Second Quarter Accounts for the Period Ended **December 31, 2019** 

# **D** S INDUSTRIES LIMITED

# **CONTENTS**

Company Information

Directors' Report	3
Independent Auditors' Review Report	4
Condensed Interim Balance Sheet	5
Condensed Interim Profit & Loss Account	7
Condensed Interim Statement of Comprehensive Income	8
Condensed Interim Cash Flow Statements	9
Condensed Interim Statement of Changes in Equity	10
Notes to the Condensed Interim Un-audited Financial Information	11

2

# **Company Information**

**Board of Directors** Mr. Pervez Ahmed Chief Executive

> Mr. Ali Pervez Ahmed Mr. Suleman Ahmed Mr. Atta ur Rehman Mr. Khawar Mahmud Mr. Mazhar Pervaiz Malik Mrs. Rukhsana Khalid

Audit Committee Mr. Atta ur Rehman Chairman

> Mr. Khawar Mahmud Mrs. Rukhsana Khalid

**HR & Remuneration Committee** Mr. Suleman Ahmed Chairman

> Mr Atta ur Rehman Mrs. Rukhsana Khalid

Chief Financial Officer Mr. M. Naeem Akhtar

Company Secretary Mr. Salman Faroog

Auditors M/s Rahman Sarfaraz Rahim Igbal Rafiq

**Chartered Accountants** 

Legal Advisor Cornelius, Lane & Mufti

Advocates & Solicitors

Banks Al Baraka Bank (Pakistan) Limited

> Bank Al-Falah Limited Bank Al-Habib Limited

Dubai Islamic Bank Pakistan Limited

MCB Bank Limited Meezan Bank Limited Silk Bank Limited

Registered Office 20-K, Gulberg II, Lahore.

Share Registrars THK Associates (Pvt.) Limited

First Floor, 40-C, Block - 6

P.E.C.H.S. Karachi - 75400

Mill 11-km Sheikhupura Faisalabad Road,

Sheikhupura

Website www.dsil.com.pk

#### **DIRECTORS' REPORT**

The Directors of D S Industries Limited are pleased to present their review, together with the unaudited financial statements of the Company, for the quarter and six months ended December 31, 2019.

#### **Financial Results of the Company**

During the six months ended the prices of textile products globally remained under pressure due to weak global demand. In addition to this, the government has imposed a 17% sales tax with effect from July 1, 2019. This tax has caused a weakness in demand due to cash flow constraints being faced by our customers. The economy of the country is also under pressure due to high inflation, high-interest rates and a higher rate of sales tax. Hence, this has resulted in losses for the six months ended December 31, 2019. However, managements' decision of remodeling of its textile product portfolio from the manufacturing of yarn to value-added ladies garments has been remarkable and we have succeeded in curtaining losses.

Net turnover for the six months under review was Rs. 67.3 million which reflected a significant fall of almost Rs. 430.4 million as compared to the same period of last year. It also pertinent to mention here that the Company has come out from the gross loss due to switching off its textile product from yarn manufacturing to value-added ladies garments. Gross profit of the Company for the six months ended December 31, 2019 recorded at Rs. 7.3 million compared to the loss of Rs. 0.31 million for the same period of last year. Similarly, net loss for the six months ended December 31, 2019 recorded at Rs. 10.73 million as compared to the net loss of Rs. 43.76 million for the corresponding period of last year.

#### **Industry Review**

On the international front, there are various uncertainties on numerous fronts like the USA and China trade war, the imposition of tariffs by USA on European products and announcement by the UK to grant Pakistan the same duty-free and quota free market access etc. etc. due to which volatility may remain in the months to come. The situation started improving towards the end of the second quarter, when both parties took positive steps towards a resolution. However, the Pakistan is now picking up stability as a result of collective measures put in place by the government and with the improvement of the Ease of Doing Business index and it is expected that global financial flow demand may increase which would assist Pakistan in returning to growth.

#### **Future Outlook**

Instability and uncertainty are prevailing in the local businesses backed by adverse economic circumstances, such as rising inflation, high oil prices, high-interest rates, and a weaker rupee. However, the Government is making efforts to take financial assistance from friendly countries to coverup the gap of the balance of payments and to control the rupee devolution which will help the local industry in reviving businesses.

#### **Acknowledgment**

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

For & on behalf of the Board

Lahore February 27, 2019 Ali Perez Ahmed Director

Pervez Ahmed Chief Executive

# To the members of D.S. INDUSTRIES LIMITED Report on review of Interim Financial Statements

#### Introduction

We have reviewed the accompanying condensed interim statement of financial position of D.S. INDUSTRIES LIMITED ['the Company'] as at December 31, 2019 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures for the three-month period ended December 31, 2019 of the condensed interim statement of profit or loss, condensed interim statement of comprehensive income have not been reviewed as we are required to review only cumulative figures for the six-month period ended on that date.

#### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity." A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

#### **Emphasis of Matter**

We draw attention to note 2.2 to these interim financial statements which indicate that the Company has incurred loss after taxation of Rs. 10.732 million during the six month period ended December 31, 2019. As at December 31, 2019, the Company has accumulated losses of Rs. 786.542 million as at the reporting date. Its current liabilities exceed its current assets by Rs. 251.391 million. These factors indicate existence of material uncertainty that raises doubts about the Company's ability to continue as a going concern and that the Company may not be able to discharge its liabilities and realize its assets in the normal course of business. These interim financial statements has, however, been prepared on going concern basis for reasons explained in note 2.2. Our conclusion is not qualified in respect of this matter.

