

HALF YEARLY
ACCOUNTS
31st December, 2018

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COMPANY INFORMATION

Board of Directors	Mr. Pervez Ahmed Mr. Ali Pervez Ahmed Mr. Suleman Ahmed Mr. Atta ur Rehman Mr. Khawar Mahmud Mr. Mazhar Pervaiz Malik Mrs. Rukhsana Khalid	Chief Executive
Audit Committee	Mr. Atta ur Rehman Mr. Khawar Mahmud Mr. Mazhar Pervaiz Malik	Chairman
HR and Remuneration Committee	Mr. Suleman Ahmed Mr. Atta ur Rehman Mrs. Rukhsana Khalid	Chairman
Chief Financial Officer	Mr. Muhammad Rafique Qureshi	
Company Secretary	Mr. Salman Farooq	
Auditors	M/s Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants	
Legal Advisor	Cornelius, Lane & Mufti Advocates & Solicitors	
Banks	Al Baraka Bank (Pakistan) Limited MCB Bank Limited Silk Bank Meezan Bank Limited Bank Al-Falah Limited Bank Al-Habib Limited NIB Bank Limited National Bank of Pakistan Dubai Islamic Bank	
Registered Office	20-K, Gulberg II, Lahore.	
Share Registrars	THK Associates (Pvt.) Limited First Floor, 40-C, Block - 6 P.E.C.H.S Karachi - 75400	
Mill	11-km Sheikhpura Faisalabad Road, Sheikhpura	
Website	www.dsil.com.pk	

DIRECTORS' REPORT

On behalf of the Directors of D.S. Industries Limited, it is my pleasure to present the half yearly financial statements of the Company for the six months ended December 31, 2018.

Financial Results of the Company

During the six months ended December 31, 2018 Company incurred gross loss of Rs. 0.308 million on sale of Rs. 497.700 million as compared to the gross loss of Rs. 7.590 million on sale of Rs. 254.730 million for the corresponding period of last year. The operating loss of company for the six months period ended December 31, 2018 amounting to Rs. 25.596 million as compared to operating loss of Rs. 8.953 million for the corresponding period of last year. During the six months ended December 31, 2018 Company incurred loss after tax of Rs. 43.764 million as compared to loss after tax of Rs. 17.959 million during the corresponding period of last year.

Future Outlook

The management of the company is striving to make the company profitable by changing production mix and exploring other markets.

Acknowledgement

The Board of directors would like to place on record their appreciation to the valued shareholders, bankers, the Securities & Exchange Commission and to the management of Pakistan Stock Exchange for their valuable support, assistance and guidance. The Board also express its appreciation to the staff and workers of the Company for their services, loyalty and efforts being continuously rendered.

For & on behalf of the Board

Lahore
February 28, 2019

Pervez Ahmed
Chief Executive

Independent Auditor's Review Report Report On Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of D.S. INDUSTRIES LIMITED ["the Company"] as at December 31, 2018 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures for the three-month period ended December 31, 2018 of the condensed interim statement of profit or loss, condensed interim statement of comprehensive income have not been reviewed as we are required to review only cumulative figures for the six-month period ended on that date.

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 interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. 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 interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

We draw attention to note 2.2 to these interim financial statements which indicate that the Company has incurred loss after taxation of Rs. 43.765 million during the six month period ended December 31, 2018. As at December 31, 2018, the Company has accumulated losses of Rs. 795.962 million as at the reporting date. Its current liabilities exceed its current assets by Rs. 298.947 million. The Company has been unable to repay its long debts on due dates. These factors indicates existence of material uncertainty that raise doubts about the Company's ability to continue as a going concern and that the Company may not be able to discharge its liabilities and realize its assets in the normal course of business. These interim financial statements has, however, been prepared on going concern basis for reasons explained in note 2.2. Our conclusion is not qualified in respect of this matter.

