



# **Drekkar Kingsway Limited**

**Half Yearly  
Financial Statements  
December 31, 2020**

**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 Currently line of business of the company is provisioning of consultancy services to corporate groups, individuals, intuitions and associations in the area of strategic planning, project management, institutional development, capacity building and other related services.

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. Sajjid Khan
	2.	Mr. Muhammad Ahmed Imran
	3.	Mr. Misbah Khalil Khan
	4.	Mr. Muhammad Arsalan Habib
	5.	Mrs. Mubashra Khan
	6.	Mr. Amir Hussain Kazmi
	7.	Mr. Talha Yaseen
CEO		Mr. Sajjid Khan
Company Secretary		Mr. Anwar Shamim
Registered Office		Office No 17, 2nd Floor, Anique Arcade, I-8 Markaz, Islamabad. Phone: +92 (51) 4862330-1 Fax: +92 (51) 4862330
Auditors		Parker Russell-A.J.S.
Legal Advisor		Pinjani Vadria
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**

During the period 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 changed its line of business during last year and currently been engaged in provisioning of consultancy services to individuals, corporate organizations and associations. The loss during the period amounting to Rs.0.98 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. In compliance with the Code of Corporate Governance, the Directors are pleased to state as follows:

- The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations.

**DREKKAR KINGSWAY LIMITED****ACKNOWLEDGMENT**

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.

**CODE OF CONDUCT**

In order to put in place professional standards and corporate values for promotion of integrity of the Board, senior management and other employees, the Board has approved and disseminated a Code of Conduct, defining therein acceptable and unacceptable behaviors. The same has been placed on the Company's Website.

**ACKNOWLEDGMENT**

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: 25 February, 2021  
Islamabad

**DREKKAR KINGSWAY LIMITED****DIRECTORS' REPORT**

During period of report, directors 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 changed its line of business to consultancy which includes provisioning of consultancy services to corporate groups, individuals, intuitions and associations in the area of strategic planning, project management, institutional development, capacity building and other related services. The management of company is committed to make long term contracts with the corporate groups for future sustainability of the continued services. The company is closely considering some other avenues of the businesses like diversification as well. Net net loss for the period amounting to Rs.0.98 Million was mainly because of administrative expenses of the period.

During year 2019-20, the Security and Exchange Commission of Pakistan (SECP) passed an order dated October 09, 2019 against the Company sanctioning Additional Registrar, Company's Registration Office (CRO), Islamabad, to present a petition for winding-up of the Company before the Honorable High Court due to the fact that the Company had ceased its operations for a considerable period of time and failed to present any revival plan for its business operations. As a result, Suit No. 05 of 2020 has been initiated against the Company at the High Court of Islamabad which is currently pending adjudication. The management and the legal advisors of the Company is virgoursly defending its position in this regard and believes that the matter will eventually be decided in favour of the Company.

As a consequence of matter described in above paragraph, the Pakistan Stock Exchange (PSX) placed the Company on its defaulters' segment and notified the Company regarding suspension of trading of shares via notice dated October 26, 2020. Being aggrieved, the Company initiated Suit No. 1683 of 2020 at High Court of Sindh, at Karachi against the PSX which is currently pending adjudication. The management and legal advisor of the Company believes that the matter will eventually be settled in favour of the Company.

**DREKKAR KINGSWAY LIMITED****COMMENTS ON AUDITOR'S REPORT****1. CHANGE OF BUSINESS AND GOING CONCERN**

Company had sold its operating assets back in year 1996 and during proceeding the year, Company has changed its line of business to consultancy in accordance with special resolution passed by members on May 02, 2019. Currently line of business of the company is provisioning of consultancy services to corporate groups, individuals, intuitions and associations in the area of strategic planning, project management, institutional development, capacity building and other related services. Further, the management of company is committed to make long term contracts with the corporate groups for future sustainability of the continued services.

