) (4,000) (50) (90) (4,000) (50) (90) (50) (90) (50) (90) (50) (90) (50) (90) (50) (90) (60) (90) (60) (90) (60) (90) (60) (90) (60) (90) (60) (90) (60) (90) (60) (90) (• • • • • • • • • • • • • • • • • • • •
Additions to property, plant and equipment (29,100) (5,759) Net cash used in investing activities (29,100) (5,759) CASH FLOWS FROM FINANCING ACTIVITIES Long-term financing paid (994) (3,600) (4,000) (4,000) (5,00) Dividend paid (3,600) (5,00) Net cash used in financing activities (4,594) (4,050) Net (decrease)/increase in cash and cash equivalents 9,499 64,150 Cash and cash equivalents at the beginning of the period 5,922 (91,853)	Net cash generated in operating activities		43,193	73,959
Net cash used in investing activities CASH FLOWS FROM FINANCING ACTIVITIES Long-term financing paid (3,600) (4,000) (5,759) Net cash used in financing activities (4,594) (4,050) Net (decrease)/increase in cash and cash equivalents 9,499 64,150 Cash and cash equivalents at the beginning of the period 5,922 (91,853)	CASH FLOWS FROM INVESTING ACTIVITIES			
CASH FLOWS FROM FINANCING ACTIVITIES Long-term financing paid Short-term sponsors' advances paid Dividend paid Net cash used in financing activities Net (decrease)/increase in cash and cash equivalents Cash and cash equivalents at the beginning of the period Cash and cash equivalents at the beginning of the period Cash and cash equivalents at the beginning of the period	Additions to property, plant and equipment		(29,100)	(5,759)
Long-term financing paid Short-term sponsors' advances paid Dividend paid Net cash used in financing activities Net (decrease)/increase in cash and cash equivalents Cash and cash equivalents at the beginning of the period (994) (4,000) (4,000) (50) (4,594) (4,050) (4,050) (50) (50) (50)	Net cash used in investing activities		(29,100)	(5,759)
Short-term sponsors' advances paid Dividend paid Net cash used in financing activities Net (decrease)/increase in cash and cash equivalents Cash and cash equivalents at the beginning of the period (4,000) (50) (4,000) (4,000) (4,050) (4,050) (4,050) (4,050) (4,050) (4,050) (4,050) (91,853)	CASH FLOWS FROM FINANCING ACTIVITIES			
Short-term sponsors' advances paid Dividend paid Net cash used in financing activities Net (decrease)/increase in cash and cash equivalents Cash and cash equivalents at the beginning of the period (4,000) (50) (4,000) (4,000) (4,050) (4,050) (4,050) (4,050) (4,050) (4,050) (4,050) (91,853)	Long-term financing paid		(994)	
Net (decrease)/increase in cash and cash equivalents 9,499 64,150 Cash and cash equivalents at the beginning of the period 5,922 (91,853)	Short-term sponsors' advances paid			, ,
Cash and cash equivalents at the beginning of the period 5,922 (91,853)	Net cash used in financing activities		(4,594)	(4,050)
	Net (decrease)/increase in cash and cash equivalents		9,499	64,150
Cash and cash equivalents at the end of the period 22 15,421 (27,703)	Cash and cash equivalents at the beginning of the period		5,922	(91,853)
	Cash and cash equivalents at the end of the period	22	15,421	(27,703)

The annexed notes from 1 to 25 form an integral part of these condensed interim financial information.



