
HALF YEARLY

REVIEWED

REPORT AND ACCOUNT

DECEMBER 31, 2020
(UNAUDITED)

Pakistan PVC Limited

COMPANY INFORMATION

BOARD OF DIRECTORS

CHAIRMAN	Adnan Shaffi
CHIEF EXECUTIVE	Arif Shaffi
DIRECTORS	Masood Parvaiz Adeel Shaffi Saira Shaffi Mohammad Iqbal Mohammad Shaffi

SECRETARY Adeel Shaffi

CHIEF FINANCIAL OFFICER Asif Shaffi

AUDITORS Mushtaq & Co., Chartered Accountants

AUDIT COMMITTEE
Masood Parvaiz – Chairman
Mohammad Iqbal – Member
Mohammad Shaffi – Member

**HUMAN RESOURCES &
REMUNERATION
COMMITTEE**
Masood Parvaiz – Chairman
Mohammad Iqbal – Member
Mohammad Shaffi – Member

BANKERS
Habib Bank Limited
MCB Bank Limited
Faysal Bank Limited

REGISTERED OFFICE Shaffiabad, Gharo, District Thatta

SHARE REGISTRAR CORPLINK (PVT) LTD.,
Wings Arcade, 1 – K, Commercial,
Model Town, Lahore.

FACTORIES Shaffiabad, Gharo, District Thatta.
Sector I – 9, Industrial Area,
Islamabad.

کمپنی کی معلومات

	بورڈ آف ڈائریکٹرز
عدنان شفیع	چیئرمین
عارف شفیع	چیف ایگزیکٹو
مسعود پرویز عدیل شفیع سائره شفیع محمد اقبال محمد شفیع	ڈائریکٹرز
عدیل شفیع	کمپنی سیکریٹری
آصف شفیع	چیف فنانشل آفیسر
مشتاق اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس	آڈیٹرز
مسعود پرویز - چیئرمین محمد اقبال - رکن محمد شفیع - رکن	آڈٹ کمیٹی
مسعود پرویز - چیئرمین محمد اقبال - رکن محمد شفیع - رکن	انسانی وسائل & معاوضے کمیٹی
حبیب بینک لمیٹڈ ایم سی بی بینک لمیٹڈ فیصل بینک لمیٹڈ	بینکر
شفیع آباد، گھارو، ضلع ٹھٹہ	منظور شدہ دفتر
سیکٹر 9 - I، انڈسٹریل ایریا، اسلام آباد	ہیڈ آفس
CORPLINK (PVT) LTD., Wings Arcade, 1 – K, Commercial, Model Town, Lahore.	حصص رجسٹرار
شفیع آباد، گھارو، ضلع ٹھٹہ، سیکٹر 9 - I، انڈسٹریل ایریا، اسلام آباد	فیکٹریوں
+9251 - 4430317, +9251 - 4444578	ٹیلی فون
info@shavyl.com	ای میل اڈریس
www.pakistanpvc.com	ویب سائٹ
0001781	کمپنی رجسٹریشن نمبر
0823852 - 9, 07 - 01 - 3900 - 005 - 64	نیشنل ٹیکس نمبر & سیلز ٹیکس نمبر
کمپنی سیکریٹری ٹیلی فون - 4444578 - 9251 +	شخص کے رابطے کی تفصیلات کی مدد اور ہینڈلنگ کے سرمایہ کار شکایات کے لئے نامزد

PAKISTAN PVC LIMITED

DIRECTOR'S REPORT TO THE SHAREHOLDERS

On behalf of my colleagues on the Board, I present the un-audited reviewed accounts for the half year ended December 31, 2020 along with the auditors' review report.

As in the rest of the world, COVID-19 adversely affected lifestyles and business operations in Pakistan. The Company complied with the Standard Operating Procedures (SOPs) prescribed by Federal and Provincial Governments. Sales and production activities were affected during lockdowns, however, the factory reopened after necessary permissions to produce orders for exports and essential services. The Company remained up to date in all its financial commitments. The Management believes that the going concern assumption of the Company remains valid.

