



**Half Yearly Accounts**  
for the Period Ended  
**December 31, 2021**

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**D S INDUSTRIES LIMITED**

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## Company Information

Board of Directors	Mr. Ali Pervez Ahmed Mrs. Rehana Pervez Ahmed Mr. Hassan Ibrahim Ahmed Mr. Suleman Ahmed Mrs. Rukhsana Khalid Mr. M. Naeem Ilyas Mr. Haider Ali	Chief Executive
Audit Committee	Mr. M. Naeem Ilyas Mrs. Rukhsana Khalid Mr. Haider Ali	Chairman
Chief Financial Officer	Mr. M. Naeem Akhtar	
Company Secretary	Mr. Salman Farooq	
Auditors	M/s Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants	
Legal Advisor	Cornelius, Lane & Mufti Advocates & Solicitors	
Banks	Meezan Bank Limited Silk Bank Limited Bank Al-Falah Limited Bank Al-Habib Limited Dubai Islamic Bank Pakistan Limited MCB Bank Limited	
Registered Office	20-K, Gulberg II, Lahore.	
Share Registrars	THK Associates (Pvt.) Limited Plot No 32-C, Jami Commercial, Street 2, D.H.A Phase VII, Karachi - 75500	
Mills	11th KM Sheikhpura Faisalabad Road, Sheikhpura	
Website	<a href="http://www.dsil.com.pk">www.dsil.com.pk</a>	

## DIRECTORS' REPORT

On behalf of the Board of Directors of D S Industries Limited, we feel immense pleasure to present the un-audited financial statements of the Company for the half year ended December 31, 2021.

### Financial Results of the Company

During the period under review, the Company has recorded a net sales of Rs. 14.47 million and a gross loss of Rs. 9 million as compared with a net sales of Rs. 71.13 million and gross profit of Rs. 10.58 million in the corresponding period of the last year. Net loss after tax recorded at Rs. 22.855 million as compared to a net loss after tax of Rs. 15.45 million in the corresponding period of the last year. The loss per share for the period ended December 31, 2021, recorded at Rs. 0.27 as compared to a loss per share of Rs. 0.18 for the same period of last year.

### Future Outlook

Instability and uncertainty are prevailing in the local businesses backed by adverse economic circumstances, such as rising inflation and high oil prices. The inflation rate is increasing gradually, and if not controlled this could result in the further increase of the policy rate, which could seriously affect the economic activities. Moreover, it is the time that the policymakers start thinking long term so that businesses can plan over long term horizons.

### Acknowledgement

The Board is thankful to its valued shareholders for their confidence in the Company, its customers, the Securities & Exchange Commission of Pakistan and to the management of Pakistan Stock Exchange Limited for their valuable support, assistance and guidance. The Board also appreciates the employees of the Company for their dedication and hard work.

For & on behalf of the Board



Hassan Ibrahim Ahmed  
Director



Ali Pervez Ahmed  
Chief Executive

Lahore  
February 25, 2022

**INDEPENDENT AUDITOR'S REVIEW REPORT**  
To the members of D.S. INDUSTRIES LIMITED  
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 31 December 2021 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 31 December 2021 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.

**Basis for Qualified Conclusion**

The Company has recognized deferred tax asset amounting to Rs. 96.46 million on unused tax losses. The Company has history of losses and taxable profits are not expected to be available in future against which these unused tax losses could be utilized. Had the deferred tax asset not been recognized, deferred tax liability as at 31 December 2021 and loss after taxation for the year then ended would have been higher by Rs. 96.46 million. The financial statements do not disclose this fact.