Hafiz Abdul Sami Director



HUFFAZ SEAMLESS PIPE INDUSTRIES LIMITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Issued,	Capita	I Reserves	Revenu	e Reserves	
	subscribed and	Share premium	Revaluation Surplus on Property plant and	General reserve	Unappropriated	Total
	paid-up capital	Share premium	Equipment		profit	
			Rupees in '0	00		
Balance as at July 1, 2017-Restated	554,844	109,437	3,241,684	40,000	897,960	4,843,925
Total comprehensive income for the period						
Profit for the period Other comprehensive income	-	-	-	-	7,798	7,798
·	_					
Total comprehensive income for the period	-	-	-	-	7,798	7,798
Transfer from surplus on revaluation of property,						
plant and equipment on account of incremental						
depreciation charged thereon - net of tax	-	-	(49,494)	-	49,494	-
Balance as at December 31, 2017-Restated	554,844	109,437	3,192,190	40,000	955,252	4,851,723
Balance as at July 1, 2018	554,844	109,437	3,092,182	40,000	1,259,790	5,056,253
Total comprehensive income for the period						
Profit for the period Other comprehensive income		-	-	-	19,486	19,486
Total comprehensive income for the period	-	-	-	-	19,486	19,486
Transfer from surplus on revaluation of property,						
plant and equipment on account of incremental						
depreciation charged thereon - net of tax		-	(46,241)	-	46,241	-
Balance as at December 31, 2018	554,844	109,437	3,045,941	40,000	1,325,517	5,075,739

The annexed notes from 1 to 25 form an integral part of these condensed interim financial information.









HUFFAZ SEAMLESS PIPE INDUSTRIES LIMITED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

STATUS AND NATURE OF BUSINESS 1.

Huffaz Seamless Pipe Industries Limited ("the Company") was incorporated in Pakistan on October 9, 1983 as a public company limited by shares. The shares of the Company are quoted on Pakistan Stock Exchange (PSX) (formerly divided into KSE & LSE). The principal objective and business of the Company is manufacturing and selling of seamless steel pipes and tubes (tubular products). The Company also has a coating facility capable of applying three layer high density polyethylene coating, polypropylene coating and tape coating on steel pipes. The registered office of the Company is situated at 207-210, Mashriq Center, Block 14, Gulshan-e-Iqbal, Karachi and the factory of the Company is located at Nooriabad, District Jamshoro, Sindh province.

This is stand alone financial information of Huffaz Seamless Pipe Industries Limited. Consolidated financial information has not been prepared by the Company as disclosed in Note-6

2. BASIS OF PREPARATION

2.1 Statement of Compliance

This condensed interim financial information of the Company for the half year ended 31 December 2018 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 'Interim Financial reporting. This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable In Pakistan for Interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

International Accounting Standard (IAS) 34 'Interim Financial Reporting issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and provisions of and directives issued under the Companies Act 2017.

Where the provisions of and directives Issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives Issued under the Companies Act, 2017 have been followed.

- 2.1.2 This condensed interim financial information is un-audited and is being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange vide section 237 of the Companies Act. 2017. The figures for the half year ended 31 December 2018 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance
- 2.1.3 This condensed interim financial information does not include all the information and disclosures required for annual financial statements and therefore should be read in conjunction with the annual financial statements of the Company for the year ended June 30 2018
- 2.1.4 This condensed interim financial statements are unaudited but subject to limited scope review by the statutory auditors as required by the Code of Corporate Governance. The figures of the condensed interim statement of profit and loss account and condensed interim statement of comprehensive income for the quarter ended December 31, 2018 and December 31, 2017 have not been reviewed by the statutory auditors of the company as they have reviewed the cumulative figures for the six months ended December 31, 2018 and December 31, 2017.



2.2 Basis of measurement

This financial information has been prepared under the historical cost convention except that:

- the obligations under employees' defined benefit plan which are measured at present value of defined benefits less fair value of plan assets; and
- the leasehold land, factory building, plant and machinery and coating sheds are stated at fair values which are determined by the independent valuer.

2.3 Functional and presentation currency

This financial information is presented in Pakistan Rupees, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The accounting policies, estimates, judgments and the methods of computation adopted in the preparation of this condensed interim financial informations are the same as those applied in preparation of annual financial statements of the Company for the year ended June 30, 2018.

3.1 New standards, amendments and interpretation to published approved accounting and reporting standards which are effective during the half year ended December 31, 2018.

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2018. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these condensed interim financial statements.

In addition to that two new standards (i.e. IFRS 9 and IFRS 15) have become applicable to the Company effective July 1, 2018. Because of these new standards certain changes to the Company's accounting policies have been made in light of the following paragraphs:

IFRS 9 'Financial instruments' - This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The changes laid down by these standard do not have any significant impact on these condensed interim financial statements of the Company.