The engagement partner on the review resulting in this independent auditor's review report is ZUBAIR IRFAN MALIK

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ Chartered Accountants Date: FEBRUARY 27, 2020

Place: LAHORE

# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

Note

December 31, 2019

June 30, 2019

		,
	Rupees	Rupees
	(Un-audited)	(Audited)
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized capital		
100,000,000 (June 30, 2019: 100,000,000) ordinary shares of Rs. 10 each	1,000,000,000	1,000,000,000
Issued, subscribed and paid-up capital	836,856,310	836,856,310
Discount on issue of shares	(82,899,709)	(82,899,709
Surplus on revaluation of property, plant and equipment	238,307,862	248,821,289
Accumulated losses	(786,542,671)	(786,324,295
	205,721,792	216,453,595
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term finances 6		
Employees retirement benefits	293,979	5,246,306
	293,979	5,246,306
CURRENT LIABILTIES		
Trade and other payables	91,310,348	89,335,593
Unclaimed dividend	337,563	337,563
Accrued interest/markup	8,513,127	8,314,087
Short term borrowings	173,408,522	186,939,940
Provision for taxation	1,009,441	7,221,685
	274,579,001	292,148,868
TOTAL LIABILITIES	274,872,980	297,395,174
CONTINGENCIES AND COMMITMENTS 7		
TOTAL EQUITY AND LIABILITIES	480,594,772	513,848,769

The annexed notes from 1 to 17 form an integral part of these interim financial statements.

**CHIEF EXECUTIVE** 

CHIEF FINANCIAL OFFICER

DIRECTOR

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

	Note	December 31, 2019	June 30, 2019
		Rupees	Rupees
		(Un-audited)	(Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	352,075,544	371,830,271
Long term investments	9	71,735,089	72,078,491
Long term deposits		19,672,394	19,072,394
Deferred taxation		13,923,373	13,923,373
		457,406,400	476,904,529
CURRENT ASSETS			
Stores, spares and loose tools		1,630,657	1,915,756
Stock in trade		17,102,332	9,316,183
Trade debts		168,448	12,942,394
Advances, prepayments and other receivables		1,751,375	6,887,388
Advance income tax/income tax refundable		1,864,924	4,077,502
Bank balances		670,636	1,805,017
		23,188,372	36,944,240
TOTAL ASSETS		480,594,772	513,848,769

The annexed notes from 1 to 17 form an integral part of these interim financial statements.

**CHIEF EXECUTIVE** 

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

	Six mont	h andad	Three mon	Ale and all
		ii eiideu	i nree mon	tn enaea
Note	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	Rupees	Rupees	Rupees	Rupees
	67,296,085	497,700,559	36,995,296	240,117,012
10	(60,013,982)	(498,009,310)	(35,721,821)	(260,247,764)
	7,282,103	(308,751)	1,273,475	(20,130,752)
ses	(12,249,012)	(1,128,072)	(8,253,207)	(434,906)
xpenses	(10,705,541)	(20,304,557)	(4,711,150)	(10,337,433)
	(99,978)	(3,884,268)	955,027	(1,039,400)
	(23,054,531)	(25,316,897)	(12,009,330)	(11,811,739)
	14,963,994	28,815	12,578,077	13,711
	(808,434)	(25,596,833)	1,842,222	(31,928,780)
	(8,570,654)	(7,976,721)	(4,387,432)	(4,095,488)
		(3,963,659)	-	(3,963,659)
iates	(343,274)	(6,120)	2,173,155	123,811
	(9,722,362)	(37,543,333)	(372,055)	(39,864,116)
11	(1,009,441)	(6,221,257)	(554,929)	(4,331,959)
	(10,731,803)	(43,764,590)	(926,984)	(44,196,075)
l diluted	(0.13)	(0.52)	(0.01)	(0.53)
	ses sexenses	Rupees 67,296,085 10 (60,013,982) 7,282,103  ses (12,249,012) (10,705,541) (99,978) (23,054,531) 14,963,994 (808,434) (8,570,654) - (343,274) (9,722,362) 11 (1,009,441) (10,731,803)	Rupees         Rupees           67,296,085         497,700,559           10         (60,013,982)         (498,009,310)           7,282,103         (308,751)           ses         (12,249,012)         (1,128,072)           (20,304,557)         (3,884,268)           (23,054,531)         (25,316,897)           14,963,994         28,815           (808,434)         (25,596,833)           (8,570,654)         (7,976,721)           -         (3,963,659)           iates         (343,274)         (6,120)           (9,722,362)         (37,543,333)           11         (1,009,441)         (6,221,257)           (10,731,803)         (43,764,590)	Rupees         Rupees         Rupees           67,296,085         497,700,559         36,995,296           10         (60,013,982)         (498,009,310)         (35,721,821)           7,282,103         (308,751)         1,273,475           ses         (12,249,012) (10,705,541) (99,978)         (1,128,072) (20,304,557) 

The annexed notes from 1 to 17 form an integral part of these interim financial statements.

