

PAKISTAN PVC LIMITED
DIRECTOR'S REPORT TO THE SHAREHOLDERS

On behalf of my colleagues on the Board, I present the unaudited accounts for the 3rd quarter ended March 31, 2016.

Sales during the year under review were increased to Rs. 5.225 million as compared to Rs. 4.328 million of the same period last year and net loss during the year was Rs. 18.001 million as compared to a net loss of Rs. 9.855 million during the previous year. The lower production of PVC Pipes & Fittings at Islamabad is due to shortage of funds and prevailing economic conditions in the country.

The financial position of your company during the quarter ended March 31, 2016 further deteriorated due to high raw material cost, political situation, financial charges, idle cost and depreciation. As reported previously, Ghara Plant remains closed and there was no production during the period under review.

**QUARTERLY REPORT
AND ACCOUNT
MARCH 31, 2016
(UNAUDITED)**

(CHIEF EXECUTIVE OFFICER)
CHIEF EXECUTIVE

Islamabad: April 29, 2016

PAKISTAN PVC LIMITED

Registered Office
Shaffiabad, Ghara Dist. Thatta.

**PAKISTAN PVC LIMITED
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Islamabad: April 29, 2016

(ARIF SHAFFI)
Chief Executive

PAKISTAN PVC LIMITED

Registered Office

Islamabad, Ghara Dist. Thatta

PAKISTAN PVC LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2016

Note	Un-audited March 31, 2016	Audited June 30, 2015	Note	Un-audited March 31, 2016	Audited June 30, 2015
-----Rupees-----			-----Rupees-----		
SHARE CAPITAL AND RESERVES			NON CURRENT ASSETS		
Authorized capital 15,000,000 (June 30, 2015: 15,000,000) ordinary shares of Rs.10/- each	150,000,000	150,000,000	Property, plant and equipment	7 148,645,439	156,030,961
Issued, subscribed and paid up capital 14,958,000 (June 30, 2015: 14,958,000) ordinary shares of Rs.10/- each	149,580,000	149,580,000	Long term investments	70,000	70,000
Accumulated loss	(449,060,820)	(437,533,976)			
	(299,480,820)	(287,953,976)			
Surplus on revaluation of property, plant and equipment	134,935,528	141,409,518			
NON CURRENT LIABILITIES			CURRENT ASSETS		
Long term financing			Stores, spare part and loose tools	-	31,501
Deferred liabilities Staff retirement benefits - gratuity	187,420	184,104	Stocks in trade	864,281	680,307
			Trade debts	598,863	1,804,600
CURRENT LIABILITIES			Loans and advances	554,184	396,556
Trade and other payables	74,361,395	70,062,641	Trade deposits	100,000	100,000
Accrued mark up / interest	168,373,346	162,944,113	Other receivables	22,163	5,504
Short term borrowings	38,884,152	39,137,524	Tax refunds due from Government	132,333	156,683
Current portion of long term financing	6 32,991,000	32,991,000	Cash and bank balances	170,588	105,629
Provision for taxation - net	905,832	606,816		2,442,413	3,280,779
	315,515,724	305,742,094			
CONTINGENCIES AND COMMITMENTS					
	5 151,157,852	159,381,740		151,157,852	159,381,740

The annexed notes form an integral part of these condensed interim financial information.

ARIF SHAFFI
CHIEF EXECUTIVE

MUHAMMAD SHAFFI
DIRECTOR

PAKISTAN PVC LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE THIRD QUARTER ENDED MARCH 31, 2016