3.2 New standards and amendments to published approved accounting and reporting standards that are not yet effective.

There is a new standard, certain amendments and an interpretation to the approved accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2019. However, these will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these unconsolidated condensed interim financial statements.

4. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Company for the year ended June 30, 2018.





HPY Coating (Pvt.) Ltd.

Huffaz Seamless Pipe Industries Ltd.

5.	PROPERTY, PLANT AND EQUIPMENT	Note	December 31, 2018 (Un-Audited)	June 30, 2018 (Audited)
			Rupees i	n '000
	Operating fixed assets	5.1	5,116,673	5,201,352
	Capital work-in-progress	5.2	25,150	-
			5,141,823	5,201,352

5.1 Details of additions and disposals to operating fixed assets are as under:

	•	December 31, 2018 audited)	June 30, 201	8 (Audited)	
	Additions/	Transfer/ Disposals at Book	Additions/	Transfer/ Disposals at	
Land - lease hold	-	-	-	(7,331)	
Building - factory	-	-	73,748	(123,024)	
Coating Sheds	-	-	-	(5,811)	
Building - head office	-	-	559	-	
Plant and machinery	-	-	33,215	-	
Electric and gas appliances	3,950	-	-	-	
Computer and allied equipment	-	-	143	-	
	3,950	-	107,665	(136,165)	

2018 2018 (Un-Audited) (Audited) ----- Rupees in '000 -----

December 31,

243,187

243,187

June 30,

243.187

243.187

5.2 Additions to capital work-in-progress and transfer to operating fixed assets during the period are as follows:

	Opening Balance	-	73,102
	Additions	25,150	33,055
	Transfers	-	(106,157)
		25,150	-
6.	INVESTMENT		

6.1

- 6.1 The above represents investment in joint venture company. The company has transferred Land and Building to the investee company at fair value on the basis of a revaluation of properties carried out by an independent valuer wide their revaluation report dated June 30,2018
- HPY Coating (Private) Limited ("HPY") is a joint venture company incorporated in Pakistan on 17th April 2017, in 6.2 collaboration with Jiangsu PuYuan Steel Pipe Industry Company Limited ("PuYuan") on the basis of a 55%:45% shareholding with Huffaz owning 55% (23,100,000 shares @ 10 each) of the issued share capital in HPY against transfer of Land & Building therein and PuYuan owning 45% (18,900,000 shares @ 10 each) shares against transfer of plant machinery and equipment for setting up the project. The name of the Chief Executive of the company is Mr Hafiz Abdul Majid. The Board of directors of Joint Venture company will comprise 5(Five) directors, with Huffaz appointing / nominating 3 (Three) Directors and PuYuan appointing / nominating 2(Two) Directors on the Board. The Purpose of investment is setting up a project for providing pipe coating services to its prospective customers ("Project"). This project is going to be a value addition service for the products of Huffaz.



OPERATING STATUS 6.3

The joint venture company did not commence operating activities as yet.

The auditors of the joint venture company has not yet issued opinion on the financial statements of the said company therefore consolidated financial statements were not prepared.

		December 31, 2018	June 30, 2018
		(Un-Audited) Rupees i	(Audited)
7.	STOCK-IN-TRADE	Kupces i	II 000
	Raw material - in hand	60,799	131,299
	Work-in-process	51,806	38,023
	Finished goods	827,365	835,718
	Rejection / scrap material	204,247	206,188
	9r	1,144,217	1,211,228
8.	TRADE DEBTS		
0.	Considered good	167,173	103,498
			103,476
	Related parties from whom debts are due are as under:		
	Hafiz Abdul Waheed and Brothers (Pvt) Limited	-	18,578
	Huffaz Corporation (Pvt) Limited	-	10.570
			18,578
9.	LOAN, ADVANCES, TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
	Considered good-unsecured		
	- Advances to suppliers	116	12,073
	- Employees for business related expenses	5,727	5,608
	- Short term loan to HPY Coating	20,828	20,678
	- Loans and advances to employees	7,883	7,960
		34,554	46,319
	Trade deposits	20,921	16,855
		55,475	63,174
10.	OTHER RECEIVABLES		
	Letter of credit	3,539	3,308
	Margin against guarantee	30,957	12,509
	Sales tax refundable	17,498	49,837
		51,994	65,654
			233



December 31,	June 30,
2018	2018

(Audited) (Un-Audited) ----- Rupees in '000 -----

2018

11. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF TAX

As at July 1,

12.

