



HALF YEARLY REPORT

2019

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

LEGAL ADVISORS

RK Law & Associates

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.

EMAIL ADDRESS

info@shavyl.com

WEB SITE

www.pakistanpvc.com

REGISTRATION NO.

0001781

NTN NO.

0823852 – 9

SALESTAX NO.

07 – 01 – 3900 – 005 – 64

**THE PERSON'S CONTACT DETAILS
NOMINATED FOR HANDLING
INVESTOR COMPLAINTS.**

Company Secretary
Telephone No. – +9251 – 4444578.

کمپنی کی معلومات

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

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, 2019 along with the auditors' review report.

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. 3.446 million as compared to Rs. 4.653 million of the same period last year and net loss during the year was Rs. 8.971 million as compared to a net loss of Rs. 8.280 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 overall 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

Islamabad: February 25, 2020

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

بورڈ میں اپنے ساتھیوں کی جانب سے، میں آپ کے سامنے 31 دسمبر 2019 کو اختتام پذیر ہونے والی نصف سال کا غیر آڈٹ شدہ اکاؤنٹس پیش کر رہا ہوں۔

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 4.653 ملین روپوں کی فروخت کی نسبت 3.446 ملین روپے رہی۔ گذشتہ سال ہونے والے 8.280 ملین روپے کے خالص نقصان کی نسبت اس سال 8.971 ملین روپوں کا نقصان ہوا۔

1. گونگ کنسرن کے متعلق آڈیٹرز کا نقطہ نظر

آڈیٹرز نے اپنا نقطہ نظر کوالیفائی کر لیا ہے کیونکہ آپکی 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 فنانسنگ 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 جانب سے
(عارف شفیع) - چیف ایگزیکٹو

اسلام آباد: 25 ستمبر 2020

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, 2019 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, 2019 and December 31, 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2019.

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 497.424 million (June 30, 2019: Rupees 491.138 million) against the issued subscribed and paid up capital of Rupees 149.580 (June 30, 2019: Rupees 149.580) million turning shareholders' equity to a negative balance of Rupees 181.189 million (June 30, 2019: 172.272 million). The current liabilities exceed the current assets by Rupees 359.229 million (June 30, 2019: 353.384 million). Further, the company has not been able to obtain enough finance to revive its Gharo 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 prepared cash flow projections and future plan to revive the operation of Gharo 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 97.580 million and Rupees 97.938 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 Zahid Hussain Zahid.

MUSHTAQ & CO

Chartered Accountants

Lahore.

Dated: **February 25, 2020**

PAKISTAN PVC LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

	Note	Un-audited December 31, 2019	Audited June 30, 2019		Note	Un-audited December 31, 2019	Audited June 30, 2019
		-----Rupees-----				-----Rupees-----	
SHARE CAPITAL AND RESERVES				NON CURRENT ASSETS			
Authorized capital							
15,000,000 (June 30, 2019: 15,000,000)							
ordinary shares of Rs.10/- each							
		150,000,000	150,000,000	Property, plant and equipment	7	177,897,295	180,989,185
Issued, subscribed and paid up capital							
14,958,000 (June 30, 2019: 14,958,000)							
ordinary shares of Rs.10/- each				Long term investments			
		149,580,000	149,580,000			142,500	122,500
Accumulated loss						178,039,795	181,111,685
Surplus on revaluation of fixed assets							
		(497,424,729)	(491,138,135)				
		166,654,892	169,285,442				
		(181,189,838)	(172,272,693)				
CURRENT LIABILITIES				CURRENT ASSETS			
Trade and other payables				Stocks in trade			
		90,515,331	90,656,392			937,449	785,200
Unclaimed Dividend				Trade debts			
		45,980	45,980			325,757	1,045,312
Accrued mark up / interest				Loans and advances			
		195,519,516	191,900,027			227,037	1,123,023
Short term borrowings				Trade deposits and other receivables			
		41,495,980	40,321,661			100,000	100,000
Current portion of long term financing				Other receivables			
5		32,991,000	32,991,000			430,720	789,559
Provision for taxation - net				Tax refunds due from Government			
		2,072,995	3,395,411			1,179,525	2,024,490
				Cash and bank balances			
						210,682	58,510
		362,640,803	359,310,472			3,411,171	5,926,094
CONTINGENCIES AND COMMITMENTS							
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		181,450,966	187,037,779			181,450,966	187,037,779