**Qualified Conclusion**

Our review indicated that, because of the matters discussed in Basis for Qualified Conclusion paragraph, 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. 22.855 million during the six month period ended 31 December 2021. As at 31 December 2021, the Company has accumulated losses of Rs. 828.735 million. As at the reporting date, its current liabilities exceed its current assets by Rs. 183.075 million. These factors indicate existence of material uncertainty that raises 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 25, 2022**

**Place: LAHORE**

**D.S. INDUSTRIES LIMITED**  
 CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
 AS AT DECEMBER 31, 2021

	Note	31-Dec-21 Rupees (Un-audited)	30-Jun-21 Rupees (Audited)
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>		<b>1,000,000,000</b>	<b>1,000,000,000</b>
<i>Issued share capital</i>		<b>836,856,310</b>	836,856,310
<i>Discount on issue of shares</i>		<b>(82,899,709)</b>	(82,899,709)
<i>Revaluation reserve</i>		<b>225,167,190</b>	228,435,379
<i>Retained earnings</i>		<b>(828,734,985)</b>	(809,147,793)
<b>TOTAL EQUITY</b>		<b>150,388,806</b>	<b>173,244,187</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
<i>Long term finances</i>	6	<b>91,375,762</b>	96,775,762
<i>Deferred interest</i>	7	<b>21,398,724</b>	16,391,492
<i>Long term payables</i>		-	672,978
<i>Employees retirement benefits</i>		<b>837,429</b>	2,519,877
		<b>113,611,915</b>	<b>116,360,109</b>
<b>CURRENT LIABILITIES</b>			
<i>Trade and other payables</i>		<b>108,239,608</b>	111,304,864
<i>Unclaimed dividend</i>		<b>337,563</b>	337,563
<i>Short term borrowings</i>		<b>67,678,319</b>	61,165,447
<i>Current portion of non-current liabilities</i>		<b>15,686,895</b>	14,371,980
<i>Provision for taxation</i>		<b>180,902</b>	2,009,545
		<b>192,123,287</b>	<b>189,189,399</b>
<b>TOTAL LIABILITIES</b>		<b>305,735,202</b>	<b>305,549,508</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	8		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>456,124,008</b>	<b>478,793,695</b>

The annexed notes from 1 to 18 form an integral part of these interim financial statements.



**DIRECTOR**



**CHIEF FINANCIAL OFFICER**



**Chief Executive**

**D.S. INDUSTRIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2021**

	<i>Note</i>	<b>31-Dec-21</b> <i>Rupees</i> <b>(Un-audited)</b>	<b>30-Jun-21</b> <i>Rupees</i> <b>(Audited)</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
<i>Property, plant and equipment</i>	9	<b>315,759,448</b>	331,969,244
<i>Long term investments</i>	10	<b>72,016,975</b>	76,666,869
<i>Deferred taxation</i>		<b>40,227,220</b>	32,586,684
<i>Long term deposits</i>		<b>19,072,394</b>	19,072,394
		<b>447,076,037</b>	460,295,191
<b>CURRENT ASSETS</b>			
<i>Stores and spares</i>		<b>361,346</b>	878,864
<i>Stock in trade</i>		<b>4,215,947</b>	10,343,837
<i>Advances and other receivables</i>		<b>916,832</b>	2,507,684
<i>Advance income tax/income tax refundable</i>		<b>2,069,808</b>	3,966,312
<i>Bank balances</i>		<b>1,484,038</b>	801,807
		<b>9,047,971</b>	18,498,504
<b>TOTAL ASSETS</b>		<b>456,124,008</b>	478,793,695

*The annexed notes from 1 to 18 form an integral part of these interim financial statements.*



**DIRECTOR**



**CHIEF FINANCIAL OFFICER**



**Chief Executive**

**D.S. INDUSTRIES LIMITED**

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS  
(UN-AUDITED)  
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2021