	Quarter Ended		Half Year Ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Note	-----Rupees-----			
Sales - net	1,413,367	2,260,003	5,224,503	4,328,209
Cost of sales	8 (10,843,600)	(6,621,340)	(17,395,271)	(18,120,061)
Gross loss	(9,430,233)	(4,361,337)	(12,170,768)	(13,791,852)
Other income	2,027,750	968,556	5,416,188	5,251,669
Distribution cost	(579,623)	(589,479)	(1,893,052)	(2,024,961)
Administrative expenses	(969,489)	(900,254)	(2,918,663)	(2,754,201)
Other operating expenses	-	-	-	-
Finance cost	(1,809,744)	(1,809,745)	(5,432,544)	(5,436,085)
Loss before taxation	(10,761,339)	(6,692,259)	(16,998,838)	(18,755,430)
Taxation	(375,134)	(151,716)	(1,001,995)	(1,099,695)
Loss for the period	(11,136,473)	(6,843,975)	(18,000,833)	(19,855,125)
Loss per share - basic and diluted	(0.74)	(0.46)	(1.20)	(1.33)

The annexed notes form an integral part of these condensed interim financial info

ARIF SHAFFI
CHIEF EXECUTIVE

MUHAMMAD SHAFFI
DIRECTOR

PAKISTAN PVC LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE THIRD QUARTER ENDED MARCH 31, 2016

	Quarter Ended		Half Year Ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	-----Rupees-----			
Loss for the period	(11,136,473)	(6,843,975)	(18,000,833)	(19,855,125)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	(11,136,473)	(6,843,975)	(18,000,833)	(19,855,125)

The annexed notes form an integral part of these condensed interim financial information.

ARIF SHAFFI
CHIEF EXECUTIVE

MUHAMMAD SHAFFI
DIRECTOR

PAKISTAN PVC LIMITED**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITE)
FOR THE THIRD QUATER ENDED MARCH 31, 2016**

	March 31, 2016	March 31, 2015
	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(16,998,838)	(18,755,430)
<i>Adjustments for :</i>		
Depreciation	7,385,521	8,226,738
Finance cost	5,432,544	5,436,085
Bad debts	-	-
Provision for staff retirement benefits - gratuity	3,317	3,316
Rental income	(5,416,188)	(5,251,669)
	7,405,193	8,414,470
Operating cash flows before changes in working capital	(9,593,645)	(10,340,960)
(Increase) / decrease in current assets		
Stock in trade	(183,974)	(24,256)
Stores, spare part and loose tools	31,501	
Trade debts	1,205,736	210,634
Loans and advances	(157,628)	267,711
Trade deposits and other receivables	-	(100,000)
Tax refunds due from Government - sales tax	24,350	(1,018)
	919,984	353,071
Increase in current liabilities		
Trade and other payables	4,063,109	6,213,047
	4,983,094	6,566,117
Net cash used in operations	(4,610,551)	(3,774,842)
Income tax paid	(702,979)	(1,294,201)
Finance cost paid	(3,311)	(6,852)
	(706,290)	(1,301,053)

Net cash used in operating activities	(5,316,841)	(5,075,895)
CASH FLOWS FROM INVESTING ACTIVITIES		
Rent received	5,635,173	4,583,879
Net cash generated from investing activities	5,635,173	4,583,879
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase / (Decrease) in short term borrowings	(253,373)	190,550
Net cash (used) / generated from financing activities	(253,373)	190,550
Net increase / (decrease) in cash and cash equivalents	64,959	(301,466)
Cash and cash equivalent at the beginning of the period	105,629	176,346
Cash and cash equivalent at the end of the period	170,588	(125,120)

The annexed notes form an integral part of these condensed interim financial information.

ARIF SHAFFI
CHIEF EXECUTIVE

MUHAMMAD SHAFFI
DIRECTOR

PAKISTAN PVC LIMITED

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THIRD QUATER ENDED MARCH 31, 2016**

	Share capital	Accumulated loss	Total
	-----RUPEES-----		
Balance as at July 1, 2014	149,580,000	(420,911,735)	(271,331,735)
Total comprehensive loss for the period	-	(19,855,125)	(19,855,125)
Transfer from revaluation surplus on account of incremental depreciation	-	4,795,548	4,795,548
Balance as at December 31, 2014	149,580,000	(435,971,312)	(286,391,312)
Balance as at July 1, 2015	149,580,000	(437,533,976)	(287,953,976)
Total comprehensive loss for the period	-	(18,000,833)	(18,000,833)
Transfer from revaluation surplus on account of incremental depreciation	-	6,473,990	6,473,990
Balance as at March 31, 2016	149,580,000	(449,060,820)	(299,480,820)

The annexed notes form an integral part of these condensed interim financial information.

