



Drekkar Kingsway Limited

**Financial Statements For The
1st Quarter Ended
September 30, 2018**

DREKKAR KINGSWAY LIMITED**Company Information**

Drekkar Kingsway Limited was registered on June 28, 1993 under Companies Ordinance 1984 as Private Limited Company and subsequently converted into Public Limited Company as on June 29, 1994. The shares of the Company are quoted on Pakistan Stock exchange. The primary business of company was manufacturing of all type of electrical appliances, cosmetics, toiletries, leather goods, machinery, components and parts. In 1996 the company sold its plant and machinery. The Company is currently engaged in making equity investments in undervalued and special situations.

We are able to bring highest potential cogs who have demonstrated their skills to compete and sustain at local and international avenues, with those business visionaries, investors and experts that will enable opportunities and potential for all the stakeholders rather than provide a mere assessment.

Board of Directors	1. Mr. Ehmer Iqbal
	2. Mr. Muhammad Ahmed Imran
	3. Mr. Muhammad Ubaid
	4. Mr. Adnan-Ullah Tauseef
	5. Mrs. Mubashra Khan
	6. Mr. Amir Hussain Kazmi
	7. Mr. Mubasher Mehmood Abbasi
CEO	Mr. Ehmer Iqbal
Company Secretary	Mr. Ali Nawaz Bhatti
Registered Office	Office No 17, 2nd Floor, Anique Arcade, I-8 Markaz, Islamabad. Phone: +92 (51) 4862330-1 Fax: +92 (51) 4862330
Auditors	M/s. Horwath Hussain Chaudhary & Co.
Legal Advisor	Mr. Ch. Abdul Kahliq
Share Registrar	F. D. Registrar Services (SMC-Pvt) Limited. 1705, 17th Floor, Saima Trade Tower A, I.I Chundrigar Road Karachi. Phone: (+92-21) 35478192-93, 32271906 Fax : (+92-21) 32621233

CHAIRMAN REVIEW' REPORT

Dear Members,

On behalf of my colleagues on the board, I am pleased present before you the 1st Quarter report, along with the condensed unaudited financial statements of the Company, for the period ended September 30, 2018.

FINANCIAL PERFORMANCE

During the year under review, we directed all our efforts to improve the financial and operational condition of the company to create a fair value for our shareholders. To this effect, Company has made investment in Debt of M/S Noor Capital (Pvt) Ltd amounting to Rs. 53 Million. No investment were made in equity investment of other companies during year. The loss on investment amounting to Rs 0.313 Million was mainly because of administrative expenses.

The Board members are pleased to state that the management of the Company is committed to good corporate governance and complying with the best practices.

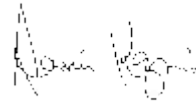
The Board considers sustainability as the key to success in the present competitive environment and is very much focused to enforce appropriate actions to maintain future business volume and profitability. For this purpose, the restructuring, rightsizing, portfolio adjustment activities, which were initiated last year, continued during the year across the Company.

Further, the Board also initiated measures to achieve cost efficiencies by optimizing the business processes.

DREKKAR KINGSWAY LIMITED**ACKNOWLEDGEMENT**

The Board would like to thank all of their stakeholders and customers and suppliers of the Company for their valuable support and sheer confidence. Such confidence has allowed the Company to perform well in a difficult business environment.

The Board would like to thank executives, staff members and workers of the Company for their commitment, dedication and hard work. We continue to pray to Allah for the continued success of your Company and for the benefit of all stakeholders, and the country in general.



(AAMIR HUSSAIN KAZMI)
Chairman

Dated: 26 October, 2018
Islamabad

DREKKAR KINGSWAY LIMITED**DIRECTORS' REPORT**

During period of report director put all its efforts to improve the financial and operational condition of the company to create a fair value for our shareholders. To this effect, Company made investment in Debt of M/S Noor Capital (Pvt) Ltd amounting to Rs. 53 Million in preceding year. No investment were made in equity investment of other companies during July-September 2018 quarter. The loss on investment amounting to Rs.0.313 Million was mainly because of administrative expenses.

Company remained unable to prepare consolidated financial accounts for the period ended September 30, 2018 due to non-availability of books of accounts of subsidiary company. Company approached Securities and Exchange Commission of Pakistan seeking relaxation under section 228 (7) of Companies Act 2017 for preparation of consolidated as the books of accounts of company's subsidiary (Invest Forum (Private) Limited) were seized and taken with them by Securities and Exchange Commission of Pakistan (Security Market Division) against seizure memo of records dated March 20, 2017.