The financial position of your company during the half year ended December 31, 2020 further deteriorated due to financial charges, idle cost and depreciation. As reported previously, Gharo Plant remains closed and there was no production during the period under review. Your management hopes that all old disputes can be resolved amicably.

During the period under review Gharo Plant remains closed and there was no production. The lower production of PVC Pipes & Fittings at Islamabad is due to shortage of funds and prevailing economic conditions in the country.

Sales during the year under review was decreased to Rs. 3.082 million as compared to Rs. 3.446 million of the same period last year and net loss during the year was Rs. 5.948 million as compared to a net loss of Rs. 8.971 million during the previous year.

1. AUDITORS' RESERVATION OF GOING CONCERN

The auditors have qualified their opinion, since your company has prepared the accounts on the going concern basis. The reason given in their qualification is the continued losses sustained by your company, no improvement/result of the efforts made by the management for obtaining additional capital. The case for the revival of your company remains under active consideration with the Committee for Revival of Sick Industrial Units set up by the Finance Division, Government of Pakistan.

2. AUDITORS' RESERVATION ABOUT DIRECT CONFIRMATION

As regards confirmations from the lenders of short term loan from Government of Pakistan reflected under current portion of long term financing amounting to Rupees 32.991 million and UBL cash finance amounting to Rupees 15.000 million reflected under short term borrowings- The company had dispatched the balance confirmation letters several times to lenders of long term loans.

3. AUDITORS' RESERVATION ABOUT LONG OUTSTANDING BALANCES

As regards balances of very long outstanding balances of Trade and Other Payables in respect of Accrued liability of Rupees 10.000 million towards Privatization Commission, Finance Division we have to state that this balance is appearing in the company's accounts since last many years- And as regards confirmations from the Trade and Other Payables in respect of Accrued liability the company had dispatched the balance confirmation letters to the Trade and Other Payables in respect of Accrued liability and we understand that an over all majority of these have been responded too.

As reported previously, Gharo Plant remains closed and there was no production during the period under review. Your management hopes that all old disputes can be resolved amicably.

On behalf of the Board of Directors



(ARIF SHAFFI)
Chief Executive



(MOHAMMAD SHAFFI)
Director

Islamabad: February 19, 2021

پاکستان پی وی سی لمیٹڈ شیئر ہولڈرز کے لیے ڈائریکٹرز کی رپورٹ

بورڈ میں اپنے ساتھیوں کی جانب سے، میں آپ کے سامنے 31 دسمبر 2020 کو اختتام پذیر ہونے والی نصف سال کا غیر آڈٹ شدہ اکاؤنٹس پیش کر رہا ہوں۔

باقی دنیا کی طرح، COVID-19 نے پاکستان میں طرز زندگی اور کاروباری کاموں کو بری طرح متاثر کیا۔ کمپنی نے وفاقی اور صوبائی حکومتوں کے ذریعہ تجویز کردہ معیاری آپریٹنگ طریقہ کار (SOPs) کی تعمیل کی۔ لاک ڈاؤن کے دوران فروخت اور پیداواری سرگرمیاں متاثر ہوئیں، تاہم، برآمدات اور ضروری خدمات کے آرڈر تیار کرنے کے لئے ضروری اجازت نامے کے بعد فیکٹری دوبارہ کھولی۔ کمپنی اپنے تمام مالی وعدوں میں تازہ ترین رہی۔ مینجمنٹ کا خیال ہے کہ کمپنی کی جاری تشویش کا مفروضہ درست ہے۔