**2. INVESTMENT IN DEBT**

During year 2017-18, the company had made an investment amounting to Rs. 53 Million in Debt of M/S Noor Capital (Pvt) Ltd payable by M/S Service Fabrics Limited. 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 had 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 when cash flow of the company will become positive. As this step will increase the equity base of the company, so its approval was sought from the share holders the Annual General meeting of the respective year.

**DREKKAR KINGSWAY LIMITED****3. PAYABLE TO SUBSIDIARY COMPANY**

During year 2017-18, subsidiary company had made an agreement for sale of ISE Towers REIT Management (ISETRMCL) shares to M/S General Investment & Securities (Pvt) Ltd on August 09, 2017 through an agreement. The same can be verified from company legal documents. Further, the 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.

**WEB PRESENCE**

Company's periodic financial statements for the current financial year including annual reports for the last three years are available on the Company's website [www.drekkarkingsway.com](http://www.drekkarkingsway.com) for information of the investors.

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



**(Sajjid Khan)**  
CEO/Director

Dated: 25 February, 2021  
Islamabad



## **DREKKAR KINGSWAY LIMITED**

### **To the Members of Drekkar Kingsway Limited Report on Review of Condensed Interim Financial Statements**

#### **Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Drekkar Kingsway Limited (the “Company”) as at December 31, 2020, the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the condensed interim 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 these interim financial statements in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

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

#### **Scope of Review**

We conducted our review in accordance with International 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.



**DREKKAR KINGSWAY LIMITED****Basis for Adverse Conclusion:-**

- (a) As disclosed in note 1.1 to the accompanying condensed interim financial statements, the operations of the Company had ceased for a considerable period of time. As at reporting date, the accumulated loss stood at 77.474 million which eroded its paid-up capital by 77.47% and its current liabilities exceed its current assets by Rs. 1.823 million as of that date. Further, a winding-up petition has been initiated against the Company at High Court of Islamabad during the period as fully disclosed in note 10.1 to the accompanying condensed interim financial statements. These conditions indicate that Company may not be able to realise its assets or discharge its liabilities in normal course of business and may not be able to continue operations as a going concern in foreseeable future, hence, the use of going concern assumption used by the management in the preparation of these condensed interim financial statements is inappropriate.
- (b) As disclosed in note 6 to annexed condensed interim financial statement, the loan of Rs. 53 million receivables by Noor Capital (Private) Limited from its related party, Service Fabrics Limited was novated to the Company, as a result the Company was contractually liable to repay aforementioned outstanding balance to Noor Capital (Private) Limited after recovering the receivable from Service Fabrics Limited. Through this arrangement, the Company had recorded receivable from Service Fabrics Limited amounting of Rs. 53 million during the year ended June 30, 2018 as well as a corresponding liability towards Noor Capital (Private) Limited amounting to Rs. 28.609 million (net payable) after adjusting its earlier receivable amount from Noor Capital (Private) Limited as disclosed in note 9 to the condensed interim financial statements. The net payable balance of Rs. 28.690 million is classified as a “Non-current liability” instead of a “Current liability” in the absence of any agreed payment terms leading to a non-compliance with the requirements of IFRSs. Had the payable being classified as a current liability as at reporting date, the net liability position of the Company would have been further eroded by 28.609 million.