ARIF SHAFFI
CHIEF EXECUTIVE

MUHAMMAD SHAFFI
DIRECTOR

PAKISTAN PVC LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THIRD QUATER ENDED MARCH 31, 2016

1 LEGAL STATUS AND OPERATIONS

- 1.1 Pakistan PVC Limited (the company) is incorporated in Pakistan and is listed on the Pakistan stock exchange.
- 1.2 The company is engaged in production and sale of PVC resin, PVC pipes and fittings, PVC compound and caustic soda. The company has ceased the production at Gharo since 1995. The production at Islamabad plant continues. The company has installed a water purification plant to process and sell mineral water in 2011.
- 1.3 The case for the revival of the company remained with the committee for revival of sick industrial unit setup by the finance division, Government of Pakistan with representation of the federation of Chamber of Commerce and Industries.
- 1.4 These financial statements are presented in Pak Rupees, which is the company's functional and presentation currency and figures are rounded to the nearest rupee.

2 BASIS OF PREPARATION

Statement of compliance

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the International Financial Reporting Standard (IFRS), IAS 34 'Interim Financial Reporting' as applicable in Pakistan. This condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended June 30, 2015.

This condensed interim financial information is being submitted to the shareholders as required by the Listing Regulations of Pakistan stock exchanges and section 245 of the Companies Ordinance, 1984.

These condensed interim financial statements comprise of condensed interim balance sheet, condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes for the quarter ended March 31, 2016 which have been subject to a review but not audited. These condensed interim financial statements also include the condensed interim income statement for the quarter ended March 31, 2016.

3 SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended June 30, 2015.
- 3.2 Amendments to certain existing standards and new interpretations on approved accounting standards effective during the period either were not relevant to the company's operations or did not have any impact on the accounting policies of the company.

4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

Judgments and estimates made by management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended June 30, 2015.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2015.

5 CONTINGENCIES AND COMMITMENTS

- 5.1 The Securities and Exchange Commission of Pakistan (SECP) had appointed an inspector to investigate into the affairs of the company under Section 265 of the Companies Ordinance, 1984. The inspector has submitted report on his findings to the SECP. The outcome can not be anticipated at this stage.
- 5.2 Title of plot of land of the company situated at Islamabad is in dispute. The company has started negotiations with CDA. As a result company has committed to pay outstanding dues to CDA for the leasehold land. CDA has not confirmed the amount therefore the amount of the obligation can not be measured with sufficient reliability.
- 5.3 The Privatization Commission of Pakistan had filed a suit in honorable Islamabad High Court, C.O.S No 07/2002, against the company for recovery of amount repayable to the Privatization commission against principal amount of Government loan assumed at time of privatization of Rs. 32,971,000 along with the markup thereon amounting to Rs. 48,005,929 aggregating to Rs. 80,996,929. The outcome of the case is still undecided however, the legal opinion of the solicitors appointed by the company are of the view that even if the above suit is decided against the company it shall not involve the company into any financial loss.

6 CURRENT PORTION OF LONG TERM FINANCING

The entire amount of the loan remains overdue and unpaid.