The engagement partner on the review resulting in this independent auditor's review report is ZUBAIR IRFAN MALIK

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ

Chartered Accountants

Engagement Partner: ZUBAIR IRFAN MALIK

Date: FEBRUARY 28, 2019

Place: LAHORE

D.S. INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

	<i>Note</i>	December 31, 2018	June 30, 2018
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-audited)</i>	<i>(Audited)</i>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
<i>Authorized capital</i>			
100,000,000 (June 30, 2018: 100,000,000) ordinary shares of Rs. 10 each		<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued, subscribed and paid-up capital		836,856,310	836,856,310
Discount on issue of shares		(82,899,709)	(82,899,709)
Surplus on revaluation of property, plant and equipment		195,789,395	203,909,733
Accumulated losses		(795,962,112)	(760,317,860)
		153,783,884	197,548,474
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term finances - <i>secured</i>	6	80,708,744	82,745,085
Employees retirement benefits		15,550,118	14,834,639
Deferred taxation		19,778,854	19,778,854
		116,037,716	117,358,578
CURRENT LIABILITIES			
Trade and other payables		225,997,103	188,264,259
Unclaimed dividend		337,563	337,563
Accrued interest/markup		5,480,485	2,864,344
Short term borrowings		167,932,267	159,404,421
Provision for taxation		11,521,257	8,973,077
Current portion of non-current liabilities		13,000,000	13,000,000
		424,268,675	372,843,664
TOTAL LIABILITIES		<u>540,306,391</u>	<u>490,202,242</u>
CONTINGENCIES AND COMMITMENTS			
	7		
TOTAL EQUITY AND LIABILITIES		<u>694,090,275</u>	<u>687,750,716</u>

The annexed notes from 1 to 16 form an integral part of these interim financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

D.S. INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

	<i>Note</i>	December 31, 2018	June 30, 2018
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-audited)</i>	<i>(Audited)</i>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	464,239,184	478,921,989
Long term investments	9	85,457,246	85,463,366
Long term deposits - <i>unsecured considered good</i>		19,072,394	19,072,394
		568,768,824	583,457,749
CURRENT ASSETS			
Stores, spares and loose tools		1,915,816	1,109,133
Stock in trade		16,307,662	54,110,390
Trade debts - <i>unsecured considered good</i>		78,881,119	30,809,522
Advances, prepayments and other receivables		24,605,029	12,594,092
Advance income tax/income tax refundable		1,809,503	3,330,422
Bank balances		1,802,322	2,339,408
		125,321,451	104,292,967
TOTAL ASSETS		694,090,275	687,750,716

The annexed notes from 1 to 16 form an integral part of these interim financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

D.S. INDUSTRIES LIMITED

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018**

	Note	Six month ended		Three month ended	
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
		Rupees	Rupees	Rupees	Rupees
Sales - net		497,700,559	254,730,683	240,117,012	171,887,300
Cost of sales	9	(498,009,310)	(262,320,890)	(260,247,764)	(171,411,960)
Gross profit/(loss)		(308,751)	(7,590,207)	(20,130,752)	475,340
Selling and distribution expenses		(1,128,072)	(698,894)	(434,906)	(414,080)
Administrative and general expenses		(20,304,557)	(14,172,587)	(10,337,433)	(7,231,160)
Other expenses		(3,884,268)	(668,780)	(1,039,400)	(156,535)
		(25,316,897)	(15,540,261)	(11,811,739)	(7,801,775)
Other income		28,815	14,177,143	13,711	3,624
Operating loss		(25,596,833)	(8,953,325)	(31,942,491)	(7,322,811)
Finance cost		(7,976,721)	(4,150,526)	(4,095,488)	(2,501,891)
Notional interest		(3,963,659)	-	(3,963,659)	-
Share of (loss)/profit of associates		(6,120)	(1,671,182)	123,811	(1,443,295)
Loss before taxation		(37,543,333)	(14,775,033)	(39,877,827)	(11,267,997)
Taxation	10	(6,221,257)	(3,184,134)	(4,331,959)	(2,148,592)
Loss after taxation		(43,764,590)	(17,959,167)	(44,209,786)	(13,416,589)
Loss per share - basic and diluted		(0.52)	(0.21)	(0.53)	(0.16)

The annexed notes from 1 to 16 form an integral part of these interim financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

D.S. INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE
INCOME (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