**DREKKAR KINGSWAY LIMITED**

- (c) The Company has not conducted any assessment for impairment on account of recoverability of its receivable balance of Rs. 53 million despite presence of several indicators leading to a non-compliance with the requirements of IFRSs. The published financial statements of Service Fabrics Limited indicates that its accumulated loss stood at Rs. 360.479 million as at June 30, 2020 along with other matters which indicates significant doubts over the Company's ability to continue as a going concern in the foreseeable future. The auditor's had also expressed an adverse opinion on the financial statements for the year ended June 30, 2020 in this respect. These matters create significant doubt over the recoverability of the receivable balance of Rs. 53 million and indicates that the same may not be recoverable considering the adverse circumstances of the Company. Owing to this factor, the net payable balance of Rs. 28.690 million may not be payable to Noor Capital (Private) Limited. Hence, the receivable balance of Rs. 53 million from Service Fabric Limited and a corresponding net payable of Rs. 28.690 million to Noor Capital (Private) Limited needs to be reviewed and adjusted accordingly. In the absence of any impairment assessment of these balances being conducted on part of the management in accordance with the requirement of the IFRSs, we were unable to determine whether any adjustments are required to be made in the condensed interim financial statements in this respect.
- (d) As fully mentioned in note 12.1 to the annual audited financial statements for the year ended June 30, 2020, the Company had disposed-off its investment in ex-subsiary, Invest Forum (Private) Limited to Floret Commodities (Private) Limited and loss on disposal amounting to Rs 6.96 million was recognised in the annual financial statements. As per share purchase agreement, receivable against sales of investment was adjusted against an amount payable to ex-subsiary, thus, a net receivable of Rs. 2.502 million was recognised as disclosed in note 8 to the condense interim financial statements. We were appointed as auditor's of the Company for the year ended June 30, 2021 and the predecessor auditor's had modified their opinion on the above transaction due to not being able to obtain sufficient appropriate audit evidence on the same. Hence, the resultant loss recognised amounting to Rs. 6.96 million during the year ended June 30, 2020 remains unverified. Since the transaction resulted in determination of opening balance of equity as at July 01, 2020, our opinion

**DREKKAR KINGSWAY LIMITED**

on the current period condensed interim financial statements is also modified because of the possible effect of this matter on the comparability of the current period and corresponding figures, opening balance of equity and carrying amount of receivable balance amounting to Rs, 2.502 million as disclosed in note 8 to the condensed interim financial statements.

**Adverse Conclusion**

Our review indicates that, because of the significance of the matter discussed in 'Basis for Adverse Opinion' section of our report, these condensed 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 10.2 which states that the Company filed a Suit against its placement on defaulters' segment of the Pakistan Stock Exchange (PSX) during the reporting period. Our conclusion is not modified in this respect.

**Other Matter**

The condensed interim financial statements for the half year ended December 31, 2019 and the annual financial statements for the year ended June 30, 2019 were reviewed / audited by another firm of Chartered Accountants whose review report dated February 06, 2019 and audit report dated September 28, 2020 expressed an adverse conclusion and an adverse opinion on the aforementioned financial statements.

The engagement partner on the audit resulting in independent auditor's report is Muhammad Shabbir Kasbati.



(Chartered Accountants)

Dated: 25 February, 2021

Place: Karachi

## DREKKAR KINGSWAY LIMITED

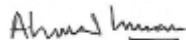
**DREKKAR KINGSWAY LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2020**

		December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
	Note	----- (Rupees) -----	
<b>NON-CURRENT ASSETS</b>			
Tangible fixed assets	5	39,022	48,343
Investment in debt	6	<u>53,000,000</u>	53,000,000
		<u>53,039,022</u>	53,048,343
<b>CURRENT ASSETS</b>			
Short-term investments	7	<u>3,967</u>	1,519
Receivable against sale of investment	8	<u>2,502,000</u>	2,502,000
Advances & prepayments		-	146,507
Advance tax		<u>490,790</u>	490,790
Cash and bank balance		<u>126,028</u>	355,875
		<u>3,122,785</u>	3,496,691
<b>TOTAL ASSETS</b>		<u><u>56,161,807</u></u>	<u><u>56,545,034</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserve</b>			
10,000,000 (June 30, 2020: 10,000,000) ordinary shares of Rs.10/- each		<u><u>100,000,000</u></u>	<u><u>100,000,000</u></u>
<b>Issued , subscribed and paid up</b>			
10,000,000 (June 30, 2020: 10,000,000) ordinary shares of Rs.10/- each fully paid		<u><u>100,000,000</u></u>	<u><u>100,000,000</u></u>
<b>Revenue reserve - accumulated loss</b>		<u><u>(77,474,109)</u></u>	<u><u>(76,493,857)</u></u>
		<u><u>22,525,891</u></u>	<u><u>23,506,143</u></u>
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	9	<u><u>28,690,147</u></u>	28,690,147
<b>CURRENT LIABILITIES</b>			
Current account with related parties	10	<u><u>3,824,329</u></u>	2,675,004
Unclaimed dividend		<u><u>647,731</u></u>	647,731
Trade and other payable		<u><u>473,709</u></u>	1,026,009
		<u><u>4,945,769</u></u>	4,348,744
Contingencies and commitments	11		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>56,161,807</u></u>	<u><u>56,545,034</u></u>