12.1

12.2

Leasehold Land		804,378	804,378
Factory building, plant and machinery and coating sheds		3,279,058	3,486,138
Revaluation arising during the period		-	-
Transfer of assets		-	(50,514)
Less: transferred to unappropriated profit:		4,083,436	4,240,002
- Surplus on revaluation of property, plant and			
equipment realized during the period on account of			
incremental depreciation charged thereon - net of tax		(46,241)	(98,988)
- Related deferred tax		(19,435)	(57,578)
		(65,676)	(156,566)
		4,017,760	4,083,436
Less: related deferred tax liability on:			
- Revaluation as at July 1,		(991,254)	(1,048,832)
- (Deficit) / Surplus arising during the period		-	-
- Incremental depreciation charged during the period on			
related assets transferred to profit and loss account		19,435	57,578
- Effect of change in tax rates		(971,819)	(991,254)
		3,045,941	3,092,182
TRADE AND OTHER PAYABLES			
TRADE AND OTHER FATABLES			
Trade creditors	12.1	25,483	22,354
Accrued liabilities		42,976	32,291
Tax deducted at source		32,841	31,671
Workers' profit participation fund	12.2	331,610	317,431
Workers' welfare fund		10,944	13,763
Bills payable		93,401	93,401
Advance from customers	12.1	91,026	164,036
Provision for compensated absences		14,154	14,113
Gratuity due but not yet paid		9,585	7,197
Others		1,407	1,402
Others			
Others Related parties from whom advances received against sales a	re as under:	1,407 653,427	1,402
Others Related parties from whom advances received against sales a Hafiz Abdul Waheed and Brothers (Pvt) Limited	re as under:	1,407 653,427 4,860	1,402 697,659
Others Related parties from whom advances received against sales a	re as under:	1,407 653,427 4,860 13,295	1,402 697,659 - 12,862
Others Related parties from whom advances received against sales a Hafiz Abdul Waheed and Brothers (Pvt) Limited	re as under:	1,407 653,427 4,860	1,402 697,659
Others Related parties from whom advances received against sales a Hafiz Abdul Waheed and Brothers (Pvt) Limited	re as under:	1,407 653,427 4,860 13,295	1,402 697,659 - 12,862
Others Related parties from whom advances received against sales a Hafiz Abdul Waheed and Brothers (Pvt) Limited Huffaz Corporation (Pvt) Limited Workers' Profit Participation Fund	re as under:	1,407 653,427 4,860 13,295 18,155	1,402 697,659 - 12,862
Others Related parties from whom advances received against sales a Hafiz Abdul Waheed and Brothers (Pvt) Limited Huffaz Corporation (Pvt) Limited	re as under:	1,407 653,427 4,860 13,295	1,402 697,659 - 12,862 12,862
Others Related parties from whom advances received against sales a Hafiz Abdul Waheed and Brothers (Pvt) Limited Huffaz Corporation (Pvt) Limited Workers' Profit Participation Fund Balance as at July 1,	re as under:	1,407 653,427 4,860 13,295 18,155	1,402 697,659 - 12,862 12,862 290,469



13 SHORT-TERM SPONSORS' ADVANCES - unsecured

This represents unsecured and interest free advance from sponsors repayable on demand.

14. SHORT TERM BORROWINGS

Restructured Term finances under mark-up arrangements	14.1	-	35,029
		-	35,029

14.1 The Company obtained the restructured short term loan facility from Bank Alfalah of Rs.200 million in the year. The Markup on the facility is charged at the rate i.e KIBOR+3%. The loan was secured by way of first pari passu charged on Fixed Assets of the company, having value of Rs.550 million. The loan has been paid fully in this period along with markup thereon.