7 PROPERTY, PLANT AND EQUIPMENT

	Note	Un-audited		Audited
		March 31, 2016	March 31, 2015	June 30, 2015
Operating assets	7.1	49,857,953		51,529,894
Non operating assets	7.2	98,787,487		104,501,067
		<u>148,645,439</u>		<u>156,030,961</u>

7.1 Operating assets

Opening book value		51,529,894	54,034,315
Less: Depreciation charged during the period		(1,671,941)	(2,504,421)
Closing book value		<u>49,857,953</u>	<u>51,529,894</u>

7.2 Non operating assets

Opening book value		104,501,067	112,965,630
Less: Depreciation charged during the period		(5,713,580)	(8,464,563)
Closing book value		<u>98,787,487</u>	<u>104,501,067</u>

8 COST OF SALES

Quarter Ended - Third Quarter Ended

	Note	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Opening finished goods		585,022	281,649	585,022	281,649
Purchases of pipes and fittings		44,008	60,716	135,255	127,410
Cost of goods manufactured	8.1	10,949,675	6,926,761	17,410,099	18,358,788
Closing finished goods		11,578,705	7,269,126	18,130,376	18,767,847
		(735,105)	(647,786)	(735,105)	(647,786)
		<u>10,843,600</u>	<u>6,621,340</u>	<u>17,395,271</u>	<u>18,120,061</u>

Quarter Ended - Third Quarter Ended

	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
8.1 Cost of Goods Manufactured				
Opening raw material	87,972	292,549	57,035	281,649
Purchase of raw material	1,762,688	652,302	2,632,449	843,610
Closing raw material	(16,758)	(104,064)	(16,758)	(104,064)
Packing and raw material consumed	1,833,902	840,787	2,672,725	1,021,194
Director's remuneration	187,500	187,500	562,500	375,000
Salaries, wages and benefits	2,594,737	1,609,215	4,137,040	2,436,727
Fuel and power	587,275	435,747	1,057,761	972,701
Stores and spares	185,655	87,915	347,375	249,825
Repair and maintenance	491,756	245,436	944,804	553,655
Postage and telephone	77,440	28,228	118,623	69,589
Rent, rates and taxes	-	176,400	10,600	176,400
Traveling and conveyance	169,620	131,290	268,541	269,944
Entertainment	10,077	14,426	22,373	24,498
Depreciation	4,894,617	2,708,812	7,341,925	5,448,978
	<u>11,032,578</u>	<u>6,465,756</u>	<u>17,484,267</u>	<u>11,598,512</u>
Opening work in process	29,515	48,677	38,250	69,714
Closing work in process	(112,418)	(59,132)	(112,418)	(59,132)
	<u>(82,903)</u>	<u>(10,455)</u>	<u>(74,168)</u>	<u>10,582</u>
	<u>10,949,675</u>	<u>6,455,301</u>	<u>17,410,099</u>	<u>11,609,094</u>

PAKISTAN PVC LIMITED

CONDENSED INTERIM FINANCIAL STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED MARCH 31, 2016

	Third Quarter Ended	
	March 31, 2016	March 31, 2015
Relationship with the company	-----Rupees-----	
Key management personnel	2,250,000	2,250,000

All transactions with related parties have been carried out on commercial terms and conditions.

10. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim financial position and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim income statement, condensed interim statement of comprehensive income and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

Comparative information has been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison. However no major reclassification has been made during this period.

11. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been issued for authorization on April 29, 2016 by the board of directors of the company.

	(1,809,748)	(1,809,748)	(1,809,744)	(1,809,744)
ARIF SHAFFI CHIEF EXECUTIVE	(18,725,430)	(18,725,430)	(10,761,339)	(10,761,339)
MUHAMMAD SHAFFI DIRECTOR	(1,009,932)	(1,001,985)	(375,134)	(375,134)
Loss for the period	(19,822,132)	(19,822,132)	(11,138,473)	(11,138,473)
Loss per share - basic and diluted	(1.33)	(1.33)	(0.74)	(0.74)

MUMHAMMAD SHAFFI
DIRECTOR

ARIF SHAFFI
CHIEF EXECUTIVE

PAKISTAN PVC LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED MARCH 31, 2016

	Quarter Ended	
	March 31, 2016	March 31, 2015
Half Year Ended	March 31, 2016	March 31, 2015