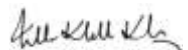
The annexed notes from 1 to 16 form an integral part of these condensed interim financial state



**CHIEF EXECUTIVE OFFICER**



**CHIEF FINANCIAL OFFICER**



**DIRECTOR**

## DREKKAR KINGSWAY LIMITED

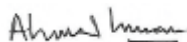
**DREKKAR KINGSWAY LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)**  
**FOR THE SIX-MONTHS PERIOD ENDED DECEMBER 31, 2020**

Note	Half-year ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	----- (Rupees) -----			
Revenue - net	-	1,425,413	-	1,425,413
Cost of sales and services	-	-	-	-
<b>Gross profit</b>	-	1,425,413	-	1,425,413
Administrative expenses	(982,700)	(1,067,167)	(628,465)	(754,004)
Other income / (expenses) 12	2,448	(6,957,721)	1,500	(6,955,721)
<b>Loss before taxation</b>	(980,252)	(6,599,475)	(626,965)	(6,284,312)
Taxation	-	-	-	-
<b>Loss after taxation</b>	(980,252)	(6,599,475)	(626,965)	(6,284,312)
<b>Loss per share - basic and diluted (rupees)</b>	(0.10)	(0.66)	(0.06)	(0.63)

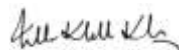
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CHIEF FINANCIAL OFFICER



DIRECTOR

## DREKKAR KINGSWAY LIMITED

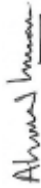
**DREKKAR KINGSWAY LIMITED  
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE SIX-MONTHS PERIOD ENDED DECEMBER 31, 2020**

	Half-year ended	Quarter ended
	December 31, 2019	December 31, 2020
	2019	2020
	----- (Rupees in '000') -----	
Loss after taxation	(980,252)	(626,965)
Other comprehensive income	-	(6,284,312)
<b>Total comprehensive loss for the pe</b>	<b>(980,252)</b>	<b>(626,965)</b>

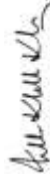
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CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

## DREKKAR KINGSWAY LIMITED

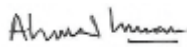
**DREKKAR KINGSWAY LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
**FOR THE SIX-MONTHS PERIOD ENDED DECEMBER 31, 2020**

	Half-year ended	
	December 31, 2020	December 31, 2019
	----- (Rupees in '000') -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(980,252)	(6,599,475)
<b>Adjustments for non cash and other items:</b>		
Depreciation	9,321	27,215
Receivable written-off	-	-
Loss on sales of investment	-	6,955,898
<b>(Loss) / profit before working capital changes</b>	<b>(970,931)</b>	<b>383,637</b>
<b>(Decrease) / increase in current assets</b>		
Advances & prepayments	146,507	(18,500)
<b>Decrease in current liabilities</b>		
Trade and other payables	(552,300)	(286,709)
<b>Net cash (used in) / generated from operating activities</b>	<b>(1,376,724)</b>	<b>78,428</b>
<b>CASH FLOW FROM INVESTING ACTIVITY</b>		
Short-term investments	(2,448)	(177)
<b>Net cash outflows from investing activities</b>	<b>(2,448)</b>	<b>(177)</b>
<b>CASH FLOW FROM FINANCING ACTIVITY</b>		
Current account with related parties	1,149,325	(302,166)
Long term financing	-	208,800
<b>Net cash inflows / (outflow) from financing activities</b>	<b>1,149,325</b>	<b>(93,366)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(229,846)</b>	<b>(15,115)</b>
Cash and cash equivalents at the beginning of the period	355,875	55,510
<b>Cash and cash equivalents at the end of the period</b>	<b>126,028</b>	<b>40,395</b>