31 دسمبر 2020 کو اختتام پذیر ہونے والی سہ ماہی کے دوران آپ کی کمپنی کی مالی حالت مزید خراب ہوئی جس کی وجہ مالیاتی چارجز، غیر فعالیت اور قدر میں کمی جیسے عناصر بنے۔ جیسا کہ پہلے بتایا جا چکا ہے، گھارو پلانٹ بند رہا تھا جس کی وجہ سے زیر جائزہ مدت کے دوران کسی قسم کی پیداوار نہیں ہوئی۔ آپ کی کمپنی انتظامیہ پر امید ہے کہ تمام تر پرانے تنازعات دوستانہ انداز میں حل کیے جا سکتے ہیں۔

زیر غور مدت کے دوران، گھارو فیکٹری بند رہی جس کی وجہ سے کوئی پیداوار نہ ہو سکی۔ اس سال کے دوران اسلام آباد میں پی وی سی پائپس اور فٹنگز کی پیداوار میں کمی ہوئی۔

زیر غور سال کے دوران ہونے والی فروخت سابقہ سال اسی مدت کے دوران ہونے والے 3.446 ملین روپوں کی فروخت کی نسبت 3.082 ملین روپے رہی۔ گذشتہ سال ہونے والے 8.971 ملین روپے کے خالص نقصان کی نسبت اس سال 5.948 ملین روپوں کا نقصان ہوا۔

1. گونگ کنسرن کے متعلق آڈیٹرز کا نقطہ نظر

آڈیٹرز نے اپنا نقطہ نظر کوالیفائی کر لیا ہے کیونکہ آپ کی کمپنی نے گونگ کنسرن کی بنیاد پر کھاتہ جات تیار کیے ہیں۔ ان کے نقطہ نظر میں دی گئی وجوہات یہ ہیں کہ آپ کی کمپنی نے مسلسل نقصانات برداشت کیے ہیں جبکہ اضافی سرمایہ حاصل کرنے کے لیے انتظامیہ کی جانب سے کیے جانے والے اقدامات سے کوئی نتیجہ برآمد نہیں ہوا اور نہ ہی کوئی بہتری آئی۔ آپ کی کمپنی کی تجدید کا کیس فنانس ڈویژن حکومت پاکستان کی جانب سے کمزور صنعتی اداروں کی تجدید کے لیے قائم کردہ کمیٹی میں فعال طور پر زیر غور رہا۔

2. براہ راست تصدیق کے متعلق آڈیٹرز کا نقطہ نظر

حکومت پاکستان کی طرف سے قلیل مدتی قرض کے قرض دہندگان کی طرف سے تصدیق کے بارے میں 32.991 ملین روپے کی طویل مدتی فنانشنگ کے موجودہ حصے کے تحت اور 15.000 ملین روپے کی UBL کیش فنانس کے تحت عکاسی کی گئی ہے، کمپنی نے طویل مدتی قرضوں کے قرض دہندگان کو متوازن تصدیقی خط بھیجے تھے۔

3. طویل عرصے سے بقایا جات کے متعلق آڈیٹرز کا نقطہ نگاہ

نچکاری کمیشن، فنانس ڈویژن کی طرف 10,000 ملین روپے کی جمع شدہ واجبات کے سلسلے میں تجارت اور دیگر ادائیگیوں کے بہت طویل عرصے سے متوازن توازن کے حوالے سے، ہمیں یہ بیان کرنا ہوگا کہ یہ توازن گذشتہ کئی سالوں سے کمپنی کے کھاتوں میں ظاہر ہو رہا ہے۔ تجارت اور دیگر ادائیگیوں کی تصدیق کے سلسلے میں، کمپنی نے بیلنس کے توثیقی خط بھیجے تھے اور ہم سمجھتے ہیں کہ ان میں سے اکثریت نے جواب دیا ہے۔

زیر غور سال کے دوران گھارو فیکٹری بند رہی جس کی وجہ سے کوئی پیداوار نہیں ہوئی۔ جیسا کہ پہلے بتایا جا چکا ہے، کہ جب تک گھارو پلانٹ فعال نہیں ہو گا تب تک کوئی فائدہ مند نتائج نہیں مل سکتے۔