**CHIEF EXECUTIVE** 

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

	Six mont	th ended	Three mor	ith ended		
	December 31, 2019 December 31, 2018 De		December 31, 2019 December 31, 2018 December 31		December 31, 2019 December 31, 2018 December 31, 2019	
	Rupees	Rupees	Rupees	Rupees		
Other comprehensive income		-		-		
Loss after taxation	(10,731,803)	(43,764,590)	(926,984)	(44,196,075)		
Total comprehensive loss	(10,731,803)	(43,764,590)	(926,984)	(44,196,075)		

The annexed notes from 1 to 17 form an integral part of these interim financial statements.

**CHIEF EXECUTIVE** 

# CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

	December 31, 2019 Dec	
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(9,722,362)	(37,543,333
Adjustments for non-cash items		
Depreciation	6,463,584	14,682,805
Notional interest	-	3,963,659
Impairment of long term investment	128	-
Share of loss of associates Provision for employees retirement benefits	343,274	6,120 2,000,000
Interest/markup on borrowings	8,570,654	7,976,721
	15,377,640	28,629,305
Operating profit/(loss) before changes in working capital	5,655,278	(8,914,028
Changes in working capital	.,,	(-,-
Stores, spares and loose tools	285,099	(806,683
Stock in trade	(7,786,149)	37,802,728
Trade debts	12,773,946	(48,071,597
Advances, prepayments and other receivables	5,136,013	(12,010,937
Trade and other payables	1,974,755	37,732,844
	12,383,664	14,646,355
Net cash generated from/(used in) operations	18,038,942	5,732,327
Payments for		
Interest/markup on borrowings	(8,371,614)	(5,360,580
Income tax	(5,009,107)	(2,152,158
Employees retirement benefits	(4,952,327)	(1,284,521
Net cash used in operating activities	(294,106)	(3,064,932
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(16,138,012)	
Proceeds from disposal of property, plant and equipment	29,429,155	-
ong term deposits	(600,000)	-
Net cash generated from investing activities	12,691,143	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term finances		(6,000,000
Net (decrease)/increase in short term borrowings	(13,531,418)	8,527,846
Net cash (used in)/generated from financing activities	(13,531,418)	2,527,846
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,134,381)	(537,086
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1,805,017	2,339,408
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	670,636	1,802,322

**CHIEF EXECUTIVE** 

CHIEF FINANCIAL OFFICER

DIRECTOR

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE SIX MONTH ENDED DECEMBER 31, 2019

	Share capital	Capital ı	reserves	Revenue reserve	,
	Issued escribed and aid-up capitabrd	•	roperty, plant	Accumulated losses	Total equity
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2018 - Audited	836,856,310	(82,899,709)	203,909,733	(760,317,860)	197,548,474
Comprehensive income					
Loss after taxation Other comprehensive income	-	-	-	(43,764,590)	(43,764,590)
Total comprehensive loss	-	-	-	(43,764,590)	(43,764,590)
Incremental depreciation	-	-	(8,120,338)	8,120,338	-
Transaction with owners	-	-	-	-	-
Balance as at December 31, 2018 - Un-aud	<b>lites</b> 6,856,310	(82,899,709)	195,789,395	(795,962,112)	153,783,884
Balance as at January 01, 2019 - Un-audite	ed836,856,310	(82,899,709)	195,789,395	(795,962,112)	153,783,884
Comprehensive income					
Loss after taxation Other comprehensive income	-	-	- 105,204,950	(37,766,573) (4,768,666)	(37,766,573) 100,436,284
Total comprehensive income/(loss)	-	-	105,204,950	(42,535,239)	62,669,711
Surplus on revaluation of property, plant and equipment realised on disposal	-	-	(50,294,999)	50,294,999	-
Incremental depreciation	-	-	(1,878,057)	1,878,057	-
Transaction with owners	-	-	-	-	-
Balance as at June 30, 2019 - Audited	836,856,310	(82,899,709)	248,821,289	(786,324,295)	216,453,595
Balance as at July 01, 2019 - Audited	836,856,310	(82,899,709)	248,821,289	(786,324,295)	216,453,595
Comprehensive income					
Loss after taxation Other comprehensive income	-	-	-	(10,731,803)	(10,731,803) -
Total comprehensive loss	-	-	-	(10,731,803)	(10,731,803)
Surplus on revaluation of property, plant and equipment realised on disposal	-	-	(6,262,990)	6,262,990	-
Incremental depreciation		-	(4,250,437)	4,250,437	-
Transaction with owners	•	-			•
Balance as at December 31, 2019 - Un-aud	dites6,856,310	(82,899,709)	238,307,862	(786,542,671)	205,721,792

The annexed notes from 1 to 17 form an integral part of these interim financial statements.

**CHIEF EXECUTIVE** 

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

#### 1 LEGAL STATUS AND OPERATIONS

D.S. Industries Limited ['the Company'] was incorporated in Pakistan as a Private Limited Company under the repealed CompaniesAct, 1913 (now the CompaniesAct, 2017) and was subsequently converted into a PublicLimited Company. The Company is listed on Pakistan Stock Exchange Limited. The Company is a spinning unit engaged in the manufacture and sale of yarn. The registered office of the Company is situated at 20-K, Gulberg II, Lahore. The manufacturing facility is located at

#### 2 BASIS OF PREPARATION

The interim financial statements are un-audited and has been presented in condensed form and do not include all the information as is required to be provided in a full set of annual financial statements. These interim financial statements should be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2019.