CONTINGENCIES AND COMMITMENTS 15.

15.1 Contingencies

- Guarantees as at December 31, 2018 amounting to Rs. 17.337 million (June 30, 2018: Rs. 21.389 million) have been furnished in favour of various customers.
- 15.1.2 Under the Gas Infrastructure Development Cess Act, 2011, Government of Pakistan levied Gas Infrastructure Development (GID) Cess on gas bills at the rate of Rs. 13 per MMBTU on all industrial consumers. In the month of June 2012, the Federal Government revised GID Cess rate from Rs. 13 per MMBTU to Rs. 100 per MMBTU. Various companies filed suits before the Honourable High Court of Sindh, challenging the applicability of Gas Infrastructure Cess Act, 2011. The Sindh High Court has restrained the Federation and gas companies from recovering GID Cess over and above Rs. 13 per MMBTU. On August 22, 2014, the Supreme Court of Pakistan has given a judgment declaring that the levy of GID cess as a tax was not validly levied in accordance with the Constitution. In September 2014, the Federal Government promulgated Gas Infrastructure Cess (GIDC) Ordinance No. VI of 2014. In May 2015, the said Ordinance was approved in the parliament and became an Act. Under the Act, GID Cess at the rate of Rs. 100 per MMBTU on all industrial consumers has been levied. Subsequent to the approval of the Act, the Company received gas bills at the rate of Rs. 100 per MMBTU, as the Company is considered an industrial consumers. The Company, while considering itself as industrial consumer, has accrued (but not paid) GID Cess amounting to Rs. 1.923 million at the rate of Rs. 100 per MMBTU from June 2015.

15.2 **Commitments**

- 15.2.1 Commitments under letters of credit as at December 31, 2018 amounted to Rs. Nil (June 30, 2018: Rs. Nil).
- 15.2.2 The facility for opening letters of credit and guarantees as at December 31, 2018 amounted to Rs. Nil (June 30, 2018: Rs. 500 million) of which the amount remaining unutilised as at that date was Rs. Nil (June 30, 2018: Rs. 235 million).







16.	COST OF SALES		Half year ended		Quarter ended	
		Note	December 31, 2018 (Un-Audited)	December 31, 2017 (Un-Audited)	December 31, 2018 (Un-Audited)	December 31, 2017 (Un-Audited)
				Rupee	s in '000	
	Onening stock of finished goods		925 719	652 226	750 710	441.027
	Opening stock of finished goods Cost of goods manufactured	16.1	835,718 307,116	652,336 437,529	750,718 261,598	441,037 427,737
	Cost of goods manufactured	10.1	1,142,834	1,089,865	1,012,316	868,774
	Closing stock of finished goods Total Cost of Sales		(827,365)	(710,058) 379,807	(827,365) 184,951	(710,058) 158,715
	Total Cost of Sales		313,409	379,807	104,931	138,713
16.1	Cost of goods manufactured					
	Raw material consumed	16.1.1	94,214	164,216	35,035	105,845
	Depreciation		88,113	91,346	44,075	45,221
	Other Manufacturing Expenses		136,631	126,153	76,830	45,112
			318,958	381,715	155,940	196,178
	Rejection / scrap material					
	Opening		206,188	83,787	238,688	182,416
	Closing		(204,247)	(123,157)	(204,247)	(123,157)
			1,941	(39,370)	34,441	59,259
	Work in process					1
	Opening		38,023	161,085	123,023	238,201
	Closing		(51,806)	(65,901) 95,184	(51,806) 71,217	(65,901) 172,300
			307,116	437,529	261,598	427,737
16.1.1	Raw material consumed					
	Opening stock		131,299	375,568	73,904	547,862
	Purchases		23,714	34,175	21,930	(196,490)
			155,013	409,743	95,834	351,372
	Closing stock		(60,799) 94,214	(245,527) 164,216	(60,799) 35,035	(245,527) 105,845
			94,214	104,210	33,033	105,645
17.	OTHER OPERATING EXPENSES					
	Workers' Welfare Fund		1,415	2,142	1,415	1,610
	Exchange loss / (gain)		-	(87)	-	(415)
	Workers' Profit Participation Fund			257	<u> </u>	257
			1,415	2,312	1,415	1,452
18.	OTHER INCOME					
	Scrap sales		500	-	-	-
	Others		14,971	19,785	10,802	18,546
			15,471	19,785	10,802	18,546
19.	FINANCE COST					
	Profit paid on musharaka		84	-	73	-
	Interest on Workers' Profit Participation Fund		14,179	8,672	7,089	4,315
	Mark-up on short term borrowing-BAFL		-	7,792	1,332	4,620
	Bank charges		508	1,625	486	65
			14,771	18,089	8,980	9,000
						488