During preceding year, subsidiary company has made an agreement for sale of these shares to M/S General Investment & Securities (Pvt) Ltd on August 09, 2017. On August 15, 2017 Subsidiary company has made an application to Pakistan stock exchange Limited for surrender of Trading Right Entitlement Certificate (TREC) and intends to sell blocked 60% equity shares with CDC after surrendering of TREC.

On behalf of Board of Directors of the company, I am thankful to all worthy shareholders and staff members of the company for their untiring efforts for the betterment of the company.

For and on Behalf of the Board



(Ehmer Iqbal)
CEO/Director

Dated: 26 October, 2018
Islamabad

DREKKAR KINGSWAY LIMITED

DREKKAR KINGSWAY LIMITED UNAUDITED CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2018

		UN-AUDITED SEPTEMBER 30 2018 (Rupees)	AUDITED JUNE 30 2018 (Rupees)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
AUTHORISED :			
10,000,000 (2018: 10,000,000) Ordinary shares of Rs		100,000,000	100,000,000
ISSUED , SUBSCRIBED AND PAID UP:			
10,000,000 (2018: 10,000,000) Ordinary shares of		100,000,000	100,000,000
Un-appropriated (loss)		(69,282,531)	(68,969,262)
		30,717,469	31,030,738
LONG TERM LOAN			
Long term financing-unsecured	4	28,690,147	28,690,147
CURRENT LIABILITIES			
Loan from directors - current portion	5.1	3,286,970	2,835,970
Accrued & other payable	6	229,478	229,478
Payable to subsidiary	7	7,582,102	7,732,102
Unclaimed dividend		647,731	647,731
Current tax liability	15	-	-
Contingencies and Commitments	8	-	-
Total Equity and Liabilities		71,153,896	71,166,165
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	9	123,404	130,281
Investment in subsidiary	10	17,190,000	17,190,000
Long term financing-unsecured	11	-	-
CURRENT ASSETS			
Short term investments	4	53,000,000	53,000,000
Short term loan-unsecured	12	2,048	2,154
Advances & prepayments	13	19,940	19,940
Cash and bank balances	14	24,024	29,310
Advance tax	15	794,480	794,480
Total Assets		71,153,896	71,166,165

The annexed notes form an integral part of these financial statements.


Chief Executive


Chief Financial Officer


Director

DREKKAR KINGSWAY LIMITED

DREKKAR KINGSWAY LIMITED UNAUDITED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED SEPTEMBER 30, 2018

		UN-AUDIED	UN-AUDIED
		September 2018	September 2017
Sales		-	-
Cost of sales and services		-	-
Gross Profit		-	-
(Loss)/Gain on investments in shares of other companies		(106)	(2,281)
		(106)	(2,281)
Administrative expenses	16	(313,163)	(813,081)
Finance cost		-	-
Other income		-	-
(Loss) before Tax		(313,269)	(815,363)
Taxation		-	-
(Loss) after Tax		(313,269)	(815,363)
(Loss) per Share - Basic	19	(0.03)	(0.08)

The annexed notes form an integral part of these financial statements.


Chief Executive


Chief Financial Officer



Director

DREKKAR KINGSWAY LIMITED
UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2018

	<u>September</u> <u>2018</u>	<u>September</u> <u>2017</u>
(Loss) after tax	(313,269)	(815,363)
Other comprehensive income	-	-
Total comprehensive (loss) for quarter	<u>(313,269)</u>	<u>(815,363)</u>

The annexed notes form an integral part of these financial statements.


Chief Executive


Chief Financial Officer



Director

DREKKAR KINGSWAY LIMITED

DREKKAR KINGSWAY LIMITED
UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2018

	Share capital	Unappropriate Profit/ (Loss)	Total
	(Rupees)	(Rupees)	(Rupees)
Balance as at June 30, 2017	100,000,000	(66,041,057)	33,958,943
Total Comprehensive loss for the year	-	(2,928,205)	(2,928,205)
		-	
Balance as at June 30, 2018	<u>100,000,000</u>	<u>(68,969,262)</u>	<u>31,030,738</u>
Balance as at July 01, 2018	100,000,000	(68,969,262)	31,030,738
Comprehensive loss for the quarter	-	(313,269)	(313,269)
Balance as at September 30, 2018	<u>100,000,000</u>	<u>(69,282,531)</u>	<u>30,717,469</u>

The annexed notes form an integral part of these financial statements.