Note	Six month ended		Three month ended	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	Rupees	Rupees	Rupees	Rupees
<b>Revenue from contracts with customers - net</b>	<b>14,472,187</b>	<b>71,125,723</b>	<b>2,360,446</b>	<b>39,220,840</b>
Cost of sales	11 (23,471,642)	(60,544,261)	(6,796,281)	(30,721,675)
<b>Gross (loss)/profit</b>	<b>(8,999,455)</b>	<b>10,581,462</b>	<b>(4,435,835)</b>	<b>8,499,165</b>
Selling and distribution expenses	(1,538,897)	(15,031,615)	(226,537)	(7,850,339)
Administrative expenses	(3,553,429)	(6,539,375)	(1,814,274)	(3,437,519)
Other expenses	(7,619,019)	(10,895,454)	(7,510,228)	(10,804,281)
	(12,711,345)	(32,466,444)	(9,551,039)	(22,092,139)
Other income	1,385,939	9,869,118	1,385,939	4,440,638
<b>Operating loss</b>	<b>(20,324,861)</b>	<b>(12,015,864)</b>	<b>(12,600,935)</b>	<b>(9,152,336)</b>
Finance cost	(6,130,627)	(4,992,643)	(3,025,836)	(2,711,336)
Notional interest	792,341	-	792,341	-
Share of profit/(loss) of associates	(4,651,869)	2,626,165	(2,343,698)	(909,969)
<b>Loss before taxation</b>	<b>(30,315,016)</b>	<b>(14,382,342)</b>	<b>(17,178,128)</b>	<b>(12,773,641)</b>
Provision for taxation	12 7,459,635	(1,066,886)	7,611,032	(588,313)
<b>Loss after taxation</b>	<b>(22,855,381)</b>	<b>(15,449,228)</b>	<b>(9,567,096)</b>	<b>(13,361,954)</b>
<b>Loss per share - basic and diluted</b>	<b>(0.27)</b>	<b>(0.18)</b>	<b>(0.11)</b>	<b>(0.16)</b>



DIRECTOR



CHIEF FINANCIAL OFFICER



Chief Executive

**D.S. INDUSTRIES LIMITED**  
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
(UN-AUDITED)  
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2021

	Six month ended		Three month ended	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Other comprehensive income	-	-	-	-
Loss after taxation	(22,855,381)	(15,449,228)	(9,567,096)	(13,361,954)
<b>Total comprehensive loss</b>	<b>(22,855,381)</b>	<b>(15,449,228)</b>	<b>(9,567,096)</b>	<b>(13,361,954)</b>

*The annexed notes from 1 to 18 form an integral part of these interim financial statements.*



**DIRECTOR**



**CHIEF FINANCIAL OFFICER**



**Chief Executive**

**D.S. INDUSTRIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**(UN-AUDITED)**  
**FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2021**

	Six month ended	
	31-Dec-21	31-Dec-20
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(30,315,016)	(14,382,342)
<b>Adjustments for non-cash and other items</b>		
Depreciation	5,913,482	6,398,142
Notional interest	(792,341)	-
Loss on disposal of property, plant and equipment	6,126,814	-
Reversal of impairment of long term investment	(1,975)	(985)
Share of (loss)/profit of associates	4,651,869	(2,626,165)
Finance cost	6,130,627	4,966,640
	<b>22,028,476</b>	<b>8,737,632</b>
<b>Cash used in operations before working capital changes</b>	<b>(8,286,540)</b>	<b>(5,644,710)</b>
<b>Changes in working capital</b>		
Stores and spares	517,518	29,475
Stock in trade	6,127,890	(1,366,099)
Advances and other receivables	1,590,852	(88,246)
Trade and other payables	(3,065,256)	16,647,693
	<b>5,171,004</b>	<b>15,222,823</b>
<b>Cash (used in)/generated from operations</b>	<b>(3,115,536)</b>	<b>9,578,113</b>
<b>Payments for:</b>		
Finance cost	(153,126)	(9,555)
Income tax	(113,041)	(1,540,684)
Employees retirement benefits	(1,682,448)	-
<b>Net cash (used in)/generated from operating activities</b>	<b>(5,064,151)</b>	<b>8,027,874</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	4,169,500	-
<b>Net cash generated from investing activities</b>	<b>4,169,500</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long term finances	(2,100,000)	(2,700,000)
Repayment of long term payable	(2,835,990)	-
Net increase/(decrease) in short term borrowings	6,512,872	(5,140,913)
<b>Net cash generated from/(used in) financing activities</b>	<b>1,576,882</b>	<b>(7,840,913)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>682,231</b>	<b>186,961</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>801,807</b>	<b>733,806</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>1,484,038</b>	<b>920,767</b>

The annexed notes from 1 to 18 form an integral part of these interim financial statements.