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, 2019

	Note	Quarter Ended		Half Year Ended	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
		-----Rupees-----			
Sales - net		833,280	2,607,159	3,446,406	4,653,191
Cost of sales	8	(5,007,897)	(5,195,941)	(11,830,978)	(12,225,644)
Gross loss		(4,174,617)	(2,588,782)	(8,384,572)	(7,572,453)
Other income		5,117,020	4,174,780	9,808,999	8,089,366
Distribution cost		(1,160,380)	(607,981)	(1,702,024)	(1,115,725)
Administrative expenses		(1,280,823)	(1,163,988)	(2,941,116)	(2,295,199)
Finance cost		(1,815,692)	(1,813,813)	(3,625,436)	(3,623,557)
Loss before taxation		(3,314,492)	(1,999,783)	(6,844,149)	(6,517,567)
Taxation		(996,279)	(1,687,804)	(2,072,995)	(1,762,663)
Loss for the period		(4,310,771)	(3,687,587)	(8,917,144)	(8,280,230)
 Loss per share - basic and diluted		 (0.29)	 (0.25)	 (0.60)	 (0.55)

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, 2019

	Quarter Ended		Half Year Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	-----Rupees-----			
Loss for the period	(4,310,771)	(3,687,587)	(8,917,144)	(8,280,230)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	<u>(4,310,771)</u>	<u>(3,687,587)</u>	<u>(8,917,144)</u>	<u>(8,280,230)</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 CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Issued, subscribed and paid up capital	Revenue Reserve Accumulated loss	Capital Reserve Revaluation Surplus	Total
Balance as at July 1, 2018	149,580,000	(479,504,747)	175,131,108	(154,793,640)
Loss for the year	-	(8,280,230)	-	(8,280,230)
Other Comprehensive income for the year	-	-	-	-
Transfer from revaluation surplus on account of incremental depreciation	-	2,922,833	(2,922,833)	-
Balance as at December 31, 2018	149,580,000	(484,862,145)	172,208,275	(163,073,870)
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	149,580,000	(497,424,729)	166,654,892	(181,189,837)

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, 2019

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	December 31, 2019	December 31, 2018
	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(6,844,149)	(6,517,567)
<i>Adjustments for :</i>		
Depreciation	3,091,890	3,445,970
Finance cost	3,625,436	3,623,557
Provision for staff retirement benefits - gratuity	-	(197,370)
Accrued Interest on investment	(20,000)	(17,500)
Rental income	(9,788,999)	(8,071,866)
	(3,091,673)	(1,217,209)
Operating cash flows before changes in working capital	(9,935,822)	(7,734,776)
(Increase) / decrease in current assets		
Stock in trade	(152,249)	(259,852)
Trade debts	719,556	(175,504)
Loans and advances	895,986	841,510
Tax refunds due from Government - sales tax	844,964	65,035
	2,308,257	471,189
Increase in current liabilities		
Trade and other payables	(289,769)	2,610,341
	2,018,488	3,081,530
Net cash used in operations	(7,917,334)	(4,653,246)
Income tax paid	(3,395,412)	(1,986,289)
Finance cost paid	(5,947)	(4,068)
	(3,401,358)	(1,990,357)
Net cash used in operating activities	(11,318,692)	(6,643,604)
CASH FLOWS FROM INVESTING ACTIVITIES		
Rent received	10,296,547	7,893,098
Addition in Property Plant & Equipment	-	(785,340)
Net cash generated from investing activities	10,296,547	7,107,758
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short term borrowings	1,174,318	(331,218)
Net cash generated from financing activities	1,174,318	(331,218)
Net increase/(decrease) in cash and cash equivalents	152,173	132,936
Cash and cash equivalent at the beginning of the period	58,510	134,026
Cash and cash equivalent at the end of the period	210,682	266,962

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, 2019

1 LEGAL STATUS AND OPERATIONS

1.1 Pakistan PVC Limited (the company) is 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, 2019 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, 2019.