Half year ended



		Half yea	Half year ended		Quarter ended	
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	
		(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)	
20.	TAXATION		Rupee	Rupees in '000		
	Current	19,793	28,352	11,683	20,537	
	Deferred	(65,932)	(33,392)	(10,523)	73	
		(46,139)	(5,040)	1,160	20,610	

- 20.1 Income tax assessment has been made in the current year under section 122(9) of the income tax ordinance, 2001, there have been no significant additional tax amount demanded by income tax department.
- 20.2 Income tax assessment prior to tax year 2017 has been assessed under deemed provision of the income tax ordinance,2001.
- 20.3 Finance Act, 2017 has introduced tax rates of 30%, 29% and 28% for the tax years 2018, 2019 and 2020 (and onwards), respectively. Accordingly, deferred tax liability has been recorded on the basis of tax rates that are expected to apply to the taxable profit of the periods in which the temporary differences are expected to reverse.

	nun you	0
	December 31,	'December 31,
	2018	2017
	(Un-Audited)	(Un-Audited)
21. CHANGES IN WORKING CAPITAL	Rupees	in '000
(Increase) / decrease in current assets		
Stores and spares	5,115	18,103
Stock-in-trade	67,011	128,133
Trade debts	(63,675)	50,141
Loans and advances, trade and other deposits and other receivables	21,359	18,347
	29,810	214,724
Increase in current liabilities		
Trade and other payables	(55,907)	(221,139)
	(26,097)	(6,415)
22. CASH AND CASH EQUIVALENTS		
Restructured Term finances under mark-up arrangements	-	(78,792)
Cash and bank balances	15,421	51,089
	15,421	(27,703)





TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise of associated companies, directors of the Company, companies in which directors also hold directorship, related group companies, key management personnel and staff retirement benefit funds.

Transactions with related parties are as follows:

Name	Nature of	Nature of transaction	Half year ended		
	relationship		December 31, 2018 (Un-Audited)	December 31, 2017 (Un-Audited)	
			Rupees i	n '000	
Hafiz Abdul Waheed and Brothers	Associated company	Sale of goods		55,754	
	· · · · · · · · · · · · · · · · · · ·	Receipts in respect of sale of goods	23,438	89,571	
Huffaz Corporation	Associated company	Sale of goods	3,052	5,214	
	Company	Receipts in respect of sale of goods	3,485	2,876	
Directors	Related party	Sponsors' advances received	<u> </u>	4,844	
		Sponsors' advances paid	3,600	8,844	
Remuneration of key management	Related party	Remuneration	8,908	11,200	
Balance receivable/(payable) as at Sep	tember 30, 2018 wit	th related parties are as follows:			
Name	Nature of relationship	Nature of balance	December 31, 2018	June 30, 2018	
			(Un-Audited) Rupees in '	(Audited) 000	
Hafiz Abdul Waheed and Brothers	Associated				
	company	Trade debts	(4.960)	18,578	
Huffaz Corporation	Associated	Trade and other payable	(4,860)		
	company	Trade debts			
		Trade and other payable	(13,295)	(12,862)	
HPY Coating (Private) Limited	Joint Venture	Short term loan to HPY Coating	20,828	20,678	
Directors	Related party	Short-term sponsor's advances	(62,036)	(65,636)	

DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue by the Board of Directors of the Company on February 28, 2019.

25. GENERAL

Figures have been rounded off to the nearest thousand rupees unless otherwise stated.



Hafiz Abdul Sami









Committed to Excellence

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