  
**DIRECTOR**
  
**CHIEF FINANCIAL OFFICER**
  
**Chief Executive**

## D.S. INDUSTRIES LIMITED

### CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE SIX MONTH ENDED DECEMBER 31, 2021

	Share capital	Capital reserves	Revenue reserve		
	Issued share capital	Discount on issue of shares	Revaluation reserve	Retained earnings	Total equity
	Rupees	Rupees	Rupees	Rupees	Rupees
<b>Balance as at 30 June 2020 - Audited</b>	836,856,310	(82,899,709)	235,315,776	(806,269,317)	183,003,060
<b>Comprehensive income</b>					
Loss after taxation	-	-	-	(15,449,228)	(15,449,228)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive loss</b>	-	-	-	(15,449,228)	(15,449,228)
<b>Incremental depreciation</b>	-	-	(4,845,350)	4,845,350	-
<b>Transaction with owners</b>	-	-	-	-	-
<b>Balance as at 31 December 2020 - Un-audited</b>	836,856,310	(82,899,709)	230,470,426	(816,873,195)	167,553,832
<b>Balance as at 01 January 2021 - Un-audited</b>	836,856,310	(82,899,709)	230,470,426	(816,873,195)	167,553,832
<b>Comprehensive income</b>					
Loss after taxation	-	-	-	5,769,989	5,769,989
Other comprehensive loss	-	-	-	(79,634)	(79,634)
<b>Total comprehensive loss</b>	-	-	-	5,690,355	5,690,355
<b>Incremental depreciation</b>	-	-	(2,035,047)	2,035,047	-
<b>Transaction with owners</b>	-	-	-	-	-
<b>Balance as at 30 June 2021 - Audited</b>	836,856,310	(82,899,709)	228,435,379	(809,147,793)	173,244,187
<b>Balance as at 01 July 2021 - Audited</b>	836,856,310	(82,899,709)	228,435,379	(809,147,793)	173,244,187
<b>Comprehensive income</b>					
Loss after taxation	-	-	-	(22,855,381)	(22,855,381)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive loss</b>	-	-	-	(22,855,381)	(22,855,381)
<b>Incremental depreciation</b>	-	-	(3,268,189)	3,268,189	-
<b>Transaction with owners</b>	-	-	-	-	-
<b>Balance as at 31 December 2021 - Un-audited</b>	836,856,310	(82,899,709)	225,167,190	(828,734,985)	150,388,806

The annexed notes from 1 to 18 form an integral part of these interim financial statements.



**DIRECTOR**



**CHIEF FINANCIAL OFFICER**



**Chief Executive**

**D.S. INDUSTRIES LIMITED****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2021****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 11 KM, Sheikhpura Faisalabad Road, Sheikhpura, in the Province of Punjab.*

**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 30 June 2021.*

*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 30 June 2021 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 31 December 2020 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 31 December 2021 and 31 December 2020 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*
- *Islamic Financial Accounting Standards [IFAS] issued by Institute of Chartered Accountants of Pakistan 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 incurred loss after taxation of Rs. 22.855 million. As at 31 December 2021, the Company has accumulated losses of Rs. 828.735 million as at the reporting date and its current liabilities exceed its current assets by Rs. 183.075 million. The Company sold substantially all plant and machinery related to spun yarn business. These factors indicate existence of material uncertainty that raises 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 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. 6.513 million in the form of interest free loans.*
- (b) *The Company has remodeled its textile product portfolio switching from loss making yarn to profitable ready to wear*
- (c) *The providers of debt finance has restructured short term borrowings where by the entire short term borrowings has been converted into long term finance payable over a period of five years. Further interest on short term borrowing and long term finance has been deferred and is payable after the full settlement of long term finance in July 2025.*