بورڈ آف ڈائریکٹرز کی

اسلام آباد: 19 فروری 2021

جانب سے

محمد شفیع
ڈائریکٹر

عارف شفیع
چیف ایگزیکٹو

Independent Auditor's review report to the members of Pakistan PVC Limited

Report on the Review of the Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Pakistan PVC Limited as at December 31, 2020 and the related condensed interim statement of profit or loss and condensed interim statement of other comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the financial statements for the six-months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The figures of the condensed interim statement of profit or loss and condensed interim statement of other comprehensive income for the quarter ended December 31, 2020 and December 31, 2019 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2020.

Scope of Review

We conducted our review in accordance with International Standards 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 procedure. A review is substantially less in scope than 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 Disclaimer of Conclusion

1. As shown in this condensed interim financial information the company has accumulated loss of Rupees 505.216 million (June 30, 2020: Rupees 501.636 million) as at December 31, 2020 against the issued subscribed and paid up capital of Rupees 149.580 (June 30, 2020: Rupees 149.580) million turning shareholders' equity to a negative balance of Rupees 193.979 million (June 30, 2020: 188.031 million). The current liabilities exceed the current assets by Rupees 366.009 million (June 30, 2020: 362.979 million). Further, the company has not been able to obtain enough finance to revive its Ghoro plant operations. These circumstances give rise to significant uncertainty as to the ability of the company to continue operations as going concern in the foreseeable future and therefore, the company may be unable to realize its assets and discharge its liabilities in the normal course of business. However, these financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and classification of liabilities that might be necessary should the company be unable to continue as a going concern. The management has not

MUSHTAQ & COMPANY

CHARTERED ACCOUNTANTS

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prepared cash flow projections and future plan to revive the operation of Ghara plant closed since 1995.

2. Bank statements are not available to verify the correctness of balance of short term loan from Government of Pakistan reflected under current portion of long term financing amounting to Rupees 32.991 million and UBL cash finance amounting to Rupees 15.000 million reflected under short term borrowings, therefore the same along with markup accrued thereon amounting to Rupees 101.209 million and Rupees 101.548 million respectively and underlying terms and conditions of these borrowings remained unverified.
3. Due to very long outstanding balances and non-availability of underlying records, we are unable to verify the amount included in trade and other payables in respect of accrued liabilities of Rupees 10.000 million towards Privatization Commission, Finance Division.
4. We do not concur with the accounting treatment of leasehold land in these financial statements being violation of the requirements of International Accounting Standards (IAS 40) "Investment Property".
5. As more fully explained in note 6.2 of this condensed interim financial information the impact on the condensed interim financial statements of the disputed CDA plot of land at Islamabad is not determinable.

Conclusion

Because of the significance of the matters referred in paragraph 1 to 5 above, we are unable to obtain sufficient and appropriate evidence to form a conclusion on the accompanying interim financial information. Accordingly, we do not express any conclusion on these financial statements.

The engagement partner on review resulting in this independent auditor's report is **Ayaz Mahmood, ACA.**


MUSHTAQ & CO.
Chartered Accountants

Lahore.