	Six month ended		Three month ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Other comprehensive income	-	-	-	-
Loss after taxation	(43,764,590)	(17,959,167)	(44,209,786)	(13,416,589)
Total comprehensive loss	(43,764,590)	(17,959,167)	(44,209,786)	(13,416,589)

The annexed notes from 1 to 16 form an integral part of these interim financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

D.S. INDUSTRIES LIMITED

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018**

	December 31, 2018	December 31, 2017
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(37,543,333)	(14,775,033)
Adjustments for non-cash items		
Liabilities written back	-	(1,817,209)
Waiver of debt finances and accrued markup thereon	-	(12,351,641)
Depreciation	14,682,805	15,969,716
Notional interest	3,963,659	-
Share of loss of associates	6,120	1,671,182
Provision for employees retirement benefits	2,000,000	3,727,480
Interest/markup on borrowings	7,976,721	4,150,526
	<u>28,629,305</u>	<u>11,350,054</u>
Operating profit/(loss) before changes in working capital	<u>(8,914,028)</u>	<u>(3,424,979)</u>
Changes in working capital		
Stores, spares and loose tools	(806,683)	(386,246)
Stock in trade	37,802,728	11,693,377
Trade debts	(48,071,597)	6,787,353
Advances, prepayments and other receivables	(12,010,937)	(7,467,470)
Trade and other payables	37,732,844	(22,720,353)
	<u>14,646,355</u>	<u>(12,093,339)</u>
Net cash generated from/(used in) operations	<u>5,732,327</u>	<u>(15,518,318)</u>
Payments for		
Interest/markup on borrowings	(5,360,580)	(3,951,135)
Income tax	(2,152,158)	(2,460,549)
Employees retirement benefits	(1,284,521)	(6,174,020)
Net cash used in operating activities	<u>(3,064,932)</u>	<u>(28,104,022)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term finances	(6,000,000)	(500,000)
Net increase in short term borrowings	8,527,846	32,852,034
Net cash generated from financing activities	<u>2,527,846</u>	<u>32,352,034</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(537,086)</u>	<u>4,248,012</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>2,339,408</u>	<u>1,098,720</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>1,802,322</u>	<u>5,346,732</u>

The annexed notes from 1 to 16 form an integral part of these interim financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

D.S. INDUSTRIES LIMITED

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018**

	Share capital	Capital reserves		Revenue reserve	Total equity
	Issued subscribed and paid-up capital	Discount on issue of ordinary shares	Surplus on revaluation of property, plant and equipment	Accumulated losses	
Balance as at June 30, 2017 - Audited	836,856,310	(82,899,709)	214,247,198	(697,192,244)	271,011,555
Comprehensive income					
Loss after taxation	-	-	-	(17,959,167)	(17,959,167)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss	-	-	-	(17,959,167)	(17,959,167)
Incremental depreciation	-	-	(6,910,230)	6,910,230	-
Transaction with owners	-	-	-	-	-
Balance as at December 31, 2017 - Un-audited	<u>836,856,310</u>	<u>(82,899,709)</u>	<u>207,336,968</u>	<u>(708,241,181)</u>	<u>253,052,388</u>
Balance as at January 01, 2018 - Un-audited	836,856,310	(82,899,709)	207,336,968	(708,241,181)	253,052,388
Comprehensive income					
Loss after taxation	-	-	-	(57,823,667)	(57,823,667)
Other comprehensive income	-	-	2,277,205	42,548	2,319,753
Total comprehensive income	-	-	2,277,205	(57,781,119)	(55,503,914)
Incremental depreciation	-	-	(5,704,440)	5,704,440	-
Transaction with owners	-	-	-	-	-
Balance as at June 30, 2018 - Audited	<u>836,856,310</u>	<u>(82,899,709)</u>	<u>203,909,733</u>	<u>(760,317,860)</u>	<u>197,548,474</u>
Balance as at July 01, 2018 - Audited	836,856,310	(82,899,709)	203,909,733	(760,317,860)	197,548,474
Comprehensive income					
Loss after taxation	-	-	-	(43,764,590)	(43,764,590)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss	-	-	-	(43,764,590)	(43,764,590)
Incremental depreciation	-	-	(8,120,338)	8,120,338	-
Transaction with owners	-	-	-	-	-
Balance as at December 31, 2018 - Un-audited	<u>836,856,310</u>	<u>(82,899,709)</u>	<u>195,789,395</u>	<u>(795,962,112)</u>	<u>153,783,884</u>