This interim financial statements have been subjected to limited scope review by the auditors of the company, as required by the Companies Act, 2017 under section 237. The comparative condensed interim statement of financial position as at June 30, 2019 and the related notes to the interim financial statements are based on audited financial statements. The comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and related notes to the condensed interim financial statements for the six month period ended December 31, 2019 are based on unaudited, reviewed interim financial statements. The condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three months period ended December 31, 2019 and December 31, 2018 are neither audited

#### 2.1 Statement of compliance

These interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprises of:

- International Accounting Standard 34 Interim Financial Reporting, issued by International Accounting Standards Board [IASB] as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act. 2017

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

#### 2.2 Going concern assumption

The Company has been facing operational losses mainly due to decrease in yarn selling prices, the on-going power crises, dumping of imported yarn at low prices along with other factors, including economic instability and unfaviourbale textile policy of the Government, affecting the textile industry. The Company has not been able to utilize its production capacity at an optimum level due to which the desired profitability remained unachieved. Further, the Company has disposed off a

As a result, the Companyhas incurred loss after taxation of Rs. 10.732 million. As at December 31, 2019, the Companyhas accumulated losses of Rs. 786.542 millionas at the reporting date and its current liabilities exceed its current assets by Rs. 251.391 million. These factors indicate existence of material uncertainty that raises doubts about the Company's ability to continue as a going concern and that the Company may not be able to discharge its liabilities and realize its assets in the normal course of business. However, these interim financial statements have been prepared on going concern basis based

- (a) The Companyhas continued financial support of its related parties in the form of interest free loans. During the year, related parties provided financial support amounting to Rs. 11.835 million in the form of interest free loans.
- (b) The Company has remodeled its textile product portfolio switching from loss making yarn to profitable ready to wear The managementis confident that through above factors, the Companywill turnaround into a profitable company, subject to impact, if any, of uncontrollable circumstances including power crises and market conditions.

#### 2.3 Basis of measurement

These interim financial statements have been prepared under the historical cost convention except for certain financial instruments at fair value, certain financial liabilities at amortized cost and employees retirement benefits at present value. In these financial statements, except for the amounts reflected in the statement of cash flows, all transactions have been

#### 2.4 Judgments, estimates and assumptions

The preparation of interimfinancial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

#### 2.5 Functional currency

This financial information is prepared in Pak Rupees which is the Company's functional currency.

#### 2.6 Date of authorisation for issue

This interim financial statements have been approved by the Board of Directors of the Company and authorized for issue on February 27, 2020.

#### 3 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE DURING THE PERIOD.

The following new and revised standards, interpretations and amendments are effective in the current period but are either not relevant to the Company or their application does not have any material impact on the interim financial statements of the Company other than presentation and disclosures.

#### 3.1 IFRS 16 - Leases (2016)

IFRS 16 - Leases (2016) specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

### 3.2 IFRIC 23 - Uncertainty over Income Tax Treatments

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively
- Assumptions for taxation authorities' examinations
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- The effect of changes in facts and circumstances

#### 3.3 Applying IFRS 9 - Financial Instruments with IFRS 4 - Insurance Contracts (Amendments to IFRS 4 - Insurance

IFRS4 Insurance Contracts have been amended to provide two options for entities that issue insurance contracts within the scope of IFRS 4:

- an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach;
- an optional temporary exemption from applying IFRS9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

#### 3.4 Prepayment Features with Negative Compensation (Amendments to IFRS 9 - Financial Instruments)

IFRS9 - Financial Instruments have been amended regarding termination rights in order to allow measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

## 3.5 Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28 - Investments in Associates and Joint Ventures)

IAS 28 - Investments in Associates and Joint Ventures have been amended to clarifies that an entity applies IFRS9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

#### 3.6 Annual Improvements to IFRS Standards 2015 - 2017 Cycle

The annual improvements have made amendments to the following standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangements The amendments to IFRS3 clarify that
  when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that
  business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint
  operation, the entity does not remeasure previously held interests in that business.
- IAS 12 Income Taxes The amendmentsclarify that the requirements in the former paragraph 52B (to recognize
  the income tax consequences of dividends where the transactions or events that generated distributable profits are
  recognized) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A
  that only deals with situations where there are different tax rates for distributed and undistributed profits.
- IAS 23 Borrowing Costs The amendments clarify that if any specific borrowing remains outstanding after the
  related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows
  generally when calculating the capitalization rate on general borrowings.

#### 3.7 Plan Amendment, Curtailment or Settlement (Amendments to IAS 19 - Employee Benefits)

The amendments in Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) are:

- If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.
- In addition, amendmentshave been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

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

Effective date (annual periods beginning on or after)

IFRS 17 - Insurance contracts (2017)

on or after)

January 01, 2021

Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures).