Dated: February 19, 2021



PAKISTAN PVC LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

Note	Un-audited	Audited	Note	Un-audited	Audited
	December 31, 2020	June 30, 2020		December 31, 2020	June 30, 2020
-----Rupees-----			-----Rupees-----		
SHARE CAPITAL AND RESERVES			NON CURRENT ASSETS		
Authorized capital			Property, plant and equipment		
15,000,000 (June 30, 2020: 15,000,000) ordinary shares of Rs.10/- each			7	172,030,089	174,805,405
Issued, subscribed and paid up capital			Long term investments		
14,958,000 (June 30, 2020: 14,958,000) ordinary shares of Rs.10/- each				-	142,500
Accumulated loss				172,030,089	174,947,905
Surplus on revaluation of fixed assets					
	150,000,000	150,000,000			
	149,580,000	149,580,000			
	(505,216,591)	(501,636,103)			
	161,656,849	164,024,343			
	(193,979,742)	(188,031,761)			
CURRENT LIABILITIES			CURRENT ASSETS		
Trade and other payables	90,913,790	90,462,886	Stocks in trade	843,039	730,572
Unclaimed Dividend	45,980	45,980	Trade debts	1,613,858	748,914
Accrued mark up / interest	202,758,493	199,139,004	Loans and advances	145,196	146,499
Short term borrowings	41,877,092	41,122,646	Trade deposits and other receivables	100,000	100,000
Current portion of long term financing	32,991,000	32,991,000	Other receivables	285,948	692,557
Provision for taxation - net	2,383,086	3,901,251	Tax refunds due from Government	1,521,489	2,232,224
	370,969,442	367,662,767	Cash and bank balances	450,081	32,337
CONTINGENCIES AND COMMITMENTS				4,959,611	4,683,102
	176,989,700	179,631,007		176,989,700	179,631,007

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



ARIF SHAFFI
CHIEF EXECUTIVE



MUHAMMAD SHAFFI
DIRECTOR



ASIF SHAFFI
CHIEF FINANCIAL OFFICER

PAKISTAN PVC LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2020

	Quarter Ended		Half Year Ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Note	-----Rupees-----			
Sales - net	2,327,871	833,280	3,082,179	3,446,406
Cost of sales	8 (5,920,263)	(5,007,897)	(10,928,014)	(11,830,978)
Gross loss	(3,592,392)	(4,174,617)	(7,845,835)	(8,384,572)
Other income	5,744,788	5,117,020	11,255,466	9,808,999
Distribution cost	(530,778)	(1,160,380)	(947,314)	(1,702,024)
Administrative expenses	(1,158,874)	(1,280,823)	(2,407,210)	(2,941,116)
Finance cost	(1,810,259)	(1,815,692)	(3,620,003)	(3,625,436)
Loss before taxation	(1,347,514)	(3,314,492)	(3,564,895)	(6,844,149)
Taxation	(1,293,416)	(96,279)	(2,383,086)	(2,072,995)
Loss for the period	(2,640,930)	(4,310,771)	(5,947,981)	(8,917,144)
Loss per share - basic and diluted	(0.18)	(0.29)	(0.40)	(0.60)

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



ARIF SHAFFI
CHIEF EXECUTIVE



MUHAMMAD SHAFFI
DIRECTOR



ASIF SHAFFI
CHIEF FINANCIAL OFFICER

PAKISTAN PVC LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2020

	Quarter Ended		Half Year Ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	-----Rupees-----			
Loss for the period	(2,640,930)	(4,310,771)	(5,947,981)	(8,917,144)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	(2,640,930)	(4,310,771)	(5,947,981)	(8,917,144)

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



ARIF SHAFFI
CHIEF EXECUTIVE



MUHAMMAD SHAFFI
DIRECTOR




ASIF SHAFFI
CHIEF FINANCIAL OFFICER


PAKISTAN PVC LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Issued, subscribed and paid up capital	Revenue Reserve	Capital Reserve	Total
		Accumulated loss	Revaluation Surplus	
Balance as at July 1, 2019	149,580,000	(491,138,135)	169,285,442	(172,272,693)
Loss for the year	-	(8,917,144)	-	(8,917,144)
Other Comprehensive income for the year	-	-	-	-
Transfer from revaluation surplus on account of incremental depreciation	-	2,630,550	(2,630,550)	-
Balance as at December 31, 2019	<u>149,580,000</u>	<u>(497,424,729)</u>	<u>166,654,892</u>	<u>(181,189,837)</u>
Balance as at July 1, 2020	149,580,000	(501,636,103)	164,024,343	(188,031,761)
Loss for the year	-	(5,947,981)	-	(5,947,981)
Other Comprehensive income for the year	-	-	-	-
Transfer from revaluation surplus on account of incremental depreciation	-	2,367,494	(2,367,494)	-
Balance as at December 31, 2020	<u>149,580,000</u>	<u>(505,216,591)</u>	<u>161,656,849</u>	<u>(193,979,742)</u>