The annexed notes from 1 to 16 form an integral part of these interim financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

D.S. INDUSTRIES LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

1 LEGAL STATUS AND OPERATIONS

D.S. Industries Limited [the Company] was incorporated in Pakistan as a Private Limited Company under the repealed Companies Act, 1913 (now the Companies Act, 2017) and was subsequently converted into a Public Limited Company. The Company is listed on Pakistan Stock Exchange Limited. The Company is a spinning unit engaged in the manufacture and sale of yarn. The registered office of the Company is situated at 20-K, Gulberg II, Lahore. The manufacturing facility is located at

2 BASIS OF PREPARATION

The interim financial statements are un-audited and has been presented in condensed form and do not include all the information as is required to be provided in a full set of annual financial statements. These interim financial statements should be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2018.

This interim financial statements have been subjected to limited scope review by the auditors of the company, as required by the Companies Act, 2017 under section 237. The comparative condensed interim statement of financial position as at June 30, 2018 and the related notes to the interim financial statements are based on audited financial statements. The comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and related notes to the condensed interim financial statements for the six month period ended December 31, 2017 are based on unaudited, reviewed interim financial statements. The condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three months period ended December 31, 2018 and December 31, 2017 are neither audited

2.1 Statement of compliance

These interim financial statements have 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 comprises of:

- International Accounting Standard 34 - Interim Financial Reporting, issued by International Accounting Standards 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.

2.2 Going concern assumption

The Company has been facing operational losses since the previous year mainly due to decrease in selling prices in local as well as international markets, the on-going power crises, dumping of Indian yarn at low prices along with other factors, including economic instability and unfavourable textile policy of the Government, affecting the textile industry. The Company has not been able to utilize its production capacity at an optimum level due to which the desired profitability remained

As a result, the Company has incurred loss after taxation of Rs. 43.765 million. As at December 31, 2018, the Company has accumulated losses of Rs. 795.962 million as at the reporting date. Its current liabilities exceed its current assets by Rs. 298.947 million. The Company has been unable to repay its long debts on due dates. These factors indicate existence of material uncertainty that raise doubts about the Company's ability to continue as a going concern and that the Company may not be able to discharge its liabilities and realize its assets in the normal course of business. However, these interim financial statements have been prepared on going concern basis based on the following:

- a) The Company has continued financial support of its related parties in the form of interest free loans. During the period, related parties provided financial support amounting to Rs. 7.668 million in the form of long term interest free
- b) The Company is making efforts to repay its long term finances in accordance with the repayment schedules to avail the interest/markup waiver offered by the lending banks. During the previous years, markup amounting to Rs. 12.35 million was waived by Askari Bank Limited. MCB Bank Limited has agreed to waive off an amount of Rs. 85.043 million subject to timely repayment of principal liabilities.
- c) The waiver of interest/markup is expected to make available sufficient working capital to the Company which will allow the Company to achieve its target of sustainable capacity utilization.

The management is confident that through above measures, the Company will turnaround into a profitable company, subject to impact, if any, of uncontrollable circumstances including power crises and global market conditions.

2.3 Basis of measurement

These interim financial statements have been prepared under the historical cost convention except for certain financial instruments at fair value, certain financial liabilities at amortized cost and employees retirement benefits at present value. In these financial statements, except for the amounts reflected in the statement of cash flows, all transactions have been

2.4 Judgments, estimates and assumptions

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from

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 and in any future periods affected.

2.5 Functional currency

This financial information is prepared in Pak Rupees which is the Company's functional currency.

2.6 Date of authorisation for issue

This interim financial statements have been approved by the Board of Directors of the Company and authorized for issue on February 28, 2019.

3 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE DURING THE YEAR.

The following new and revised standards, interpretations and amendments are effective in the current period but, unless specified otherwise, are either not relevant to the Company or their application does not have any material impact on the interim financial statements of the Company other than presentation and disclosures.

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customer.