Deferred Indefinitely

Amendments to References to the Conceptual Framework in IFRS Standards  $\label{eq:conceptual}$ 

January 01, 2020 January 01, 2020

Definition of a Business (Amendments to IFRS 3 - Business Combinations)

Definition of Material (Amendments to IAS 1 - First-time Adoption of International

January 01, 2020

Financial Reporting Standards and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)

Interest Rate Benchmark Reform (Amendments to IFRS9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurements, and IFRS 7 - Financial Instruments: Disclosures)

January 01, 2020

Other than afore-mentioned standards, interpretations and amendments, IASB has also issued the following standards which have not been notified by the Securities and Exchange Commission of Pakistan ['SECP']:

IFRS 1 - First Time Adoption of International Financial Reporting Standards

IFRS 14 - Regulatory Deferral Accounts

IFRS 17 - Insurance contracts (2017)

The Company intends to adopt these new and revised standards, interpretations and amendments on their effective dates, subject to, where required, notification by Securities and Exchange Commission of Pakistan under section 225 of the Companies Act, 2017 regarding their adoption. The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the Company's financial statements other

#### ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The accounting policies and methods of computation adopted in the preparation of these interim financial statements are the same as those applied in the preparation of preceding annual financial statements of the Companyfor the year ended June 30, 2019.

		Note	December 31, 2019	June 30, 2019
			Rupees	Rupees
			(Un-Audited)	(Audited)
6	LONG TERM FINANCES - SECURED			
	Face value		-	-
	Less: unamortized notional interest	6.1	-	-
			-	-
6 1	Unamortized national interest			

#### Unamortized notional interest

As at beginning of the year	-	15,543,107
Derecognized during the year	-	(15,543,107)
As at end of the year		

#### CONTINGENCIES AND COMMITMENTS

There is no significant change in status of contingencies or commitments since June 30, 2019.

	December 31, 2019	June 30, 2019
	Rupees	Rupees
	(Un-Audited)	(Audited)
PROPERTY, PLANT AND EQUIPMENT		
Net book value at the beginning of the period/year	371,830,271	478,921,989
Addition during the period/year	16,138,012	1,000,000
Revaluation surplus for the period/year	-	164,742,134
Disposals during the period/year	(29,429,155)	(191,235,922)
Depreciation for the period/year	(6,463,584)	(81,597,930)
Net book value at end of the period/year	352,075,544	371,830,271

#### LONG TERM INVESTMENTS

This represents investment in ordinary shares of associates. The investments has been accounted for by using equity method. The details are as follows:

	Note	December 31, 2019	June 30, 2019
		Rupees	Rupees
		(Un-Audited)	(Audited)
Pervez Ahmed Consultancy Services Limited			
[Formerly Pervez Ahmed Securities Limited]	9.1	-	-
Pervez Ahmed Capital (Private) Limited	9.2	71,735,089	72,078,491
		71,735,089	72,078,491

#### 9.1 Pervez Ahmed Consultancy Services Limited [Formerly Pervez Ahmed Securities Limited]

Cost of investment	3,412,243	3,412,243
Share of post acquisition losses	(1,543,343)	(1,543,471)
Share of post acquisition changes in equity	(160,258)	(160,258)
Accumulated impairment	(1,708,642)	(1,708,514)

9.2

	December 31, 2019	June 30, 2019
	No. of shares	No. of shares
Number of shares held	61,550	61,550
	% age	% age
Percentage of ownership interest	0.03	0.03
	Rupees	Rupees
Market value per share	0.81	1.97

## 9.1.1 Extracts of financial statements of Pervez Ahmed Consultancy Services Limited [Formerly Pervez Ahmed Securities Limited]

The assets and liabilitiesof Pervez Ahmed Consultancy Services Limited[Formerly Pervez Ahmed Securities Limited] as at the reporting date and related revenue and profit for the year then ended based on the unaudited financial statements are

	December 31, 2019	June 30, 2019
	Rupees	Rupees
	(Un-Audited)	(Audited)
Assets	93,153,102	91,969,141
Liabilities	650,097,954	649,300,748
(Profit)/loss for the period/year	(386,755)	15,816,557
Share of (profit)/loss	(128)	5,218
	December 31, 2019	June 30, 2019
	Rupees	Rupees
	(Un-Audited)	(Audited)
Pervez Ahmed Capital (Private) Limited		
Cost of investment	85,000,000	85,000,000
Share of post acquisition profits	(13,264,911)	(12,921,509)
	71,735,089	72,078,491
	December 31, 2019	June 30, 2019
	No. of shares	No. of shares
Number of shares held	7,727,000	7,727,000
	% age	% age
Percentage of ownership interest	44.88	44.88
·	Rupees	Rupees

#### 9.2.1 Extracts of financial statements of Pervez Ahmed Capital (Private) Limited

Break-up value per share

The assets and liabilities of Pervez Ahmed Capital (Private) Limited as at the reporting date and related revenue and profit for the year then ended based on the audited financial statements are as follows:

	December 31, 2019	June 30, 2019
	Rupees	Rupees
	(Un-Audited)	(Audited)
Assets	160,068,931	160,931,736
Liabilities	228,807	326,455
Loss for the period/year	(765,157)	(29,824,175)
Share of loss	(343,403)	(13,384,875)