Chief Executive


Chief Financial Officer


Director

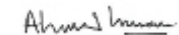
DREKKAR KINGSWAY LIMITED

DREKKAR KINGSWAY LIMITED
UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED SEPTEMBER 30, 2018

	UN-AUDITED SEPTEMBER 30 2018	UN-AUDITED SEPTEMBER 30 2017
	(Rupees)	(Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES :		
(Loss) for the quarter	(313,269)	(815,363)
Adjustment for non-cash items :		
Depreciation	6,877	5,665
Interest income		
Finance Cost	-	-
Working Capital Changes		
Increase/(Decrease) in Current Liabilities		
Accrued and other payables	-	1,689,551
Payable to subsidiary	(150,000)	-
(Increase)/Decrease in Current Assets		
Advances & prepayments	-	(119,770)
Receivable from broker		
Cash generated from Operations	(456,392)	760,083
Finance Cost	-	-
Income Tax Paid	-	-
Net Cash Flow From Operating Activities	(456,392)	760,083
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property, Plant & Equipment purchased	-	(20,500)
Investment in subsidiary	-	-
Short term Investments	106	2,281
Net Cash Flows From Investing Activities	106	(18,219)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Loan from Directors	451,000	-
Short term loan-unsecured	-	303,000
Long term financing	-	(1,132,125)
Dividend paid	-	-
Net Cash Flow From Financing Activities	451,000	(829,125)
Net Increase / (Decrease) in Cash and Cash Equivalent	(5,286)	(87,261)
Cash and Cash Equivalents at the beginning of the Year	29,310	109,643
	24,024	22,382

The annexed notes form an integral part of these financial statements.


Chief Executive


Chief Financial Officer


Director

DREKKAR KINGSWAY LIMITED**DREKKAR KINGSWAY LIMITED
NOTES TO THE FINANCIAL STATEMENTS(UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2018**

1 THE COMPANY AND ITS OPERATIONS

Drekkar Kingsway Limited was registered on June 28, 1993 under the repealed Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017 on May 30, 2017) as Private Limited Company and subsequently converted into Public Limited Company as on June 29, 1994. The shares of the Company are quoted on Pakistan Stock exchange.

The principle activity of company was manufacturing of all type of electrical appliances, cosmetics, toiletries, leather goods, machinery, components and parts. In 1996 the company sold its plant and machinery. The Company is currently engaged in making equity investments in undervalued profitable situations.

2 BASIS OF PREPERATION

- 2.1 This condense interim financial information is unaudited and has been prepared with the requirements of IAS 34 (Interim Financial Reporting). This condensed interim financial information doesnot include all the information required for annaul financial statements and therefore should be read in conjunction with the annual financial statements of the company for the year ended June 30, 2018 which have been prepared in accordance with IFRS.
- 2.2 The preparation of this condensed interim financial information is in conformity with the approved accounting standards which requires the use of certain critital accouting estimates. It also requires management to exercise its judgement in the process of applyin the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expection of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation of this condensed interim financial information are the same as those followed in the preparation of annual financial statements for the preceding financial year ended June 30, 2018.

DREKKAR KINGSWAY LIMITED

DREKKAR KINGSWAY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2018

UN-AUDITED SEPTEMBER 30 2018 (RUPEES)	AUDITED JUNE 30 2018 (RUPEES)
--	--

4 LONG TERM FINANCING

During reporting period, the company has made an investment amounting to Rs. 53 Million in Debt of M/S Noor Capital (Pvt) Ltd payable by M/S Service Fabrics Limited vide an agreement dated September 09, 2017. M/S Noor Capital (Pvt) Ltd has transferred its rights as the creditor of Service Fabrics Limited to M/S Drekkar Kingsway Limited in relation to the Rs. 53 Million (Fifty Three Million) out of its total loan which stands Rs. 157,837,311/- (One Hundred Fifty Seven Million Eight Hundred Thirty Seven Thousands Three Hundred and eleven only) as on September 09, 2017. Company has agreed to become the creditor of M/S Service Fabrics Limited to the extent of the Loan amounting to Rs. 53 Million. Consideration amount will be mutually agreed in due course of time. After adjustment of amount receivable from M/S Noor Capital (Pvt) Ltd. and loan receivable from ex-related party stands at Rs. 28,690,147/- at reporting date.

5 LOAN FROM DIRECTOR

Sheraz Monno-Director

Opening Balance	1,482,970	1,482,970
Re-paid / Received during period	-	-
Closing Balance - Current Portion of Loan	1,482,970	1,482,970

5.1

Bilal Aurangzeb Noor

Opening Balance	1,353,000	-
Received during the year	451,000	1,353,000
Closing Balance - Current portion of loan	1,804,000	1,353,000

Total Loan from related party	3,286,970	2,835,970
-------------------------------	-----------	-----------

5.1

5.1 This represents, loan obtained from directors and ex-directors of the company and remaining balance of ex-director has been accounted for as current portion.