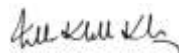
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## DREKKAR KINGSWAY LIMITED

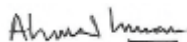
**DREKKAR KINGSWAY LIMITED  
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE SIX-MONTHS PERIOD ENDED DECEMBER 31, 2020**

	Issued, subscribed and paid-up capital	Accumulated loss	Total
	----- (Rupees) -----		
<b>Balance as at July 01, 2019 - (Audited)</b>	100,000,000	(69,685,080)	30,314,920
Net loss for the period	-	(6,599,475)	(6,599,475)
Other comprehensive income	-	-	-
<b>Total comprehensive loss for the period</b>	-	(6,599,475)	(6,599,475)
<b>Balance as at December 31, 2019 - (Un-audited)</b>	100,000,000	(76,284,555)	23,715,445
Net loss for the period	-	(209,302)	(209,302)
Other comprehensive income	-	-	-
<b>Total comprehensive loss for the period</b>	-	(209,302)	(209,302)
<b>Balance as at June 30, 2020 - (Audited)</b>	100,000,000	(76,493,857)	23,506,143
Net loss for the period	-	(980,252)	(980,252)
Other comprehensive income	-	-	-
<b>Total comprehensive loss for the period</b>	-	(980,252)	(980,252)
<b>Balance as at December 31, 2020 - (Un-audited)</b>	<u>100,000,000</u>	<u>(77,474,109)</u>	<u>22,525,891</u>

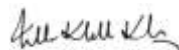
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CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR



## DREKKAR KINGSWAY LIMITED

### DREKKAR KINGSWAY LIMITED

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTHS PERIOD ENDED DECEMBER 31, 2020

#### 1. THE COMPANY AND ITS OPERATIONS

Drekkar Kingsway Limited (the Company) was registered on June 28, 1993 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) as a private limited company and subsequently converted into a public limited company as on June 29, 1994. The shares of the Company are quoted on Pakistan Stock Exchange (PSX). The primary business of the Company was manufacturing of all types of electrical appliances, cosmetics, toiletries, leather goods, machinery, components and parts. The Company has changed its principle line of business from engineering to consultancy and advisory services in accordance with special resolution passed by the members on May 02, 2019.

The registered office of the Company is situated at Office No. 17, 2nd Floor, Anique Arcade, I-8 Markaz, Islamabad.

- 1.1 The Company's accumulated loss stood at Rs. 77,474,109 (June 30, 2020: Rs.76,493, 857) which eroded its paid-up capital by 77.47% (June 30, 2020: 76.46%) as at reporting date and the current liabilities of the Company exceeded its current assets by Rs. 1,822,984 (June 30, 2020: Rs. 852,053) million as of that date. The Company has also disposed-off all of its assets related to its production activities. Further, during the reporting period, a winding-up petition has been filed against the Company at High Court of Islamabad (Refer note 10.1) which the Company is vigorously defending. These conditions indicate existence of material uncertainty which may cast significant doubt about the Company's ability to continue as going concern, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, these financial statements have been prepared using the going concern assumption as the management is confident that all these conditions are temporary, and would reverse in foreseeable future.

#### 2. STATEMENT OF COMPLIANCE

- 2.1 These condensed interim financial statements of the Company for the six-months period ended December 31, 2020 have been prepared in accordance with the accounting and reporting standards applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

- 2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with Company's annual audited financial statements for the year ended June 30, 2020.