9.28

9.33

	Six month ended		Three month ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 201
	Rupees	Rupees	Rupees	Rupees
	(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited
COST OF SALES				
Raw material consumed	27,291,203	349,641,797	14,577,339	173,176,08
Stores and spares consumed	3,285,099	10,686,701	1,068,677	7,789,40
Salaries, wages and benefits	26,042,769	60,071,934	15,725,791	37,007,80
Fuel and power	2,775,794	57,125,312	664,800	24,424,25
Traveling and conveyance	-	806,686	-	442,90
Repair and maintenance	270,495	793,989	111,835	353,82
Insurance	171,463	1,671,029	128,597	1,456,48
Rent, rates and taxes	1,500,000	-	750,000	-
Entertainment	-	249,964	-	111,52
Depreciation	6,242,918	14,371,830	3,142,879	7,185,91
Other manufacturing overheads	29,824	479,969	13,970	231,23
Manufacturing cost	67,609,565	495,899,211	36,183,888	252,179,43
Work in process				
As at beginning of the period	2,790,100	9,999,900	6,923,556	14,684,70
As at end of the period	(5,319,200)	(7,500,000)	(5,319,200)	(7,500,00
	(2,529,100)	2,499,900	1,604,356	7,184,70
Cost of goods manufactured	65,080,465	498,399,111	37,788,244	259,364,13
Finished goods				
As at beginning of the period	1,965,933	3,859,024	4,965,993	5,132,45
As at end of the period	(7,032,416)	(4,248,825)	(7,032,416)	(4,248,82
	(5,066,483)	(389,801)	(2,066,423)	883,62
	60,013,982	498,009,310	35,721,821	260,247,76

#### 11 PROVISION FOR TAXATION

#### 11.1 Current taxation

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

#### 11.2 Deferred taxation

No provision for deferred tax has been made as the impact of the same is considered immaterial.

#### 12 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise sponsors of the Company, associated companies and undertakings and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the

Transactions with sponsors are limited to provision of interest free loans to the Companyand those with key management personnel are limited to payment of short term employee benefits only. The Company in the normal course of business carries out various transactions with associates and associated undertakings and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an arm's length transaction, with the exception of borrowings, which are interest free.

Details of transactions with related parties are as follows:

Transactions with related parties  Nature of relationship  Associates and associated undertakings  Sales of goods and services Purcahse of goods and services Short term borrowings - net  Sponsors  Short term borrowings - net  Key management personnel  Short term employee benefits  Balances with related parties  Nature of relationship  Associates and associated undertakings  Trade debts Short term borrowings	December 31, 2019  Rupees (Un-Audited)  939,219 (12,774,079) 4,425,000  December 31, 2019  Rupees (Un-Audited)	December 31, 201 Rupees (Un-Audited, 54,209,01' 1,018,49- 2,499,500 5,168,93: 2,850,000 June 30, 201 Rupees (Audited)
Associates and associated undertakings Sales of goods and services Purcahse of goods and services Short term borrowings - net  Sponsors Short term borrowings - net  Key management personnel Short term employee benefits  Balances with related parties  Nature of relationship Nature of balance  Associates and associated undertakings Trade debts	(Un-Audited)	54,209,01 1,018,49 2,499,50 5,168,93 2,850,00 June 30, 201 Rupee:
Associates and associated undertakings Sales of goods and services Purcahse of goods and services Short term borrowings - net  Sponsors Short term borrowings - net  Key management personnel Short term employee benefits  Balances with related parties  Nature of relationship Nature of balance  Associates and associated undertakings Trade debts	939,219 (12,774,079) 4,425,000 December 31, 2019 Rupees	54,209,01 1,018,49 2,499,50 5,168,93 2,850,00 June 30, 201 Rupee
Associates and associated undertakings Sales of goods and services Purcahse of goods and services Short term borrowings - net  Sponsors Short term borrowings - net  Key management personnel Short term employee benefits  Balances with related parties  Nature of relationship Nature of balance  Associates and associated undertakings Trade debts	(12,774,079) 4,425,000 December 31, 2019 Rupees	1,018,49 2,499,50 5,168,93 2,850,00 June 30, 201 Rupee
Associates and associated undertakings  Sales of goods and services Purcahse of goods and services Short term borrowings - net  Sponsors  Short term borrowings - net  Key management personnel  Short term employee benefits  Balances with related parties  Nature of relationship  Associates and associated undertakings  Trade debts	(12,774,079) 4,425,000 December 31, 2019 Rupees	1,018,49 2,499,50 5,168,93 2,850,00 June 30, 201
associated undertakings  Sales of goods and services Purcahse of goods and services Short term borrowings - net Sponsors  Short term borrowings - net Key management personnel  Short term employee benefits  Balances with related parties Nature of relationship  Associates and associated undertakings  Trade debts	(12,774,079) 4,425,000 December 31, 2019 Rupees	1,018,49 2,499,50 5,168,93 2,850,00 June 30, 201 Rupee
Purcahse of goods and services Short term borrowings - net Sponsors Short term borrowings - net Key management personnel Short term employee benefits  Balances with related parties Nature of relationship Nature of balance Associates and associated undertakings Trade debts	(12,774,079) 4,425,000 December 31, 2019 Rupees	1,018,49 2,499,50 5,168,93 2,850,00 June 30, 201 Rupee
Short term borrowings - net  Sponsors Short term borrowings - net  Key management personnel Short term employee benefits  Balances with related parties  Nature of relationship Nature of balance  Associates and associated undertakings Trade debts	(12,774,079) 4,425,000 December 31, 2019 Rupees	2,499,50 5,168,93 2,850,00 June 30, 20
Sponsors Short term borrowings - net  Key management personnel Short term employee benefits  Balances with related parties  Nature of relationship Nature of balance  Associates and associated undertakings Trade debts	(12,774,079) 4,425,000 December 31, 2019 Rupees	5,168,93 2,850,00 June 30, 201 Rupee
Key management personnel  Short term employee benefits  Balances with related parties  Nature of relationship  Associates and associated undertakings  Trade debts	4,425,000  December 31, 2019  Rupees	2,850,00 June 30, 201 Rupee
Balances with related parties  Nature of relationship  Associates and associated undertakings  Trade debts	December 31, 2019 Rupees	June 30, 201 Rupee
Nature of relationship  Associates and associated undertakings  Trade debts	Rupees	Rupee
Nature of relationship  Associates and associated undertakings  Trade debts	•	·
Nature of relationship  Associates and associated undertakings  Trade debts	(Un-Audited)	(Audited
Nature of relationship  Associates and associated undertakings  Trade debts		
Associates and associated undertakings Trade debts		
associated undertakings Trade debts		
		14 605 07
	34,788,719	11,685,97 33,849,50
Sponsors Short term borrowings	30,321,505	43,095,58
	, ,	
Key management personnel Short term employee benefits payable	11,618,612	10,026,61
FINANCIAL INSTRUMENTS		
The carrying amount of the Company's financial instruments by class and cate	egory are as follows.	
	December 31, 2019	June 30, 201
	Rupees	Rupee
Financial assets	(Un-Audited)	(Audited

