Half Yearly Accounts for the Period Ended December 31, 2020

D S INDUSTRIES LIMITED

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Company Information

Board of Directors Mr. Pervez Ahmed

Mrs. Rehana Pervez Ahmed

Chief Executive

Chairman

Mr. Ali Pervez Ahmed Mr. Suleman Ahmed Mr. Atta ur Rehman

Mrs. Rukhsana Khalid Mr. M. Naeem Ilyas

Audit Committee Mr. M. Naeem Ilyas

Mrs. Rukhsana Khalid Mr. Atta ur Rehman

Chief Financial Officer Mr. M. Naeem Akhtar

Company Secretary Mr. Salman Farooq

Auditors M/s Rahman Sarfaraz Rahim Iqbal Rafiq

Chartered Accountants

Legal Advisor Cornelius, Lane & Mufti

Advocates & Solicitors

Banks Al Baraka Bank (Pakistan) Limited

Bank AlFalah Limited Bank AlHabib 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

Mills 11th KM Sheikhupura Faisalabad Road,

Sheikhupura

Website www.dsil.com.pk

DIRECTORS' REPORT

On behalf of the Board of Directors of D S Industries Limited, we feel immense pleasure to present the un-audited financial statements of the Company for the half year ended December 31, 2020.

Financial Results of the Company

During the period under review, the Company has recorded a net sale of Rs. 71.13 million and a gross profit of Rs. 10.58 million as compared with a net sale of Rs. 67.30 million and gross profit of Rs. 7.28 million in the corresponding period of the last year. Sales for the half year ended increased by 5.69%; however, revenue growth was not enough to set-off the increase of selling & administrative expenses. During the period, the Company also provided Rs 11.344 million on account of Gas Infrastructure Development Cess (GIDC) for the preceding years. Net loss after tax recorded at Rs. 15.45 million as compared to a net loss after tax of Rs. 10.73 million in the corresponding quarter of the last year. The loss per share for the half year ended December 31, 2020, recorded at Rs. 0.18 as compared to a loss per share of Rs. 0.13 for the same period of last year.

During the period under review, the Pakistan's economy continued its momentum of revival, despite the surge of new cases of COVID-19. There had been significant increase in exports and remittances by overseas Pakistanis. This helped in maintaining stability in the exchange rate. The Governments' business friendly policies and maintaining the discount rate at 7% is helping the businesses to perform well.

Future Outlook

The management is committed to continue endeavoring improvements in the financial results of the Company for the coming years

Acknowledgement

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 26, 2021 Suleman Ahmed Director

Ali Pervez Ahmed Director

INDEPENDENT AUDITOR'S REVIEW REPORT

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, 2020 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, 2020 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. 15.449 million during the six month period ended December 31, 2020. As at December 31, 2020, the Company has accumulated losses of Rs. 816.873 million. As at the reporting date, its current liabilities exceed its current assets by Rs. 152.901 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

Engagement Partner: ZUBAIR IRFAN MALIK

Date: FEBRUARY 26, 2021

Place: LAHORE

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

	Note	December 31, 2020	June 30, 2020
		Rupees	Rupees
EQUITY AND LIABILITIES		(Un-audited)	(Audited)
SHARE CAPITAL AND RESERVES			
Authorized capital			
100,000,000 (June 30, 2020: 100,000,000) ordinary shares of Rs. 10 each		1,000,000,000	1,000,000,000
			000 050 040
Issued, subscribed and paid-up capital Discount on issue of shares		836,856,310	836,856,310
Surplus on revaluation of property, plant and equipment		(82,899,709) 230,470,426	(82,899,709) 235,315,776
Accumulated losses		(816,873,195)	(806,269,317)
TOTAL EQUITY		167,553,832	183,003,060
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term finances	6	100,375,762	103,975,762
Deferred interest	7	13,073,231	8,116,146
Gas infrastructure development cess		3,242,626	-
Employees retirement benefits		1,435,225	1,435,225
		118,126,844	113,527,133
CURRENT LIABILTIES			
Trade and other payables		104,266,309	96,533,222
Unclaimed dividend		337,563	337,563
Short term borrowings		56,669,652	61,810,565
Current portion of non-current liabilities		12,571,980	6,000,000
Provision for taxation		1,066,886	1,765,989
		174,912,390	166,447,339
TOTAL LIABILITIES		293,039,234	279,974,472
CONTINGENCIES AND COMMITMENTS	8		
TOTAL EQUITY AND LIABILITIES		460,593,066	462,977,532

The annexed notes from 1 to 18 form an integral part of these interim financial statements.