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

**2.3 Basis of measurement**

*These financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis as at the reporting date.*

Items	Measurement basis
Financial liabilities	Amortized cost
Financial assets	Fair value/amortized cost
Land, building, plant and machinery	Revalued amount
Employee retirement benefits	Present value

**2.4 Critical accounting judgements and key sources of estimation uncertainty**

The preparation of financial statements requires management to make judgments, 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 judgments 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Subsequently, actual results may differ from these estimates. 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**

These interim financial statements have been prepared in Pak Rupees which is the Company's functional currency. The amounts reported in these interim financial statements have been rounded to the nearest Rupees unless specified

**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 25 February 2022.

**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 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, except as stated otherwise.

**3.1 Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurements, and IFRS 7 - Financial Instruments: Disclosures, IFRS 4 - Insurance Contracts, IFRS 16 - Leases)**

The amendments in Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing

**3.2 COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16 - Leases)**

The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

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

The following standards, interpretations and amendments are in issue which are not effective as at the reporting date and have not been early adopted by the Company.

	Effective date (annual periods beginning on or after)
IFRS 17 - Insurance contracts (2017)	01 January 2023
Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures).	Deferred Indefinitely
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 - Presentation of Financial Statements).	01 January 2023
Reference to the Conceptual Framework (Amendments to IFRS 3 - Business)	01 January 2022
Property, Plant and Equipment- Proceeds before Intended Use (Amendments to IAS 16 - Property, Plant and Equipment).	01 January 2022

	<b>Effective date (annual periods beginning on or after)</b>
<i>Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37 - Impairment of Assets).</i>	01 January 2022
<i>Annual Improvements to IFRS Standards 2018–2020.</i>	01 January 2022
<i>Amendments to IFRS 17</i>	01 January 2023
<i>Disclosure of Accounting Policies (Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2 - Making Materiality Judgements)</i>	01 January 2023
<i>Definition of Accounting Estimates (Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)</i>	01 January 2023
<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 - Income Taxes)</i>	01 January 2023
<i>Initial Application of IFRS 17 and IFRS9 — Comparative Information (Amendment to IFRS 17 - Insurance contracts)</i>	01 January 2023
<i>Other than afore mentioned standards, interpretations and amendments, IASB has also issued the following standards which have not been notified by the Securities and Exchange Commission of Pakistan [“SECP”]:</i>	

*IFRS 1 - First Time Adoption of International Financial Reporting Standards  
IFRS 14 - Regulatory Deferral Accounts*

*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 not have a material impact on the Company's financial statements*

## 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*

	<b>Note</b>	<b>31-Dec-21 Rupees (Un-Audited)</b>	<b>30-Jun-21 Rupees (Audited)</b>
<b>6 LONG TERM FINANCES</b>			
<i>These represent long term finances utilized under interest arrangements from banking companies</i>			
<i>Term Finances [“TF”]</i>			
<i>TF - I</i>	6.1	<b>103,375,762</b>	105,475,762
		<b>103,375,762</b>	105,475,762
<i>Current maturity presented under current liabilities</i>		<b>(12,000,000)</b>	(8,700,000)
		<b>91,375,762</b>	96,775,762

- 6.1** *TF - 1 has been obtained from Silk Bank Limited on conversion of short term borrowings amounting to Rs 109.976 million. The finance is secured by charge over present and future current assets and operating fixed assets of the Company, subordination of loan from directors and personal guarantees of the Company's Directors. The finance carries interest at the rate of Silkbank's cost of Funds (11.38%) payable in twelve equal monthly installments, after the full settlement of TF - I, with the first installment due in July 2025. The principle is repayable in sixty stepped-up monthly installments with the first installment due in July 2020.*