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, 2019 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, 2019.

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 497.424 million (June 30, 2019: Rupees 491.138 million) as at December 31, 2019 against the issued subscribed and paid up capital of Rupees 149.580 (June 30, 2019: Rupees 149.580) million turning shareholders' equity to a negative balance of Rupees 181.189 million (June 30, 2019: 172.272 million). The current liabilities exceed the current assets by Rupees 359.229 million (June 30, 2019: 353.384 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, 2019, 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, 2019. 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

		Un-audited December 31, 2019	Audited June 30, 2019
	Note		
		-----Rupees-----	

Operating assets	7.1	69,423,742	70,248,856
Non operating assets	7.2	108,473,552	110,740,329
		<u>177,897,295</u>	<u>180,989,185</u>

7.1 Operating assets

Opening book value		70,248,856	71,318,176
Less: Depreciation charged during the period		(825,114)	(1,854,660)
Add: Addition During the Year		-	785,340
Add: Surplus / (Deficit)		-	-
		(825,114)	(1,069,320)
Closing book value		<u>69,423,742</u>	<u>70,248,856</u>

7.2 Non operating assets

Opening book value		110,740,329	115,777,610
Less: Depreciation charged during the period		(2,266,776)	(5,037,281)
Add: Surplus / (Deficit)		-	-
		(2,266,776)	(5,037,281)
Closing book value		<u>108,473,552</u>	<u>110,740,329</u>

8 COST OF SALES

		Half Year Ended	
		December 31, 2019	December 31, 2018
		-----Rupees-----	
	Note		
Opening finished goods		688,248	672,677
Purchases of pipes and fittings		115,405	418,878
Cost of goods manufactured	8.1	11,711,951	11,654,450
		12,515,604	12,746,005
Closing finished goods		(684,626)	(520,361)
		<u>11,830,978</u>	<u>12,225,644</u>
8.1 Cost of Goods Manufactured			
Opening raw material		73,474	23,913
Purchase of raw material		2,254,628	2,855,464
Closing raw material		(82,174)	(210,521)
Packing and raw material consumed		2,245,929	2,668,856
Director's remuneration		375,000	375,000
Salaries, wages and benefits		3,939,518	3,795,055
Fuel and power		1,135,080	894,222
Stores and spares		78,480	36,247
Repair and maintenance		585,462	374,678
Postage and telephone		43,278	45,336
Rent, rates and taxes		95,600	95,600
Traveling and conveyance		316,601	213,947
Entertainment		12,652	10,101
Depreciation		3,031,523	3,370,968
		<u>11,859,123</u>	<u>11,880,010</u>
Opening work in process		23,478	29,698
Closing work in process		(170,649)	(255,258)
		<u>(147,171)</u>	<u>(225,560)</u>
		<u>11,711,951</u>	<u>11,654,450</u>

9 TRANSACTIONS WITH RELATED PARTIES

		Half Year Ended	
		December 31, 2019	December 31, 2018
		-----Rupees-----	
Relationship with the company	Nature of transaction		
Key management personnel	Salaries and other employee benefits	1,500,000	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 25, 2020 by the board of directors of the company.

ARIF SHAFFI
CHIEF EXECUTIVE

MUHAMMAD SHAFFI
DIRECTOR

ASIF SHAFFI
CHIEF FINANCIAL
OFFICER

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