These interimfinancial statements have been signed by two Directors under section 232 of the CompaniesAct, 2017, as the Chief Executive is not available for the time being.

DIRECTOR

CHIEF FINANCIAL OFFICER

DIRECTOR

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

	Note	December 31, 2020	June 30, 2020
		Rupees	Rupees
		(Un-audited)	(Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	337,263,023	343,661,165
Long term investments	10	72,906,529	70,279,379
Deferred taxation		8,739,874	8,739,874
Long term deposits		19,672,394	19,672,394
		438,581,820	442,352,812
CURRENT ASSETS			
Stores, spares and loose tools		892,964	922,439
Stock in trade		14,458,965	13,092,866
Advances and other receivables		2,266,724	2,178,478
Advance income tax/income tax refundable		3,471,826	3,697,131
Bank balances		920,767	733,806
		22,011,246	20,624,720
TOTAL ASSETS		460,593,066	462,977,532

The annexed notes from 1 to 18 form an integral part of these interim financial statements.

These interimfinancial statements have been signed by two Directors under section 232 of the CompaniesAct, 2017, as the Chief Executive is not available for the time being.

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020

	Six month ended		Three mon	th ended
Note	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	Rupees	Rupees	Rupees	Rupees
Sales - net	71,125,723	67,296,085	39,220,840	36,995,296
Cost of sales 11	(60,544,261)	(60,013,982)	(30,721,675)	(35,721,821)
Gross profit	10,581,462	7,282,103	8,499,165	1,273,475
Selling and distribution expenses Administrative and genearal expenses Other expenses	(15,031,615) (6,539,375) (10,895,454)	(12,249,012) (10,705,541) (99,978)	(7,850,339) (3,437,519) (10,804,281)	(8,253,207) (4,711,150) 955,027
	(32,466,444)	(23,054,531)	(22,092,139)	(12,009,330)
Other income	9,869,118	14,963,994	4,440,638	12,578,077
Operating (loss)/profit	(12,015,864)	(808,434)	(9,152,336)	1,842,222
Finance cost Share of profit/(loss) of associates	(4,992,643) 2,626,165	(8,570,654) (343,274)	(2,711,336) (909,969)	(4,387,432) 2,173,155
Loss before taxation	(14,382,342)	(9,722,362)	(12,773,641)	(372,055)
Taxation 12	(1,066,886)	(1,009,441)	(588,313)	(554,929)
Loss after taxation	(15,449,228)	(10,731,803)	(13,361,954)	(926,984)
Loss per share - basic and diluted	(0.18)	(0.13)	(0.16)	(0.01)

The annexed notes from 1 to 18 form an integral part of these interim financial statements.

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CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020

	Six month ended		Three month	n ended	
	December 31, 2020 December 31, 2019		December 31, 2020	December 31, 2019	
	Rupees	Rupees	Rupees	Rupees	
Other comprehensive income	-	-	-	-	
Loss after taxation	(15,449,228)	(10,731,803)	(13,361,954)	(926,984)	
Total comprehensive loss	(15,449,228)	(10,731,803)	(13,361,954)	(926,984)	

The annexed notes from 1 to 18 form an integral part of these interim financial statements.

These interimfinancial statements have been signed by two Directors under section 232 of the CompaniesAct, 2017, as the Chief Executive is not available for the time being.