- Identify the contract with customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contracts.
- Recognized revenue when (or as) the entity satisfies a performance obligation.

Clarifications to IFRS 15 - Revenue from Contracts with Customers

IFRS 15 - Revenue from Contracts with Customers have been amended to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

IFRIC 22 - Foreign Currency Transactions and Advances Consideration

The interpretation addresses the 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. It specifically considers:

- Whether tax treatments should be considered collectively
- Assumptions for taxation authorities' examinations
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- The effect of changes in facts and circumstances

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2 - Share-

IFRS 2 - Share-based Payment have been amended to clarify the standard in relation to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from

Applying IFRS 9 - Financial Instruments with IFRS 4 - Insurance Contracts (Amendments to IFRS 4 - Insurance

IFRS4 Insurance Contracts have been amended to provide two options for entities that issue insurance contracts within the scope of IFRS 4:

- an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach;
- an optional temporary exemption from applying IFRS9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

Transfers of Investment Property (Amendments to IAS 40 - Investment Property)

IAS 40 - Investment Property have following amendments:

- Paragraph 57 have been amended to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.
- The list of examples of evidence in paragraph 57(a) – (d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list.

Annual Improvements to IFRS Standards 2014–2016 Cycle (IFRS 1 - First-time Adoption of International Financial Reporting Standards and IAS 28 - Investments in Associates and Joint Ventures)

Annual improvements makes amendments to the following standards:

- IFRS1 - Deletes the short-term exemptions in paragraphs E3–E7 of IFRS1, because they have now served their intended purpose.
- IAS 28 - Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

4 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE.

	Effective date (reporting period/year ended on or after)
IFRS 9 - Financial Instruments (2014)	January 01, 2019
	Effective date (annual periods beginning on or after)
IFRS 16 - Leases (2016)	January 01, 2019
IFRS 17 - Insurance contracts (2017)	January 01, 2021
Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures).	Deferred Indefinitely
IFRIC 23 - Uncertainty over Income Tax Treatments	January 01, 2019
Prepayment Features with Negative Compensation (Amendments to IFRS 9 - Financial Instruments)	January 01, 2019
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28 - Investments in Associates and Joint Ventures)	January 01, 2019
Annual Improvements to IFRS Standards 2015 – 2017 Cycle	January 01, 2019
Plan Amendment, Curtailment or Settlement (Amendments to IAS 19 - Employee	January 01, 2019
Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020
Definition of a Business (Amendments to IFRS 3 - Business Combinations)	January 01, 2020
Definition of Material (Amendments to IAS 1 - First-time Adoption of International Financial Reporting Standards and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors)	January 01, 2020

Other than afore mentioned standards, interpretations and amendments, IABS has also issued the following standards which have not been notified by the Securities and Exchange Commission of Pakistan [“SECP”]:

IFRS 1 - First Time Adoption of International Financial Reporting Standards
 IFRS 14 - Regulatory Defferal Accounts
 IFRS 17 – Insurance contracts (2017)

The Company intends to adopt these new and revised standards, interpretations and amendments on their effective dates, subject to, where required, notification by Securities and Exchange Commission of Pakistan under section 225 of the Companies Act, 2017 regarding their adoption. The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the Company's financial statements other

IFRS 9 - Financial Instruments

Finalised version of IFRS9 - Financial Instruments: *Recognition and Measurement* which contains accounting requirement for financial instruments, replacing IAS 39 - Financial Instruments: *Recognition and Measurement*. The standard contains requirements in the following areas:

- **Classification and measurement:** Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of
- **Impairment:** The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is
- **Hedge accounting:** Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from

5 ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The accounting policies and methods of computation adopted in the preparation of these interim financial statements are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended June

	Note	December 31, 2018	June 30, 2018
		Rupees (Un-Audited)	Rupees (Audited)
6 LONG TERM FINANCES - SECURED			
Face value	6.1	92,288,192	98,288,192
Less: unamortized notional interest	6.2	(11,579,448)	(15,543,107)
		80,708,744	82,745,085
6.1 These represent long term finances utilized under interest/markup arrangements from banking companies			
MCB Bank Limited		105,288,192	111,288,192
Current maturity and overdue amounts presented under current liabilities		(13,000,000)	(13,000,000)
		92,288,192	98,288,192
6.2 Unamortized notional interest			
As at beginning of the year		15,543,107	-
Arising during the year		(3,963,659)	15,543,107
As at end of the year		11,579,448	15,543,107

7 CONTINGENCIES AND COMMITMENTS

There is no significant change in status of contingencies or commitments since June 30, 2018.