## DREKKAR KINGSWAY LIMITED

- 2.3** The condensed interim financial statements is being submitted to the shareholders as required by the listing regulation of PSX vide section 237 of the Companies Act, 2017.
- 2.4** The figures included in condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2020 and December 31, 2019 and the notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the accumulated figures for the half years ended December 31, 2020 and December 31, 2019.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements for the year ended June 30, 2020.

#### **3.1 Change in accounting standards, interpretations and amendments to the accounting and reporting standards**

##### **a) Standards and amendments to accounting and reporting standards which became effective during the half year ended December 31, 2020**

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

##### **b) Standards and amendments to accounting and reporting standards that are not yet effective**

Standards and amendments to accounting and reporting standards beginning on or after July 1, 2021 do not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim financial statements.

### **4. ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets and liabilities, income or expenses. Actual results may differ from these estimates.

The estimates and judgments and methods of computation adopted for the preparation of the condensed interim financial statements are same as those applied in the preparation of the annual financial statements of the Company as at and for the year ended June 30, 2020.

## DREKKAR KINGSWAY LIMITED

<b>December 31,</b>	<b>June 30,</b>
<b>2020</b>	<b>2020</b>
<b>(Un-audited)</b>	<b>(Audited)</b>

### 5. TANGIBLE FIXED ASSETS

***Written down value***

Furniture and fixture	13,072	16,867
Office equipment	25,950	28,190
Computer and accessories	-	3,288
	<b>39,022</b>	<b>48,345</b>

5.1 During the period, there are no additions or disposal in fixed assets (June 30, 2020: nil).

### 6. INVESTMENT IN DEBT

Service Fabrics Limited	<b>53,000,000</b>	53,000,000
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6.1 In 2017, the Company entered into an agreement with Noor Capital (Private) Limited and Service Fabrics Limited for novation of book debts/receivables. By virtue of that agreement dated September 09, 2017, the right to receive 53 million from Service Fabrics Limited was transferred from Noor Capital (Private) Limited to the Company, thus making the Company a debtor of Service Fabrics Limited for an amount of Rs. 53 million. As per terms of agreement, the Company had to receive Rs. 53 million from Service Fabrics Limited and, in turn, this amount will be paid to Noor Capital (Private) Limited. Accordingly, the Company recorded the investment in debt for Rs. 53 million and a corresponding liability Noor Capital (Private) Limited for the same amount. Prior to this agreement, the Company had a receivable balance from Noor Capital (Private) Limited. As a result, the payable balance of Rs. 53 million to Noor Capital (Private) Limited was adjusted against the receivable balance and a net payable of Rs. 28.69 million was recognised in the financial statements.

<b>December 31,</b>	<b>June 30,</b>
<b>2020</b>	<b>2020</b>
<b>(Un-audited)</b>	<b>(Audited)</b>
<b>---- (Rupees in '000') ----</b>	

### 7. SHORT-TERM INVESTMENTS

**At Fair Value Through Profit or Loss (FVTPL)**

	No of shares	Fair value		
First Paramount Modarba	62	6.00	372	311
The Searle Company Limited	3	249.23	748	598
Service Fabrics Limited	198	14.38	<b>2,847</b>	610
			<b>3,967</b>	<b>1519</b>

### 8. RECEIVABLE AGAINST SALE OF INVESTMENT

Floret Commodities (Private) Limited	8.1	<b>2,502,000</b>	2,502,000
--------------------------------------	-----	------------------	-----------

8.1 This represents receivable from Floret Commodities (Private) Limited against disposal of investment in its ex-subsidiary [i.e. 95.5% holding] Invest Forum (Private) Limited by the Company during the year ended June 30, 2019. As per the share purchase agreement, amount payable towards ex-subsidiary of Rs. 7,732,102 was adjusted towards sales consideration receivable from Floret Commodities (Private) Limited and a net amount was recognised as receivable during the year ended June 30, 2019.