DIRECTOR

CHIEF FINANCIAL OFFICER

DIRECTOR

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020

December 31, 2020 December 3			
CARL ELONG EDOM ODEDATINO ACTIVITIES	Rupees	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES	(4.4.202.2.42)	(0.700.000)	
Loss before taxation	(14,382,342)	(9,722,362)	
Adjustments for non-cash items			
Depreciation	6,398,142	6,463,584	
Impairment of long term investment Share of profit of associates	(985) (2,626,165)	128 343.274	
Interest on borrowings	4,966,640	8,570,654	
interest on borrowings			
	8,737,632	15,377,640	
Operating (loss)/profit before changes in working capital	(5,644,710)	5,655,278	
Changes in working capital			
Stores, spares and loose tools	29,475	285,099	
Stock in trade	(1,366,099)	(7,786,149)	
Trade debts	-	12,773,946	
Advances, prepayments and other receivables	(88,246)	5,136,013	
Trade and other payables	16,647,693	1,974,755	
	15,222,823	12,383,664	
Net cash generated from operations	9,578,113	18,038,942	
Payments for			
Interest on borrowings	(9,555)	(8,371,614)	
Income tax	(1,540,684)	(5,009,107)	
Employees retirement benefits	-	(4,952,327)	
Net cash generated from/(used in) operating activities	8,027,874	(294,106)	
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure	- 1	(16,138,012)	
Proceeds from disposal of property, plant and equipment	-	29,429,155	
Long term deposits	-	(600,000)	
Net cash generated from investing activities	-	12,691,143	
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term finances	(2,700,000)	-	
Net decrease in short term borrowings	(5,140,913)	(13,531,418)	
Net cash used in financing activities	(7,840,913)	(13,531,418)	
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	186,961	(1,134,381)	
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIO	OD 733,806	1,805,017	
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	920,767	670,636	

The annexed notes from 1 to 18 form an integral part of these interim financial statements.

These interimfinancial statements have been signed by two Directors under section 232 of the CompaniesAct, 2017, as the Chief Executive is not available for the time being.

DIRECTOR

CHIEF FINANCIAL OFFICER

DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE SIX MONTH ENDED DECEMBER 31, 2020

	Share capital	Capital r	eserves	Revenue reserve	е
	Issued oscribed and aid-up capitabro	Discount on re issue of pr linary shares an	operty, plant	Accumulated losses	Total equity
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 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-audited	836,856,310	(82,899,709)	238,307,862	(786,542,671)	205,721,792
Balance as at January 01, 2020 - Un-audited	836,856,310	(82,899,709)	238,307,862	(786,542,671)	205,721,792
Comprehensive income					
Loss after taxation Other comprehensive income	-		-	(22,751,004) 32,272	(22,751,004) 32,272
Total comprehensive loss	-	-	-	(22,718,732)	(22,718,732)
Surplus on revaluation of property, plant and equipment realised on disposal	-	-	-	-	-
Incremental depreciation	-	-	(2,992,086)	2,992,086	-
Transaction with owners	-	-	-	-	-
Balance as at June 30, 2020 - Audited	836,856,310	(82,899,709)	235,315,776	(806,269,317)	183,003,060
Balance as at July 01, 2020 - Audited	836,856,310	(82,899,709)	235,315,776	(806,269,317)	183,003,060
Comprehensive income					
Loss after taxation Other comprehensive income	-	-	- -	(15,449,228)	(15,449,228)
Total comprehensive loss	-	-	-	(15,449,228)	(15,449,228)
Surplus on revaluation of property, plant and equipment realised on disposal	-	-		-	-
Incremental depreciation	-	-	(4,845,350)	4,845,350	-
Transaction with owners	-	-	-	-	-
Balance as at December 31, 2020 - Un-audited	836,856,310	(82,899,709)	230,470,426	(816,873,195)	167,553,832

The annexed notes from 1 to 18 form an integral part of these interim financial statements.

These interimfinancial statements have been signed by two Directors under section 232 of the CompaniesAct, 2017, as the Chief Executive is not available for the time being.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020

1 I FGAL 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 Public Limited 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 11 KM, Sheikhupura Faisalabad Road, Sheikhupura, in the Province of Punjab.