Half Year Ended December 31, 2018

	December 31, 2018	June 30, 2018
	<i>Rupees</i>	<i>Rupees</i>
	<i>(Un-Audited)</i>	<i>(Audited)</i>
8 PROPERTY, PLANT AND EQUIPMENT		
Net book value at the beginning of the period/year	478,921,989	510,776,302
Addition during the period/year		
Vehicles	-	91,200
Depreciation for the period/year	(14,682,805)	(31,945,513)
Net book value at end of the period/year	<u>464,239,184</u>	<u>478,921,989</u>

9 LONG TERM INVESTMENTS

This represents investment in ordinary shares of associates. The investments has been accounted for by using equity method. The details are as follows:

	<i>Note</i>	December 31, 2018	June 30, 2018
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
Pervez Ahmed Securities Limited	9.1	-	-
Pervez Ahmed Capital (Private) Limited	9.2	85,457,246	85,463,366
		<u>85,457,246</u>	<u>85,463,366</u>

9.1 Pervez Ahmed Securities Limited

Cost of investment	3,412,243	3,412,243
Share of post acquisition losses	(1,538,534)	(1,538,253)
Share of post acquisition changes in equity	(160,258)	(160,258)
Accumulated impairment	(1,713,451)	(1,713,732)
	<u>-</u>	<u>-</u>

	December 31, 2018	June 30, 2018
	<i>No. of shares</i>	<i>No. of shares</i>
Number of shares held	<u>61,550</u>	<u>61,550</u>
	<i>% age</i>	<i>% age</i>
Percentage of ownership interest	<u>0.03</u>	<u>0.03</u>
	<i>Rupees</i>	<i>Rupees</i>
Market value per share	<u>0.81</u>	<u>1.97</u>

9.1.1 Extracts of financial statements of Pervez Ahmed Securities Limited

The assets and liabilities of Pervez Ahmed Securities Limited as at the reporting date and related revenue and profit for the year then ended based on the unaudited financial statements are as follows:

	December 31, 2018	June 30, 2018
	<i>Rupees</i>	<i>Rupees</i>
	<i>(Un-Audited)</i>	<i>(Audited)</i>
Assets	112,617,232	112,832,467
Liabilities	(641,861,248)	(654,347,517)
Loss for the period/year	(850,617)	(60,188,881)
Share of loss	(281)	(19,857)

Half Year Ended December 31, 2018

	December 31, 2018	June 30, 2018
	<i>Rupees</i> <i>(Un-Audited)</i>	<i>Rupees</i> <i>(Audited)</i>
9.2 Pervez Ahmed Capital (Private) Limited		
Cost of investment	85,000,000	85,000,000
Share of post acquisition profits	457,246	463,366
	85,457,246	85,463,366

	December 31, 2018	June 30, 2018
	<i>No. of shares</i>	<i>No. of shares</i>
Number of shares held	7,727,000	7,727,000
	<i>% age</i>	<i>% age</i>
Percentage of ownership interest	44.88	44.88
	<i>Rupees</i>	<i>Rupees</i>
Break-up value per share	11.06	11.06

9.2.1 Extracts of financial statements of Pervez Ahmed Capital (Private) Limited

The assets and liabilities of Pervez Ahmed Capital (Private) Limited as at the reporting date and related revenue and profit for the year then ended based on the audited financial statements are as follows:

	December 31, 2018	June 30, 2018
	<i>Rupees</i> <i>(Un-Audited)</i>	<i>Rupees</i> <i>(Audited)</i>
Assets	192,992,157	194,359,920
Liabilities	2,576,337	3,930,464
Loss for the period/year	(13,636)	(25,051,177)
Share of loss	(6,120)	(11,242,787)