## 7 DEFERRED INTEREST

*This represents accrued interest on short term borrowings and TF-1. As per restructuring arrangement, this accrued interest will be paid in twelve equal monthly installments after full settlement of principal amount of TF-1 with the first installment due in July 2025. Deferred interest has been carried at amortised cost which has been determined using a discount rate of 8.24%, being the average effective borrowing rate of the Company.*

## Half Yearly Accounts December 31, 2021

	Note	31-Dec-21 Rupees (Un-Audited)	30-Jun-21 Rupees (Audited)
As at beginning of the period/year		23,114,560	12,218,115
Transferred from accrued interest		5,977,500	10,896,445
		<b>29,092,060</b>	<b>23,114,560</b>
Unamortized notional interest	7.1	<b>(7,693,336)</b>	<b>(6,723,068)</b>
As at end of the period/year		<b>21,398,724</b>	<b>16,391,492</b>

### 7.1 Unamortized notional interest

As at beginning of the period/year	6,723,068	4,101,969
Recognized during the period/year	1,634,808	3,289,871
Amortization for the period/year	<b>(664,540)</b>	<b>(668,772)</b>
As at end of the period/year	<b>7,693,336</b>	<b>6,723,068</b>

### 8 CONTINGENCIES AND COMMITMENTS

There is no significant change in status of contingencies or commitments since 30 June 2021.

	Note	31-Dec-21 Rupees (Un-Audited)	30-Jun-21 Rupees (Audited)
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### 9 PROPERTY, PLANT AND EQUIPMENT

Net book value at the beginning of the period/year	331,969,244	343,661,165
Additions during the period/year	-	1,803,550
Disposals during the period/year	<b>(10,296,314)</b>	<b>(423,094)</b>
Depreciation for the period/year	<b>(5,913,482)</b>	<b>(13,072,377)</b>
	<b>315,759,448</b>	<b>331,969,244</b>

### 10 LONG TERM INVESTMENTS

These represent investments in ordinary shares of related parties. The details are as follows:

	Note	31-Dec-21 Rupees	30-Jun-21 Rupees
<b>Pervez Ahmed Consultancy Services Limited - Quoted</b>			
61,550 (30 June 2021: 61,550) ordinary shares of Rs. 10 each	10.1	-	-
Relationship: associate			
Ownership Interest: 0.03% (30 June 2021: 0.03%)			
Market value: Rs. 1.63 (30 June 2021: Rs. 0.73) per share			
<b>Pervez Ahmed Capital (Private) Limited - Unquoted</b>			
7,727,000 (30 June 2021: 7,727,000) ordinary shares of Rs. 10 each	10.2	<b>72,016,975</b>	76,666,869
Relationship: associate			
Ownership Interest: 44.88% (30 June 2021: 44.88%)			
		<b>72,016,975</b>	<b>76,666,869</b>

- 10.1 Pervez Ahmed Consultancy Services Limited["PACSL"] was incorporated in Pakistan on 08 June 2005 as a Single Member Company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and was later converted to Public Limited Company and listed on Pakistan Stock Exchanges Limited. The Company was primarily a brokerage house engaged in the shares brokerage and trading, consultancy services and underwriting. However, the Company has amended its memorandum of association to change its principal activity to act as consultants and advisors to individual, corporations, financial institutions, Government bodies and departments, Companies, corporations and other entities. The registered office of the Company is situated at 20-K Gulberg II, Lahore.

The investment has been accounted for by using equity method. Particulars of investment are as follows:

	31-Dec-21	30-Jun-21
<i>Percentage of ownership interest</i>	<b>0.03</b>	0.03
	<b>31-Dec-21</b>	<b>30-Jun-21</b>
	<b>Rupees</b>	<b>Rupees</b>
Cost of investment	3,412,243	3,412,243
Share of post acquisition losses	(1,543,162)	(1,541,187)
Share of post acquisition changes in equity	(160,258)	(160,258)
Accumulated impairment	(1,708,823)	(1,710,798)
	-	-