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, 2020.

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, 2020 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, 2020 and December 31, 2019 are neither audited not reviewed

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 substantial part of its plant and machinery.

As a result, the Companyhas incurred loss after taxation of Rs. 15.449 million.As at December 31, 2020, the Companyhas accumulated losses of Rs. 816.873 millionand its current liabilities exceed its current assets by Rs. 152.901 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 on the following:

- (a) The Company has continued financial support of its related parties in the form of interest free loans. During the period, related parties provided financial support amounting to Rs. 13.446 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 financial statements have been prepared under the historical cost convention except for employees retirement benefits liabilities measured at present value and certain financial instruments measured at fair value/amortized cost. In these financial statements, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

2.4 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management make judgments, 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 judgments 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Subsequently, actual results may differ from these estimates. 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 26, 2021.

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

The following new and revised standards, interpretations and amendments are effective in the current year 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, except as stated otherwise.

3.1 Amendments to References to the Conceptual Framework in IFRS Standards

Together with the revised Conceptual Framework published in March 2018, the IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 3, IAS 34, IAS 37, IAS 38, IFRC12, IFRIC19, IFRIC20, IFRIC22, and SIC-32. Not all amendments, however update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASC framework adopted by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2018) or to indicate that definitions in the standard have not been updated with the new definitions

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

The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input
 and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

3.3 Definition of Material (Amendments to IAS 1 - First-time Adoption of International Financial Reporting Standards and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)

The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.

3.4 Interest Rate Benchmark Reform (Amendments to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurements, and IFRS 7 - Financial Instruments: Disclosures)

The amendments in Interest Rate Benchmark Reform (Amendments to IFRS9, IAS 39 and IFRS7) clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

3.5 Covid-19 - Related Rent Concessions (Amendment to IFRS 16 - Leases)

The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

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

The following standards, interpretations and amendments are in issue which are not effective as at the reporting date and have not been early adopted by the Company.

	Effective date (annual periods beginning on or after)
IFRS 17 - Insurance contracts (2017)	January 01, 2023
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
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 - First-time Adoption of International Financial Reporting Standards).	January 01, 2023
Reference to the Conceptual Framework (Amendments to IFRS3 - Business Combinations).	January 01, 2022
Property, Plant and Equipment- Proceeds before Intended Use (Amendments to IAS 16 - Property, Plant and Equipment).	January 01, 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37 - Impairment of Assets).	January 01, 2022
Annual Improvements to IFRS Standards 2018–2020.	January 01, 2022
Ammendments to IFRS 17	January 01, 2023
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS9 - Financial Instruments, IAS 39 - Financial Instruments: Recognitionand Measurements, and IFRS 7 - Financial Instruments: Disclosures, IFRS 4 - Insurance Contracts, IFRS	January 01, 2021

Other than afore mentioned standards, interpretations and amendments, IABS 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)

6

The Companyintends 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

5 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 Company for the year ended June

	Note	December 31, 2020	June 30, 2020
		Rupees	Rupees
LONG TERM FINANCES		(Un-Audited)	(Audited)
These represent long term finances utilized under interest arrangements from banking companies			
Term Finances ['TF']			
TF - I	6.1	107,275,762	109,975,762
-		107,275,762	109,975,762
Current maturity presented under current liabilities		(6,900,000)	(6,000,000)
		100.375.762	103.975.762

6.1 TF - 1 has been obtained from Silk Bank Limited on conversion of short term borrowings amounting to Rs 109.976 million. The finance is secured by charge over present and future current assets and operating fixed assets of the Company, subordination of loan from directors and personal guarantees of the Company's Directors. The finance carries interest at the rate of Silkbank's cost of Funds (8.24%) payable in twelve equal monthly installments, after the full settlement of TF - I, with the first installment due in July 2025. The principle is repayable in sixty stepped-up monthly installments with the first installment due in July 2020.