	Six month ended		Three month ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	<i>Rupees</i> <i>(Un-Audited)</i>	<i>Rupees</i> <i>(Un-Audited)</i>	<i>Rupees</i> <i>(Un-Audited)</i>	<i>Rupees</i> <i>(Un-Audited)</i>

9 COST OF SALES

Raw material consumed	349,641,797	162,449,505	173,176,085	110,166,481
Stores and spares consumed	10,686,701	7,090,707	7,789,406	4,929,771
Salaries, wages and benefits	60,071,934	36,660,037	37,007,804	22,479,324
Fuel and power	57,125,312	38,788,744	24,424,254	28,086,071
Traveling and conveyance	806,686	371,773	442,901	206,519
Repair and maintenance	793,989	809,439	353,825	523,888
Insurance	1,671,029	781,061	1,456,489	487,540
Entertainment	249,964	253,240	111,522	128,633
Depreciation	14,371,830	15,594,616	7,185,915	7,797,308
Other manufacturing overheads	479,969	495,084	231,234	217,433
Manufacturing cost	495,899,211	263,294,206	252,179,435	175,022,968
Work in process				
As at beginning of the period	9,999,900	12,868,500	14,684,700	10,816,500
As at end of the period	(7,500,000)	(13,095,000)	(7,500,000)	(13,095,000)
	2,499,900	(226,500)	7,184,700	(2,278,500)
Cost of goods manufactured (C/F)	498,399,111	263,067,706	259,364,135	172,744,468

Half Year Ended December 31, 2018

	Six month ended		Three month ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	<i>Rupees</i> (Un-Audited)	<i>Rupees</i> (Un-Audited)	<i>Rupees</i> (Un-Audited)	<i>Rupees</i> (Un-Audited)
Cost of goods manufactured (B/F)	498,399,111	263,067,706	259,364,135	172,744,468
Finished goods				
As at beginning of the period	3,859,024	2,675,348	5,132,454	2,089,656
As at end of the period	(4,248,825)	(3,422,164)	(4,248,825)	(3,422,164)
	(389,801)	(746,816)	883,629	(1,332,508)
	498,009,310	262,320,890	260,247,764	171,411,960

10 PROVISION FOR TAXATION

10.1 Current taxation

Provision for current tax has been made in accordance with the requirements of section 113 of the Income Tax Ordinance,

10.2 Deferred taxation

No provision for deferred tax has been made as the impact of the same is considered immaterial.

11 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise sponsors of the Company, associated companies and undertakings and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company.

Transactions with sponsors are limited to provision of interest free loans to the Company and those with key management personnel are limited to payment of short term employee benefits only. The Company in the normal course of business carries out various transactions with associates and associated undertakings and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an arm's length transaction, with the exception of borrowings, which are interest free.

Details of transactions with related parties are as follows:

		Six months ended	
		December 31, 2018	December 31, 2017
		<i>Rupees</i> (Un-Audited)	<i>Rupees</i> (Un-Audited)
11.1 Transactions with related parties			
Nature of relationship	Nature of transaction		
Associates and associated undertakings	Purchase of goods and services	1,018,494	5,425,738
	Sales of goods and services	54,209,017	5,425,738
	Short term borrowings - net	2,499,500	7,973,355
Sponsors	Short term borrowings - net	5,168,932	9,772,060
Key management personnel	Short term employee benefits	2,850,000	2,850,000
		December 31, 2018	June 30, 2018
		<i>Rupees</i> (Un-Audited)	<i>Rupees</i> (Audited)

11.2 Balances with related parties

Nature of relationship	Nature of balance		
Associates and associated undertakings	Trade debts	69,414,463	23,117,111
	Short term borrowings	21,724,500	19,225,000
Sponsors	Short term borrowings	36,209,684	31,040,752
Key management personnel	Short term employee benefits payable	13,208,199	12,996,695

12 FINANCIAL INSTRUMENTS

The carrying amount of the Company's financial instruments by class and category are as follows.