6 ACCRUED AND OTHER PAYABLE

Advance for subsidiary	-	-
With Holding tax payable	104,478	104,478
Audit Fee	125,000	125,000
	229,478	229,478

DREKKAR KINGSWAY LIMITED

DREKKAR KINGSWAY LIMITED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2018

7 PAYABLE TO SUBSIDIARY COMPANY

This represents payment received on behalf of subsidiary company against sale of 3,034,603/- shares of ISE Towers REIT Mangement (ISETRMCL) received to subsidiary company in pursuance of corporatization and demutualization of (ISETRMC) in accordance with the requirement of Stock Exchanges under corporatization, Demutualization and Integration Act, 2012 . Subsidiary company has made an agreement for sale of these shares to M/S General Investment & Securities (Pvt) Ltd on August 09, 2017. On August 15, 2017 Subsidiary company has made an application to Pakistan stock exchange Limited for surrender of Trading Right Entitlement Certificate (TREC) and intends to sell blocked 60% equity shares with CDC after surrendering of TREC.

Securities Exchange Commission of Pakistan vide its Order dated December 17, 2017 has refused Invest Forum (Pvt) Ltd (Subsidiary company) to grant / renewal of licence as securities broker due to non compliant with the provisions of the Regulations read with Securities Act. SECP has directed PSX and NCCPL in this regard to suspend the trading terminal of Invest Form (Pvt) Ltd and proceed further under the applicable regulatory Frame work.

8 Constigencies and Commitments

(i) Security and Exchange Commission of Pakistan has passed an order vide Letter No 1(32) SMD /PRPD/ PSX/ISE/2017 dated 13 December 2017 through which penalty amounting Rupees Five Million has been imposed on Invest Forum (Pvt) Ltd (Subsidiary Company) as subsidiary Company contravened provision of Companies Act 2017, Brokers Regulations and Rule Book of PSX. The Subsidiary company has filed an appeal against order, which is pending before Applete Tribunal of SECP.

(ii) On Balance sheet, there no other material contingencies and commitments outstanding as at the balance sheet date (September 30, 2017: Rs. Nil).

DREKKAR KINGSWAY LIMITED

DREKKAR KINGSWAY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2018

9 PROPERTY, PLANT AND EQUIPMENT

All figures in PKR

	Furniture and Fixture	Office Equipment	Computer and Accessories	Total
As at July 01, 2017				
Opening Book Value	33,851	19,834	45,154	98,838
Addition	-	20,500	48,000	68,500
Deletions	-	-	-	-
Deprecation for the year	(5,078)	(4,033)	(27,946)	(37,057)
Net Book Value at June 30, 2018	28,773	36,300	65,207	130,281
As at July 01, 2018				
Cost	50,600	44,800	141,200	236,600
Accumulated Deprecation	(21,827)	(8,500)	(75,993)	(106,320)
Net Book Value at June 30, 2018	28,773	36,300	65,208	130,281
As at July 01, 2018				
Opening Book Value	28,773	36,300	65,207	130,281
Addition	-	-	-	-
Deletions	-	-	-	-
Deprecation for the year	(1,079)	(908)	(4,891)	(6,877)
Net Book Value at Sep 30, 2018	27,694	35,393	60,317	123,404
As at July 01, 2018				
Cost	50,600	44,800	141,200	236,600
Accumulated Deprecation	(22,906)	(9,408)	(80,883)	(113,197)
Net Book Value at Sep 30, 2018	27,694	35,392	60,317	123,404

15

10

30

DREKKAR KINGSWAY LIMITED

DREKKAR KINGSWAY LIMITED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2018

10 INVESTMENT IN SUBSIDIARY

During the previous period, the Company purchased 95.5% shares of Invest Forum (Private) Limited against cash consideration of Rs.17,190,000 @ 35.29 per share. This transaction was undertaken as on May 13, 2017.

11 LONG TERM FINANCING

Loan to Noor Capital (Private) Limited	-	12,970,622
Further Loan paid	-	-
Adjustment of Loan against short term investment.	-	(13,230,042)
Interest on Loan	-	259,420
	<u>-</u>	<u>-</u>

The loan was un-secured and carries interest at agreed rate of 8.16% (KIBOR + 2%) p.a.