7 DEFERRED INTEREST

This represents accrued interest on short term borrowings and TF-1. As per restructuring arrangement, this accrued interest will be paid in twelve equal monthly installments after full settlement of principal amount of TF-1 with the first installment due in July 2025. Deferred interest has been carried at amortised cost which has been determined using a discount rate of 8.24%, being the average effective borrowing rate of the Company.

	Note	December 31, 2020	June 30, 2020
		Rupees	Rupees
		(Un-Audited)	(Audited)
As at beginning of the period/year		12,218,115	-
Transferred from accrued interest		4,957,085	12,218,115
		17,175,200	12,218,115
Unamortized notional interest	7.1	(4,101,969)	(4,101,969)
As at end of the period/year		13,073,231	8,116,146

7.1 Unamortized notional interest

As at beginning of the period/year	4,101,969	-
Recognized during the year	-	4,101,969
As at end of the period/year	4,101,969	4,101,969

8 CONTINGENCIES AND COMMITMENTS

There is no significant change in status of contingencies or commitments since June 30, 2020.

		December 31, 2020	June 30, 2020
		Rupees	Rupees
		(Un-Audited)	(Audited)
9	PROPERTY, PLANT AND EQUIPMENT		
	Net book value at the beginning of the period/year	343,661,165	371,830,271
	Addition during the period/year	-	14,387,304
	Disposals during the period/year	-	(29,152,786)
	Depreciation for the period/year	(6,398,142)	(13,403,624)
	Net book value at end of the period/year	337,263,023	343,661,165

10 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, 2020	June 30, 2020
		Rupees	Rupees
		(Un-Audited)	(Audited)
Pervez Ahmed Consultancy Services Limited			
[Formerly Pervez Ahmed Securities Limited]	10.1	-	-
Pervez Ahmed Capital (Private) Limited	10.2	72,906,529	70,279,379
		72,906,529	70,279,379

10.1 Pervez Ahmed Consultancy Services Limited [Formerly Pervez Ahmed Securities Limited]

	December 31, 2020	June 30, 2020
	Rupees	Rupees
	(Un-Audited)	(Audited)
Cost of investment	3,412,243	3,412,243
Share of post acquisition losses	(1,545,150)	(1,544,165)
Share of post acquisition changes in equity	(160,258)	(160,258)
Accumulated impairment	(1,706,835)	(1,707,820)
	December 31, 2020	June 30, 2020
	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
	1.01	

10.1.1Extracts of financial statements of Pervez Ahmed Consultancy Services Limited [Formerly Pervez Ahmed Securities Limited]

The assets and liabilities of 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, 2020	June 30, 2020
	Rupees	Rupees
	(Un-Audited)	(Audited)
Non current assets	83,338,228	80,454,956
Current assets	10,869,737	9,476,397
Non current liabilities	-	-
Current liabilities	650,659,351	649,367,654
Profit/(loss) for the period/year	2,984,915	(2,104,694)
Share of profit/(loss)	985	(694)
0.2 Pervez Ahmed Capital (Private) Limited		
Cost of investment	85,000,000	85,000,000
Share of post acquisition profits	(12,093,471)	(14,720,621
	72,906,529	70,279,379
	December 31, 2020	June 30, 2020
	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
Break-up value per share	9.44	9.10

10.2.1Extracts of financial statements of Pervez Ahmed Capital (Private) Limited

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:

		De	cember 31, 2020	June 30, 202
			Rupees	Rupees
			(Un-Audited)	(Audited
Non current assets			23,351,763	17,433,23
Current assets			139,234,499	139,309,92
Non current liabilities			-	-
Current liabilities			136,041	146,66
Profit/(loss) for the period/year			5,853,722	(4,008,78
Share of profit/(loss)			2,627,150	(1,799,11
	Six month	ended	Three mon	th ended
	December 31, 2020 D	ecember 31, 2019 De	cember 31, 2020	December 31, 20
	Rupees	Rupees	Rupees	Rupee
	(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited
COST OF SALES				
Raw material consumed	29,385,248	27,291,203	15,596,156	14,577,3
Stores and spares consumed	2,326,501	3,285,099	1,178,706	1,068,6
Salaries, wages and benefits	19,291,754	26,042,769	10,063,315	15,725,7
Fuel and power	2,218,322	2,775,794	1,136,312	664,80
Repair and maintenance	36,500	270,495	8,565	111,83
Insurance	57,317	171,463	57,317	128,5
Rent, rates and taxes	2,550,000	1,500,000	1,275,000	750,0
Depreciation	6,028,410	6,242,918	3,088,110	3,142,8
Other manufacturing overheads	-	29,824	-	13,9
Manufacturing cost	61,894,052	67,609,565	32,403,481	36,183,8
Work in process	0.040.000	0.700.400	0.070.070	0.000.5
As at beginning of the period	3,213,800	2,790,100	3,678,870	6,923,5
As at end of the period	(2,311,900)	(5,319,200)	(2,311,900)	(5,319,20
	901,900	(2,529,100)	1,366,970	1,604,3
Cost of goods manufactured Finished goods	62,795,952	65,080,465	33,770,451	37,788,2
As at beginning of the period	4,136,780	1,965,933	3,339,695	4,965,9
As at end of the period	(6,388,471)	(7,032,416)	(6,388,471)	(7,032,4
	(2,251,691)	(5,066,483)	(3,048,776)	(2,066,42
	60,544,261	60,013,982	30,721,675	35,721,83

12 PROVISION FOR TAXATION

12.1 Current taxation

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

12.2 Deferred taxation

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

13 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 Chief Executive and Directors of the Company.

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:

			Six months ended	
			December 31, 2020	December 31, 201
			Rupees	Rupees
1	Transactions with related partic	ne.	(Un-Audited)	(Un-Audited)
). I	•			
	Nature of relationship	Nature of transaction		
	Associates and associated undertakings	Sales Short term borrowings - net	3,990,298 987,356	939,219
	•	*		·
	Sponsors	Short term borrowings - net	(6,128,269)	
	Key management personnel	Short term employee benefits	4,425,000	4,425,000
			December 31, 2020	June 30, 2020
			Rupees	Rupees
			(Un-Audited)	(Audited)
3.2	Balances with related parties			
	Nature of relationship	Nature of balance		
	Associates and			
	associated undertakings	Short term borrowings	35,470,300	34,482,944
	Sponsors	Short term borrowings	21,199,352	27,327,621
	Key management personnel	Short term employee benefits payable	6,110,793	5,534,712
	Key management personner	Short term employee benefits payable	0,110,100	-,,-
4	FINANCIAL INSTRUMENTS	Short term employee benefits payable	3,118,133	-, ,,
4	FINANCIAL INSTRUMENTS	pany's financial instruments by class and cate		,,,,,,
4	FINANCIAL INSTRUMENTS			June 30, 2020
4	FINANCIAL INSTRUMENTS		egory are as follows.	
	FINANCIAL INSTRUMENTS The carrying amount of the Comp		egory are as follows. December 31, 2020	June 30, 2020
	FINANCIAL INSTRUMENTS		egory are as follows. December 31, 2020 Rupees	June 30, 2020 <i>Rupees</i>
	FINANCIAL INSTRUMENTS The carrying amount of the Comp	pany's financial instruments by class and cate	egory are as follows. December 31, 2020 Rupees	June 30, 2020 Rupees
	FINANCIAL INSTRUMENTS The carrying amount of the Comp Financial assets Financial assets at amortized of Long term deposits	pany's financial instruments by class and cate	egory are as follows. December 31, 2020 Rupees	June 30, 2020 Rupees (Audited) 19,672,394
	FINANCIAL INSTRUMENTS The carrying amount of the Comp Financial assets Financial assets at amortized of Long term deposits Trade receivables	pany's financial instruments by class and cate	December 31, 2020 Rupees (Un-Audited)	June 30, 2020 Rupees (Audited) 19,672,394 183,980
	FINANCIAL INSTRUMENTS The carrying amount of the Comp Financial assets Financial assets at amortized of Long term deposits	pany's financial instruments by class and cate	egory are as follows. December 31, 2020 Rupees (Un-Audited) 19,672,394 - 1,512,387	June 30, 2020 Rupees (Audited) 19,672,394 183,980 2,178,478
	FINANCIAL INSTRUMENTS The carrying amount of the Comp Financial assets Financial assets at amortized of Long term deposits Trade receivables Advances to employees	pany's financial instruments by class and cate	December 31, 2020 Rupees (Un-Audited) 19,672,394 - 1,512,387 920,767	June 30, 2020 Rupees (Audited) 19,672,394 183,980 2,178,478 733,806
	FINANCIAL INSTRUMENTS The carrying amount of the Comp Financial assets Financial assets at amortized of Long term deposits Trade receivables Advances to employees	pany's financial instruments by class and cate	egory are as follows. December 31, 2020 Rupees (Un-Audited) 19,672,394 - 1,512,387 920,767 22,105,548	June 30, 2020 Rupees (Audited) 19,672,394 183,980 2,178,478 733,806 22,768,658
	FINANCIAL INSTRUMENTS The carrying amount of the Comp Financial assets Financial assets at amortized of Long term deposits Trade receivables Advances to employees	pany's financial instruments by class and cate	December 31, 2020 Rupees (Un-Audited) 19,672,394 - 1,512,387 920,767	June 30, 2020 Rupees (Audited) 19,672,394 183,980 2,178,478
4.1	FINANCIAL INSTRUMENTS The carrying amount of the Comp Financial assets Financial assets at amortized of Long term deposits Trade receivables Advances to employees Bank balances Financial liabilities	pany's financial instruments by class and cate	egory are as follows. December 31, 2020 Rupees (Un-Audited) 19,672,394 - 1,512,387 920,767 22,105,548	June 30, 2020 Rupees (Audited) 19,672,394 183,980 2,178,478 733,806 22,768,658
1.1	FINANCIAL INSTRUMENTS The carrying amount of the Comp Financial assets Financial assets at amortized of Long term deposits Trade receivables Advances to employees Bank balances	pany's financial instruments by class and cate	egory are as follows. December 31, 2020 Rupees (Un-Audited) 19,672,394 - 1,512,387 920,767 22,105,548	June 30, 2020 Rupees (Audited) 19,672,394 183,980 2,178,478 733,806 22,768,658
4.1	FINANCIAL INSTRUMENTS The carrying amount of the Comp Financial assets Financial assets at amortized of Long term deposits Trade receivables Advances to employees Bank balances Financial liabilities	pany's financial instruments by class and cate	egory are as follows. December 31, 2020 Rupees (Un-Audited) 19,672,394 - 1,512,387 920,767 22,105,548	June 30, 2020 Rupees (Audited) 19,672,394 183,980 2,178,476 733,806 22,768,658
4.1	FINANCIAL INSTRUMENTS The carrying amount of the Comp Financial assets Financial assets at amortized of Long term deposits Trade receivables Advances to employees Bank balances Financial liabilities Financial liabilities	pany's financial instruments by class and cate	December 31, 2020 Rupees (Un-Audited) 19,672,394 - 1,512,387 920,767 22,105,548 22,105,548	June 30, 2020 Rupees (Audited) 19,672,394 183,980 2,178,476 733,806 22,768,658 22,768,658
4.1	Financial assets Financial assets at amortized of Long term deposits Trade receivables Advances to employees Bank balances Financial liabilities Financial liabilities at amortized Long term finances	cost	egory are as follows. December 31, 2020 Rupees (Un-Audited) 19,672,394 1,512,387 920,767 22,105,548 22,105,548	June 30, 2020 Rupees (Audited) 19,672,394 183,980 2,178,476 733,806 22,768,658 22,768,658
4.1	Financial assets Financial assets at amortized of Long term deposits Trade receivables Advances to employees Bank balances Financial liabilities Financial liabilities at amortized Long term finances Deferred interest	cost	egory are as follows. December 31, 2020 Rupees (Un-Audited) 19,672,394 - 1,512,387 920,767 22,105,548 22,105,548 107,275,762 13,073,231	June 30, 2020 Rupees (Audited) 19,672,394 183,980 2,178,478 733,806 22,768,658 22,768,658
4.1	Financial assets Financial assets at amortized of Long term deposits Trade receivables Advances to employees Bank balances Financial liabilities Financial liabilities at amortized Long term finances Deferred interest Gas infrastructure development of	cost	egory are as follows. December 31, 2020 Rupees (Un-Audited) 19,672,394 - 1,512,387 920,767 22,105,548 22,105,548 107,275,762 13,073,231 8,914,606	June 30, 2020 Rupees (Audited) 19,672,394 183,980 2,178,475 733,800 22,768,656 22,768,656 109,975,766 8,116,146 - 23,369,600
4.1	Financial assets Financial assets at amortized of Long term deposits Trade receivables Advances to employees Bank balances Financial liabilities Financial liabilities at amortized Long term finances Gas infrastructure development of Trade creditors	cost	egory are as follows. December 31, 2020 Rupees (Un-Audited) 19,672,394 - 1,512,387 920,767 22,105,548 22,105,548 107,275,762 13,073,231 8,914,606 33,146,255	June 30, 2020 Rupees (Audited) 19,672,394 183,980 2,178,476 733,806 22,768,658 22,768,658 109,975,762 8,116,146 23,369,600 14,550,090
4.1	Financial assets Financial assets Financial assets at amortized of Long term deposits Trade receivables Advances to employees Bank balances Financial liabilities Financial liabilities at amortized Long term finances Deferred interest Gas infrastructure development of Trade creditors Accrued liabilities	cost	19,672,394 - 1,512,387 - 22,105,548 - 22,105,548 - 107,275,762 - 13,073,231 - 8,914,606 - 33,146,255 - 14,270,150	June 30, 2020 Rupees (Audited) 19,672,394 183,980 2,178,478 733,806 22,768,658