Half Year Ended December 31, 2018

	December 31, 2018	June 30, 2018
	<i>Rupees</i> <i>(Un-Audited)</i>	<i>Rupees</i> <i>(Audited)</i>
12.1 Financial assets		
<i>Loans and receivables</i>		
Long term deposits	19,072,394	19,072,394
Trade debts	78,881,119	30,809,522
Advances to employees	13,379,202	3,097,215
Bank balances	336,963	2,339,408
	111,669,678	55,318,539
	111,669,678	55,318,539
12.2 Financial liabilities		
<i>Financial liabilities at amortized cost</i>		
Long term finances	105,288,192	111,288,192
Short term borrowings	167,932,267	159,404,421
Accrued interest/markup	5,480,485	2,864,344
Trade creditors	67,105,838	76,295,005
Accrued liabilities	45,866,882	46,928,426
Unclaimed dividend	337,563	337,563
	392,011,227	397,117,951
	392,011,227	397,117,951
13 FAIR VALUE MEASUREMENTS		

The Company measures some of its financial instruments at fair value at the end of each reporting period. Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the

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 (that is, as prices) or indirectly (that is, derived from prices).

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

The fair value hierarchy of financial instruments measured at fair value and the information about how the fair values of these financial instruments are determined are as follows:

13.1 Financial Instruments

There are no recurring or non-recurring fair value measurements as at the reporting date. The management considers the carrying amount of all the financial instruments to approximate their fair values.

13.2 Financial instruments measured at fair value

13.2.1 Recurring fair value measurements

For recurring fair value measurements, the fair value hierarchy and information about how the fair values are determined is

	Level 1	Level 2	Level 3	December 31, 2018	June 30, 2018
				<i>Rupees</i> <i>(Un-audited)</i>	<i>Rupees</i> <i>(Audited)</i>
Freehold land	-	60,225,000	-	60,225,000	60,225,000
Building on free hold land	-	-	142,695,426	142,695,426	150,205,711
Plant and machinery	-	-	249,475,810	249,475,810	255,872,626
Electric installations	-	-	8,829,841	8,829,841	9,294,569

For fair value measurements categorised into Level 2 and Level 3 the following information is relevant:

	Valuation	Significant inputs	Sensitivity
Freehold land	Market approach that reflects recent transaction prices for similar properties.	Estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition.	A 5% increase in estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition would result in a significant increase in fair value of buildings by Rs. 3.01 million (June 30, 2018: Rs. 3.01 million).
Building on free hold land	Cost approach that reflects the cost to the market participants to construct assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique	Estimated construction costs and other ancillary expenditure.	A 5% increase in estimated construction and other ancillary expenditure would result in a significant increase in fair value of buildings by Rs. 7.13 million (June 30, 2018: Rs. 7.51 million).
Plant and machinery	Cost approach that reflects the cost to the market participants to acquire assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique	Estimated purchase price, including import duties and non-refundable purchase taxes and other costs directly attributable to the acquisition or construction, erection and installation.	A 5% increase in estimated purchase price, including import duties and non-refundable purchase taxes and other directly attributable costs would result in a significant increase in fair value of plant and machinery by Rs. 12.474 million (June 30, 2018: Rs. 12.793 million).
Electric installation	Cost approach that reflects the cost to the market participants to acquire assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique	Estimated purchase price, including import duties and non-refundable purchase taxes and other costs directly attributable to the acquisition or construction, erection and installation.	A 5% increase in estimated purchase price, including import duties and non-refundable purchase taxes and other directly attributable costs would result in a significant increase in fair value of electric installation by Rs. 44,492 million (June 30, 2018: Rs. 464,728).

There were no transfers between fair value hierarchies during the year.

13.2.2 Non-recurring fair value measurements

There are no non-recurring fair value measurements as at the reporting date.

13.3 Financial instruments not measured at fair value

The management considers the carrying amount of all financial instruments not measured at fair value to approximate carrying values.

13.4 Assets and liabilities other than financial instruments

None of the assets and liabilities other than financial instruments are measured at fair value.

14 EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period that may require adjustment of and/or disclosure in these interim financial statements.

15 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these interim financial statements.

16 GENERAL

16.1 There are no other significant activities since June 30, 2018 affecting the interim financial statements.

16.2 Corresponding figures have been re-arranged where necessary to facilitate comparison. However, there are no significant reclassifications during the period.

16.3 Figures have been rounded off to the nearest Rupee.

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