## DREKKAR KINGSWAY LIMITED

		December 31, 2020 (Un-audited) --- (Rupees in '000') ---	June 30, 2020 (Audited)
<b>9. LONG TERM FINANCING</b>			
Noor Capital (Private) Limited	9.1	<u>28,690,147</u>	<u>28,690,147</u>

**9.1** This represents payable net payable balance to Noor Capital (Private) Limited which was recognised during the year ended June 30, 2017 as fully disclosed in note 6.1 to the condensed interim financial statements.

		December 31, 2020 (Un-audited) --- (Rupees in '000') ---	June 30, 2020 (Audited)
<b>10. CURRENT ACCOUNT WITH RELATED PARTIES</b>			
Mr. Sheraz Monno - ex-director		1,482,970	1,482,970
Mr. Bilal Aurangzeb Noor - ex-director		1,348,989	1,192,034
Mr. Misbah Khalil - director		<u>992,370</u>	<u>-</u>
	10.1	<u>3,824,329</u>	<u>2,675,004</u>

**10.1** This represents current account maintained with the related parties of the Company on account of various expenditures incurred by the related parties on behalf of the Company. These balances are unsecured, interest free and are repayable on demand.

### 11. CONTINGENCIES AND COMMITMENTS

**11.1** During the reporting period, the Security and Exchange Commission of Pakistan (SECP) passed an order dated October 09, 2019 against the Company sanctioning Additional Registrar, Company's Registration Office (CRO), Islamabad, to present a petition for winding-up of the Company before the Honorable High Court due to the fact that the Company had ceased its operations for a considerable period of time and failed to present any revival plan for its business operations. As a result, Suit No. 05 of 2020 has been initiated against the Company at the High Court of Islamabad which is currently pending adjudication. The management and the legal advisors of the Company is vigorously defending its position in this regard and believes that the matter will eventually be decided in favour of the Company.

**11.2** As a consequence of matter described in above paragraph, the Pakistan Stock Exchange (PSX) placed the Company on its defaulters' segment and notified the Company regarding suspension of trading of shares via notice dated October 26, 2020. Being aggrieved, the Company initiated Suit No. 1683 of 2020 at High Court of Sindh, at Karachi against the PSX which is currently pending adjudication. The management and legal advisor of the Company believes that the matter will eventually be settled in favour of the Company.

**11.3** There is no material change in the status of contingencies and commitments, other than those disclosed above, as reported in annual financial statements for the year ended June 30, 2020.

## DREKKAR KINGSWAY LIMITED

Half-year ended		Quarter ended	
December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019

------(Rupees)-----

### 12. OTHER INCOME / (EXPENSES)

Remeasurement of investment classified as FVTPL	2,448	177	1,500	177
Loss on sale of shares of subsidiary	-	(6,955,898)	-	(6,955,898)
Receivable written-off	-	(2,000)	-	-
	2,448	(6,957,721)	1,500	(6,955,721)

### 13. TRANSACTIONS WITH RELATED PARTIES

The related parties include entities having directors in common with the Company, major shareholders of the Company, directors and other key management personnel. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these condensed interim financial statements are as follows:

Name of related party	Nature of relationship	Nature of transaction / balance	December 31, 2020 Rupees (000)	June 30, 2020 Rupees (000)
Mr. Bilal Aurangzeb	Ex-director	Expenses incurred on behalf of the Company	156,955	-
Mr. Bilal Aurangzeb	Ex-director	Payment made	-	(291,192)
Mr. Misbah Khalil	Director	Expenses incurred on behalf of the Company	992,370	-

### 14. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2020.

### 15. AUTHORISATION FOR ISSUE

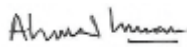
These condensed interim financial statements were authorised for issue on 25 February, 2021 by the Board of Directors of the Company.

### 16. GENERAL

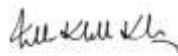
Figures have been rounded off to the nearest thousand rupees.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

If Undelivered Please Return to:

**DREKKAR KINGSWAY LIMITED**  
(FORMERLY GAUHAR ENGINEERING LIMITED)

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