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


ARIF SHAFFI
CHIEF EXECUTIVE


MUHAMMAD SHAFFI
DIRECTOR


ASIF SHAFFI
CHIEF FINANCIAL OFFICER

PAKISTAN PVC LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	December 31, 2020	December 31, 2019
	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(3,564,895)	(6,844,149)
<i>Adjustments for :</i>		
Depreciation	2,775,316	3,091,890
Finance cost	3,620,003	3,625,436
Provision for staff retirement benefits - gratuity	-	-
Accrued Interest on investment	142,500	(20,000)
Rental income	(11,234,152)	(9,788,999)
	(4,696,334)	(3,091,673)
Operating cash flows before changes in working capital	(8,261,229)	(9,935,822)
(Increase) / decrease in current assets		
Stock in trade	(112,467)	(152,249)
Trade debts	(864,944)	719,556
Loans and advances	1,303	895,986
Tax refunds due from Government - sales tax	710,735	844,964
	(265,373)	2,308,257
Increase in current liabilities		
Trade and other payables	389,304	(289,769)
	123,930	2,018,488
Net cash used in operations	(8,137,299)	(7,917,334)
Income tax paid	(3,901,251)	(3,395,412)
Finance cost paid	(514)	(5,947)
	(3,901,765)	(3,401,358)
Net cash used in operating activities	(12,039,064)	(11,318,692)
CASH FLOWS FROM INVESTING ACTIVITIES		
Rent received	11,702,362	10,296,547
Addition in Property Plant & Equipment	-	-
Net cash generated from investing activities	11,702,362	10,296,547
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase/(decrease) in short term borrowings	754,446	1,174,318
Net cash generated from financing activities	754,446	1,174,318
Net increase/(decrease) in cash and cash equivalents	417,744	152,173
Cash and cash equivalent at the beginning of the period	32,337	58,510
Cash and cash equivalent at the end of the period	450,081	210,682

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



ARIF SHAFFI
CHIEF EXECUTIVE



MUHAMMAD SHAFFI
DIRECTOR



ASIF SHAFFI
CHIEF FINANCIAL OFFICER

PAKISTAN PVC LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

1 LEGAL STATUS AND OPERATIONS

- 1.1 Pakistan PVC Limited (the company) was incorporated in Pakistan on October 19, 1963 and is listed on the Pakistan stock exchange Limited. Its registered office is located at Shaffiabad, Gharo and District Thatta.
- 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

2.1 Statement of compliance

This condensed interim financial information of the Company for the half year ended December 31, 2020 is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard 'IAS' 34 "Interim Financial Reporting" and provisions of and directives issued by the Securities and Exchange Commission of Pakistan under the Companies Act, 2017. 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 for the year ended June 30, 2020.

These condensed interim financial statements comprise of condensed interim statement of financial position, condensed interim statement of profit or losses, condensed interim statement of comprehensive income, condensed interim statement of cash flow and condensed interim statement of changes in equity together with the notes for the half year ended December 31, 2020 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 December 31, 2020.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that certain fixed assets that have been stated at revalued amounts. The company has accumulated loss of Rupees 505.216 million (June 30, 2020: Rupees 501.636 million) as at December 31, 2020 against the issued subscribed and paid up capital of Rupees 149.580 (June 30, 2020: Rupees 149.580) million turning shareholders' equity to a negative balance of Rupees 193.979 million (June 30, 2020: 188.031 million). The current liabilities exceed the current assets by Rupees 366.009 million (June 30, 2020: 362.979 million). Further the company has not been able to obtain enough finance to revive its operations. These circumstances give rise to significant uncertainty as to the ability of the company to continue operations as going concern in the foreseeable future. However, these financial statements do not include any adjustment relating to the recoverability and classification of recorded assets and classification of liabilities that might be necessary should the company be unable to continue as a going concern.