15.1	i ilialiciai assets
	Financial assets at amortized cost

Long term deposits Trade debts	19,672,394 168.448	19,072,394 12,942,394
Advances to employees	743,185	2,042,941
Bank balances	670,636	1,805,017
	21,254,663	35,862,746 35.862,746

#### 13.2 Financial liabilities

#### Financial liabilities at amortized cost

Short term borrowings	173,408,522	186,939,940
Accrued interest/markup	8,513,127	8,314,087
Trade creditors	20,034,386	8,117,042
Accrued liabilities	17,806,418	17,691,416
Unclaimed dividend	337,563	337,563
	220,100,016	221,400,048

#### 14 FAIR VALUE MEASUREMENTS

The Company measures some of its financial instruments at fair value at the end of each reporting period. Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly Level 2 (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

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

#### 14.1 Financial Instruments

There are no recurring or non-recurring fair value measurements as at the reporting date. The management considers the carrying amount of all the financial instruments to approximate their fair values.

#### 14.2 Financial instruments measured at fair value

#### 14.2.1Recurring fair value measurements

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

	Level 1	Level 2	Level 3	December 31, 2019	June 30, 2019
				Rupees	Rupees
				(Un-audited)	(Audited)
Freehold land	-	103,090,000	-	103,090,000	103,090,000
Building on free hold land	-	232,061,700.00	-	232,061,700	238,012,000
Plant and machinery	-	8,374,111.00	-	8,374,111	13,606,000
Electric installations	-	2,774,950.00	-	2,774,950	15,000,000

For fair value measurements categorised into Level 2 and Level 3 the following information is relevant:

	Valuation	Significant inputs	Sensitivity
Freehold land	approach that reflects recent transaction		A 5% increase in estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition would result in a significant increase in fair value of buildings by Rs. 5.15 million (June 30, 2019: Rs. 5.15 million).
Building on free hold lar	Cost approach that interfects the cost to the market participants to construct assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique	Estimated construction costs and other ancillary expenditure.	A 5% increase in estimated construction and other ancillary expenditure would result in a significant increase in fair value of buildings by Rs. 11.60 million (June 30, 2019: Rs. 11.901 million).
Plant and machinery	reflects the cost to the market participants to acquire	Estimated purchase price, including import duties and non-refundable purchase taxes and other costs directly attributable to the acquisition or construction, erection and installation.	A 5% increase in estimated purchase price, including import duties and non-refundable purchase taxes and other directly attributable costs would result in a significant increase in fair value of plant and machinery by Rs. 0.419 million

(June 30, 2019; Rs. 0.68 million).

adjusted

obsolescence depreciation. was no change in valuation technique

for

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

#### 14.2.2Non-recurring fair value measurements

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

#### 14.3 Financial instruments not measured at fair value

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

#### 14.4 Assets and liabilities other than financial instruments

None of the assets and liabilities other than financial instruments are measured at fair value.

#### 15 EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period that may require adjustment of and/or disclosure in these interim financial statements.