12 SHORT TERM INVESTMENTS

12.1 Investments at fair value through profit or loss

Investment in securities (Note : 12.1.1)

UN-AUDITED SEPTEMBER 30 2018 (RUPEES)	AUDITED JUNE 30 2018 (RUPEES)
2,048	2,154
<u>2,048</u>	<u>2,154</u>

12.1.1 Investments are carried at fair value through profit and loss account

	UN-AUDITED SEPTEMBER 30 2017		AUDITED JUNE 30 2018	
	NO. OF SHARES	FAIR VALUE (RUPEES)	NO. OF SHARES	FAIR VALUE (RUPEES)
First Paramount Modarba	62	409	62	403
The Searl Company Limited	3	948	3	1,019
Service Febrics Limited	198	691	198	733
	<u>263</u>	<u>2,048</u>	<u>263</u>	<u>2,154</u>

DREKKAR KINGSWAY LIMITED

DREKKAR KINGSWAY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2018

	UN-AUDITED SEPTEMBER 30	AUDITED JUNE 30
	2018	2018
	(RUPEES)	(RUPEES)
13 ADVANCES & PREPAYMENTS		
Advance Income Tax		907,230
Loan to employee	3,000	3,000
Prepaid rent	16,940	16,940
	<u>19,940</u>	<u>927,170</u>
14 CASH AND BANK BALANCE		
Cash in hand	878	7,584
Cash at bank	23,146	21,726
	<u>24,024</u>	<u>29,310</u>
15 CURRENT TAX ASSET		
The current tax / Liability represent the net balance of:		
Advance income tax	794,480	907,230
Provision for taxation	-	(112,750)
	<u>794,480</u>	<u>794,480</u>
16 ADMINISTRATIVE EXPENSES		
Brokerage Commission	-	-
Communication	4,424	16,048
Entertainment-meals	54,925	137,755
Fuel expense	2,500	19,900
Janitorial services	-	-
Legal fee	4,435	187,000
Office supplies	-	17,295
Postage & courier	350	570
Printing & stationery	4,371	4,656
Repair and maintenance	3,900	3,000
Salaries expenses	93,000	44,800
Rent expense	101,640	92,400
Travel expense	-	242,700
Utilities	35,801	41,258
Bank service charges	940	35
Depreciation	6,877	5,664
	<u>313,163</u>	<u>813,081</u>

17 TRANSACTIONS AND BALANCES WITH ASSOCIATED UNDERTAKING/RELATED PARTIES

The associated undertaking / related parties comprise of associated companies, key management personnel. Transactions carried out with associated undertakings / related parties during the year are as follows:

Name of the Related Party	Relationship and percentage shareholding	Transactions during the year and year end balance		
Short term loan			1,482,970	-
Investment in Subsidiary			17,190,000	17,190,000
Received / Repayment of Loan from Director			451,000	1,353,000

DREKKAR KINGSWAY LIMITED

DREKKAR KINGSWAY LIMITED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2018

18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's activities expose it to a variety of financial risks : Credit risk , liquid risk and market risk (including interest /mark-up rate risk, foreign exchange risk and equity price risk).The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. The Company activity monitors the key factors that affect the stock market. The Company consistently manages its exposure to financial risk in the manner described in the notes below.

18.1 Risk Management framework

The Board of Directors has the overall responsibility for establishment and oversight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors.

18.2 Credit Risk

Credit risk represents the risk of a loss if the counterparties fail to perform as contracted. The Company's credit risk mainly arises from deposits with banks, loan to employees, advances and trade and other receivables.

19 (LOSS)/EARNING PER SHARE

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

	SEPTEMBER 30 2018 (RUPEES)	SEPTEMBER 30 2017 (RUPEES)
Total Comprehensive (loss)	(313,269)	(815,363)
	Number of shares	
Weighted Average number of shares in issue	10,000,000	10,000,000
	Rupees	
(Loss) per share	(0.03)	(0.08)


20 DATE OF AUTHORIZATION

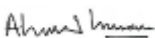
These financial statements were authorized for issue by the Board of Directors of the company on 26/10/2018.

21 GENERAL

21.1 Figures have been rounded off to the nearest rupee.

21.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison. There have been no significant re-arrangements or reclassifications to be disclosed in these financial statements.


Chief Executive


Chief Financial Officer


Director

If Undelivered Please Return to:

DREKKAR KINGSWAY LIMITED
(FORMERLY GAUHAR ENGINEERING LIMITED)

Office # 17, 2nd Floor, Aneeq Arcade, I-8 Markaz, Islamabad, Pakistan
Tel: +92 51 4862330-1 | info@drekarkingsway.com
www.drekarkingsway.com