3 SIGNIFICANT ACCOUNTING POLICIES

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 30, 2020, except of change referred to in note 4.

4 CHANGE IN ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2020. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these condensed interim financial statements.

5 CURRENT PORTION OF LONG TERM FINANCING

The entire amount of the loan remains overdue and unpaid.

6 CONTINGENCIES AND COMMITMENTS

- 6.1 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 repealed Companies Ordinance, 1984. The inspector has submitted report on his findings to the SECP. The outcome can not be anticipated at this stage.
- 6.2 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.
- 6.3 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. 97,580,598 aggregating to Rs. 130,551,598. 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.

7 PROPERTY, PLANT AND EQUIPMENT

	Note	Un-audited December 31, 2020	Audited June 30, 2020
-----Rupees-----			
Operating assets	7.1	67,863,412	68,598,629
Non operating assets	7.2	104,166,677	106,206,776
		<u>172,030,089</u>	<u>174,805,405</u>
7.1 Operating assets			
Opening book value		68,598,629	70,248,856
Less: Depreciation charged during the period		(735,217)	(1,650,227)
Add: Addition During the Year		-	-
Add: Surplus/(Deficit)		-	-
		(735,217)	(1,650,227)
Closing book value		<u>67,863,412</u>	<u>68,598,629</u>
7.2 Non operating assets			
Opening book value		106,206,776	110,740,329
Less: Depreciation charged during the period		(2,040,099)	(4,533,553)
Add: Surplus/(Deficit)		-	-
		(2,040,099)	(4,533,553)
Closing book value		<u>104,166,677</u>	<u>106,206,776</u>

8 COST OF SALES

	Note	Half Year Ended	
		December 31, 2020	December 31, 2019
-----Rupees-----			
Opening finished goods		661,281	688,248
Purchases of pipes and fittings		16,800	115,405
Cost of goods manufactured	8.1	10,812,650	11,711,951
		<u>11,490,732</u>	<u>12,515,604</u>
Closing finished goods		(562,718)	(684,626)
		<u>10,928,014</u>	<u>11,830,978</u>
8.1 Cost of Goods Manufactured			
Opening raw material		47,804	73,474
Purchase of raw material		2,139,038	2,254,628
Closing raw material		(109,795)	(82,174)
		<u>2,077,046</u>	<u>2,245,929</u>
Packing and raw material consumed		2,077,046	2,245,929
Director's remuneration		375,000	375,000
Salaries, wages and benefits		3,633,658	3,939,518
Fuel and power		1,063,920	1,135,080
Stores and spares		28,188	78,480
Repair and maintenance		511,500	585,462
Postage and telephone		(13,996)	43,278
Rent, rates and taxes		300,411	95,600
Traveling and conveyance		253,642	316,601
Entertainment		5,615	12,652
Depreciation		2,726,706	3,031,523
		<u>10,961,689</u>	<u>11,859,123</u>
Opening work in process		21,487	23,478
Closing work in process		(170,526)	(170,649)
		(149,039)	(147,171)
		<u>10,812,650</u>	<u>11,711,951</u>

9 TRANSACTIONS WITH RELATED PARTIES

		Half Year Ended	
		December 31, 2020	December 31, 2019
-----Rupees-----			
Relationship with the company	Nature of transaction		
Directors and Sponsors	Loan Received	743,690	1,500,000

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 February 19, 2021 by the board of directors of the company.



ARIF SHAFFI
CHIEF EXECUTIVE



MUHAMMAD SHAFFI
DIRECTOR



ASIF SHAFFI
CHIEF FINANCIAL OFFICER