15 FAIR VALUE MEASUREMENTS

The Companymeasures some of its financial instruments at fair value. Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements and has the following levels:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (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:

15.1 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.

15.2 Financial instruments measured at fair value

15.2.1Recurring 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, 2020	June 30, 2020
				Rupees (Un-audited)	Rupees (Audited)
Land	-	103,090,000	-	103,090,000	103,090,000
Buildings	-	220,458,615.00	-	220,458,615	226,111,400
Plant and machinery	-	6,337,373.00	-	6,337,373	6,499,870
Electric installations	-	2,613,078.00	-	2,613,078	2,750,608

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

	Valuation	Significant inputs	Sensitivity
Land	approach that reflects recent transaction	Estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition.	price, including non-refundable
Buildings	Cost approach that reflects 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. 11.02 millior (June 30, 2020: Rs. 11.306 million).
Plant and machinery	reflects the cost to the market	Estimated purchase price, including import duties and non-refundable purchase taxes and other costs directly attributable to the acquisition or	price, including import duties and non- refundable purchase taxes and other

machinery reflects the cost to the marke participants to acquire assets of comparable utility and age adjusted for

depreciation. There was no change in valuation technique

participants to acquire attributable to the acquisition assets of comparable construction, erection and installation. utility and age, adjusted for obsolescence and

hase price, including and non-refundable and non-refundable price, including import duties and nonrefundable purchase taxes and other directly attributable costs would result in a significant increase in fair value of expression or a significant increase in fair value of price, including import duties and nonrefundable purchase taxes and other directly attributable costs would result in a significant increase in estimated purchase

	Valuation	Significant inputs	Sensitivity
Electric installation	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.	•

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

15.2.2Non-recurring fair value measurements

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

15.3 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.

15.4 Assets and liabilities other than financial instruments

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

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.

17 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.

GENERAL

- 18.1 There are no other significant activities since June 30, 2020 affecting the interim financial statements.
- 18.2 Corresponding figures have been re-arranged where necessary to facilitate comparison. However, there are no significant reclassifications during the period.
- 18.3 Figures have been rounded off to the nearest Rupee.

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