#### 16 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these interim financial statements.

#### 17 GENERAL

- 17.1 There are no other significant activities since June 30, 2019 affecting the interim financial statements.
- 17.2 Corresponding figures have been re-arranged where necessary to facilitate comparison. However, there are no significant reclassifications during the period.
- 17.3 Figures have been rounded off to the nearest Rupee.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

# مجلس نظماء کی رپورٹ

ڈی الیں انڈسٹر پزلمپیٹر کیجلس نظماء 31 دسمبر 2019ء کونتم ہونے والے مالی سہ ای اورششانی کے لئے اپنی جائزہ رپورٹ ،معہ کمپنی کے فیرنظر ثانی شدہ کوشوارے پیش کرتے ہوئے خوشی مسوں

ئرتى ہے۔ مم**پنى كے الياتی متائج** 

گنتمہ شنمائ کے دوران، ٹیکسائل مصنوعات کی عالمی قبتیں کمزور عالی طلب کی جدیدے دباؤمیں رہیں۔اس کےعلاوہ ،حکومت نے بم جولائی 2019ء سے 17 فیصد پلزئیک عائد کردیا۔ بیٹیکس ہارےصارفین کودرپیش زبردی نقدفلوکے باعث طلب میں کی کی جبہ بنا۔ ملک کی معیشت زیادہ افراط زر، زیادہ شرح سوداور میکزئیکس کی زیادہ شرح کی دجہ سے بھی دباؤ میں رہی۔ انہوااس کے نتیجے میں 31 دسمبر 2019 کوختم ہونے والی ششمانی نقصانات ہوئے۔ تاہم، میارن میز فیلچرنگ سے اپنی ٹیکسٹاکل مصنوعات پورٹ فولیوکی ویلیوایڈ ڈلیڈیز گامنٹس میں تبدیلی کا انتظامیے کا فیصلہ قابل ذکر رہااور ہم نقصانات کو بورا کرنے میں کامیاب ہوئے ہیں۔

ز رچائزہ ششان کے لئے خالص آمد نی 67.3 ملین رویے تھاجو پچھلے سال کی ای مدت کے مقالبے میں 430.4 ملین رویے لقریبانمایاں کی ای ماری ہے ہی ذکر کرناضروری ہے کہ کینی یارن میڈنیکچرنگ سے اپنی ٹیکشائل مصنوعات کو ملیوا ٹیڈولڈ پر ڈارمنٹس میں تہدیل کرنے کی ہدوات مجموعی انصان ہے دی گئی ہے۔ 31 مبسر 2019 کوختم ہونے والی ششمان کے لئے کمپنی کا مجموعی منافع 7.3 ملین رویے درج کیا جبکہ گذشتہ سال کی ای مدت 0.31 ملین رویے کا نقصان ہوا۔ ای طرح، 31 دمبر 2019 کونتم ہونے والی ششاق کے لئے خالص خسارہ 10.73 ملین رویے رویے درج کیا۔ جو کہ چھیلے سال کی اسی مدت میں 43.76 ملین رویے تھا

## صنعت كاحائزه

میں الاقوا می کا ذیر، امریکہ اور چین تجارتی جنگ، امریکہ کی طرف سے بیر لی مصنوعات پرمحصولات عائد کرنا اور برطانیہ کی جانب سے پاکستان کوڈیوٹی فرکی اور کویڈفر کی مارکیٹ تک رسائی دینے کا اعلان وغیرو جیسی متعدد غیر تینی صورتحال میں۔ جس کی جدے آنے والے مہینوں میں اتار چڑھا ؤباتی رہ سکتا ہے۔ دوسری سہای کے اختتام پرصورتحال بہتر ہونا شروع ہوگئی، جب دونوں یارٹیوں نے حل کی ست شبت ا قدامات کے۔ تاہم، پاکستان اب عکومت کے ذریعے گئے مجموعی اقدامات کے بتیجے میں اورآ سانی کے ساتھ برنس انڈیکس میں بہتریلانے کے ساتھ انتظام حاصل کر رہی ہے اور توقع کی جارہ ہے کہ معالمی مالیاتی بہاؤ کی طلب میں اضافہ ہوسکتا ہے جس کی وجہ ہے نمو کی واپسی میں یا کستان کی مدد گار ہوگی۔

## منتقتل كانقطانظر

بڑھتے ہوئے افراط زر، تیل کیاعلی قیمتوں بشرح سوداور کمزور دروبیہ بیٹے نئی معاثی حالات میش ظفر مقا کی کاروبار دوں میں عدم احتکام اور غیر بیٹی صورتحال غالب آر دی ہے۔ تاہم ، حکومت ادائیکیوں کے توازن کے فلاء پُرکرنے اور ویسکی تدرییں کی کوئٹرول کرنے کے لئے دوست ممالک ہے ہالی مد دحاصل کرنے کی کوششیں کر رہی ہے جس سے کاروباروں کی بحال میں مقامی صنعت کو مد وسلے گا۔

## اظمارتشكر

کبس نظماء بھر یورجہایت، مدداور رہنمائی کے لئے اپنے قابل قدرتھ ہی یافتگان، بیٹول، بیکورٹیزا پیڈا بیچیج کمیشن اور پاکستان اسٹاک بیچیج کی انظامیہ کیشکرگز اربے۔ پورڈ کمپنی کے عملے اور کارکوں کی خدمات، وفا داری اور مسلسل فراہم کی جانے والی کوششوں کوبھی سراہتا ہے۔

منجانب بورڈ

على يرويزاحمه

ڈائر بکٹر

يرويزاحمه جف الكّز بكثو لاہور،

تاریخ: 27 فروری 2020ء

 Registered Office:
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