#### 10.1.1 Extracts of financial statements of Pervez Ahmed Consultancy Services Limited

The assets and liabilities of Pervez Ahmed Consultancy Services Limited as at the reporting date and related revenue and profit for the period then ended based on the un-audited financial statements are as follows:

	31-Dec-21	30-Jun-21
	<b>Rupees</b>	<b>Rupees</b>
Non current assets	82,864,681	87,983,328
Current assets	10,850,803	10,389,573
Non current liabilities	-	-
Current liabilities	652,217,387	650,887,487
Profit/(loss) for the year	(5,987,317)	6,921,716
Share of profit/(loss)	(1,975)	2,284

- 10.2 This represents investment in ordinary shares of Pervez Ahmed Capital (Private) Limited ["PACPL"], an associate. PACPL is incorporated in Pakistan as a Private Limited Company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The principal activity of the Company is to carry on the business of stock brokerage, underwriting and investments. The registered office of the Company is situated at 1-A/565, Block - 3, Gulshan Iqbal, Karachi.

The investment has been accounted for by using equity method. Particulars of investment are as follows:

	31-Dec-21	30-Jun-21
<i>Percentage of ownership interest</i>	<b>44.88</b>	44.88
	<b>31-Dec-21</b>	<b>30-Jun-21</b>
	<b>Rupees</b>	<b>Rupees</b>
Cost of investment	85,000,000	85,000,000
Share of post acquisition losses	(12,983,025)	(8,333,131)
	<b>72,016,975</b>	<b>76,666,869</b>

#### 10.2.1 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 period then ended based on the un-audited financial statements are as follows:

	31-Dec-21	30-Jun-21
	<b>Rupees</b>	<b>Rupees</b>
Non current assets	22,064,604	32,361,881
Current assets	138,453,606	138,620,483
Non current liabilities	-	-
Current liabilities	85,000	153,260
(Loss)/profit for the period/year	(10,360,894)	14,232,605
Share of (loss)/profit	(4,649,894)	6,387,490

	Six month ended		Three month ended	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	Rupees	Rupees	Rupees	Rupees
	(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)
<b>11 COST OF SALES</b>				
Raw material consumed	3,490,050	29,385,248	354,739	15,596,156
Stores and spares consumed	555,913	2,326,501	57,317	1,178,706
Salaries, wages and benefits	7,046,708	19,291,754	1,726,373	10,063,315
Fuel and power	818,242	2,218,322	200,931	1,136,312
Repair and maintenance	174,588	36,500	4,700	8,565
Travelling & conveyance	363,016	-	114,885	-
Insurance	-	57,317	-	57,317
Rent, rates and taxes	605,000	2,550,000	-	1,275,000
Depreciation	5,554,866	6,028,410	2,696,699	3,088,110
Other manufacturing overheads	169,454	-	94,737	-
Manufacturing cost	18,777,837	61,894,052	5,250,381	32,403,481
Work in process				
As at beginning of the period	2,255,600	3,213,800	752,000	3,678,870
As at end of the period	-	(2,311,900)	-	(2,311,900)
	2,255,600	901,900	752,000	1,366,970
Cost of goods manufactured	21,033,437	62,795,952	6,002,381	33,770,451
Finished goods				
As at beginning of the period	3,949,280	4,136,780	2,304,975	3,339,695
As at end of the period	(1,511,075)	(6,388,471)	(1,511,075)	(6,388,471)
	2,438,205	(2,251,691)	793,900	(3,048,776)
	23,471,642	60,544,261	6,796,281	30,721,675

**12 PROVISION FOR TAXATION**

Current taxation				
for current year	12.1	180,902	1,066,886	29,505
Deferred taxation				
attributable to origination and reversal of temporary differences		(7,640,537)	(7,640,537)	-
attributable to changes in tax rates		-	-	-
		(7,640,537)	(7,640,537)	-
		(7,459,635)	1,066,886	(7,611,032)
				588,313

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

**13 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

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 and balances with related parties as at the reporting date are as follows:

		Six months ended	
		31-Dec-21	31-Dec-20
		Rupees	Rupees
		(Un-Audited)	(Un-Audited)
<b>13.1</b>	<b>Transactions with related parties</b>		
	<b>Nature of relationship</b>		
	<b>Nature of transaction</b>		
	Associated companies and undertakings	1,314,073	3,990,298
	Sponsors	2,069,521	987,356
	Key management personnel	4,443,351	(6,128,269)
		1,425,000	4,425,000
		<b>31-Dec-21</b>	<b>30-Jun-21</b>
		Rupees	Rupees
		(Un-Audited)	(Audited)
<b>13.2</b>	<b>Balances with related parties</b>		
	<b>Nature of relationship</b>		
	<b>Nature of balance</b>		
	Associated companies and undertakings	43,026,430	40,956,909
	Sponsors	24,651,889	20,208,538
	Key management personnel	950,000	-
<b>14</b>	<b>FINANCIAL INSTRUMENTS</b>		
	<i>The carrying amount of the Company's financial instruments by class and category are as follows.</i>		
		31-Dec-21	30-Jun-21
		Rupees	Rupees
		(Un-Audited)	(Audited)
<b>14.1</b>	<b>Financial assets</b>		
	<b>Financial assets at amortized cost</b>		
	Long term deposits	19,072,394	19,072,394
	Trade receivables	-	183,980
	Advances to employees	911,884	2,507,684
	Bank balances	1,484,038	801,807
		<b>21,468,316</b>	<b>22,565,865</b>
<b>14.2</b>	<b>Financial liabilities</b>		
	<b>Financial liabilities at amortized cost</b>		
	Long term finances	103,375,762	105,475,762
	Deferred interest	21,398,724	16,391,492
	Long term payables	3,686,895	6,344,958
	Trade creditors	39,757,771	37,515,838
	Accrued liabilities	9,130,641	14,954,367
	Unclaimed dividend	337,563	337,563
	Short term borrowings	67,678,319	61,165,447
		<b>245,365,675</b>	<b>242,185,427</b>
<b>15</b>	<b>FAIR VALUE MEASUREMENTS</b>		
<b>15.1</b>	<b>Financial Instruments</b>		
<b>15.1.1</b>	<b>Financial instruments measured at fair value</b>		
	<i>The Company measures some of its financial assets at fair value. Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements and has the following levels.</i>		
	Level 1	<i>Quoted prices (unadjusted) in active markets for identical assets or liabilities.</i>	

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

**a) Recurring fair value measurements**

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

**b) Non-recurring fair value measurements**

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

**15.2 Financial instruments not measured at fair value**

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

**15.3 Assets and liabilities other than financial instruments.**

**15.3.1 Recurring fair value measurements**

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

	Level 1	Level 2	Level 3	31-Dec-21 Rupees (Un-audited)	30-Jun-21 Rupees (Audited)
Land	-	103,090,000	-	103,090,000	103,090,000
Buildings	-	209,435,684	-	209,435,684	214,805,830
Plant and machinery	-	-	-	-	6,174,876
Electric installations	-	-	-	-	2,475,547

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

	Valuation technique	Significant inputs	Sensitivity
<b>Freehold land</b>	Market comparable 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 construction and other ancillary 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. 5.155 million (30
<b>Buildings</b>	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. 10.472 million (30 June 2021: Rs. 10.74 million).
<b>Plant and machinery</b>	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. nil (30 June

	Valuation technique	Significant inputs	Sensitivity
<b>Electric installation</b>	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 during the year.	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. nil (30 June 2021: Rs. 123,777).

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

**15.3.2 Non-recurring fair value measurements**

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

**16 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.*

**17 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.*

**18 GENERAL**

**18.1** *There are no other significant activities since 30 June 2021 affecting the interim financial statements.*

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



**DIRECTOR**



**CHIEF FINANCIAL OFFICER**



**Chief Executive**

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