
HALF YEARLY

REVIEWED REPORT AND ACCOUNT

December 31, 2021
(UNAUDITED)

Pakistan PVC Limited

COMPANY INFORMATION

BOARD OF DIRECTORS

CHAIRMAN

Adnan Shaffi

CHIEF EXECUTIVE

Arif Shaffi

DIRECTORS

Arshad Javaid
Adeel Shaffi
Saira Shaffi
Mohammad Iqbal
Mohammad Shaffi

SECRETARY

Adeel Shaffi

CHIEF FINANCIAL OFFICER

Asif Shaffi

AUDITORS

Mushtaq & Co., Chartered Accountants

AUDIT COMMITTEE

Arshad Javaid – Chairman
Mohammad Iqbal – Member
Mohammad Shaffi – Member

HUMAN RESOURCES &
REMUNERATION
COMMITTEE

Arshad Javaid – Chairman
Mohammad Iqbal – Member
Mohammad Shaffi – Member

BANKERS

Habib Bank Limited
MCB Bank Limited
Faysal Bank Limited

REGISTERED OFFICE

Shaffiabad, Gharo, District Thatta

SHARE REGISTRAR

CORPLINK (PVT) LTD.,
Wings Arcade, 1 – K, Commercial,
Model Town, Lahore.

FACTORIES

Shaffiabad, Gharo, District Thatta.
Sector I – 9, Industrial Area,
Islamabad.

PAKISTAN PVC LIMITED

DIRECTOR'S REPORT TO THE SHAREHOLDERS

On behalf of my colleagues on the Board, I present the un-audited reviewed accounts for the half year ended December 31, 2021 along with the auditors' review report.

As in the rest of the world, COVID-19 adversely affected lifestyles and business operations in Pakistan. The Company complied with the Standard Operating Procedures (SOPs) prescribed by Federal and Provincial Governments. Sales and production activities were affected during lockdowns, however, the factory reopened after necessary permissions to produce orders for exports and essential services. The Company remained up to date in all its financial commitments. The Management believes that the going concern assumption of the Company remains valid.

The financial position of your company during the half year ended December 31, 2021 further deteriorated due to financial charges, idle cost and depreciation. As reported previously, Ghara Plant remains closed and there was no production during the period under review. Your management hopes that all old disputes can be resolved amicably.

During the period under review Ghara Plant remains closed and there was no production. The lower production of PVC Pipes & Fittings at Islamabad is due to shortage of funds and prevailing economic conditions in the country.

Sales during the year under review has increased to Rs. 5.862 million as compared to Rs. 3.082 million of the same period last year and net loss during the year was Rs. 4.973 million as compared to a net loss of Rs. 5.948 million during the previous year.

1. AUDITORS' RESERVATION OF GOING CONCERN

The auditors have qualified their opinion, since your company has prepared the accounts on the going concern basis. The reason given in their qualification is the continued losses sustained by your company, no improvement/result of the efforts made by the management for obtaining additional capital. The case for the revival of your company remains under active consideration with the Committee for Revival of Sick Industrial Units set up by the Finance Division, Government of Pakistan.

2. AUDITORS' RESERVATION ABOUT DIRECT CONFIRMATION

As regards confirmations from the lenders of short term loan from Government of Pakistan reflected under current portion of long term financing amounting to Rupees 32.991 million and UBL cash finance amounting to Rupees 15.000 million reflected under short term borrowings- The company had dispatched the balance confirmation letters several times to lenders of long term loans.

3. AUDITORS' RESERVATION ABOUT LONG OUTSTANDING BALANCES

As regards balances of very long outstanding balances of Trade and Other Payables in respect of Accrued liability of Rupees 10.000 million towards Privatization Commission, Finance Division we have to state that this balance is appearing in the company's accounts since last many years- And as regards confirmations from the Trade and Other Payables in respect of Accrued liability the company had dispatched the balance confirmation letters to the Trade and Other Payables in respect of Accrued liability and we understand that an over all majority of these have been responded too.

As reported previously, Gharo Plant remains closed and there was no production during the period under review. Your management hopes that all old disputes can be resolved amicably.

On behalf of the Board of Directors



(ARIF SHAFFI)
Chief Executive



(MOHAMMAD SHAFFI)
Director

Islamabad: February 25, 2022

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

بورڈ میں اپنے ساتھیوں کی جانب سے، میں آپ کے سامنے 31 دسمبر 2021 کو اختتام پذیر ہونے والی نصف سال کا غیر آڈٹ شدہ اکاؤنٹس پیش کر رہا ہوں۔

باقی دنیا کی طرح، COVID-19 نے پاکستان میں طرز زندگی اور کاروباری کاموں کو بری طرح متاثر کیا۔ کمپنی نے وفاقی اور صوبائی حکومتوں کے ذریعہ تجویز کردہ معیاری آپریٹنگ طریقہ کار (SOPs) کی تعمیل کی۔ لاک ڈاؤن کے دوران فروخت اور پیداواری سرگرمیاں متاثر ہوئیں، تاہم، برآمدات اور ضروری خدمات کے آرڈر تیار کرنے کے لئے ضروری اجازت نامے کے بعد فیکٹری دوبارہ کھولی۔ کمپنی اپنے تمام مالی وعدوں میں تازہ ترین رہی۔ مینجمنٹ کا خیال ہے کہ کمپنی کی جاری تشویش کا مفروضہ درست ہے۔

31 دسمبر 2021 کو اختتام پذیر ہونے والی سہ ماہی کے دوران آپ کی کمپنی کی مالی حالت مزید خراب ہوئی جس کی وجہ مالیاتی چارجز، غیر فعالیت اور قدر میں کمی جیسے عناصر بنے۔ جیسا کہ پہلے بتایا جا چکا ہے، گھارو پلانٹ بند رہا تھا جس کی وجہ سے زیر جائزہ مدت کے دوران کسی قسم کی پیداوار نہیں ہوئی۔ آپ کی کمپنی انتظامیہ پر امید ہے کہ تمام تر پرانے تنازعات دوستانہ انداز میں حل کیے جا سکتے ہیں۔

زیر غور مدت کے دوران، گھارو فیکٹری بند رہی جس کی وجہ سے کوئی پیداوار نہ ہو سکی۔ اس سال کے دوران اسلام آباد میں پی وی سی پائپس اور فٹنگز کی پیداوار میں اضافہ ہوا۔

زیر جائزہ سال کے دوران فروخت بڑھ کر 5.862 ملین روپے ہو گئی ہے گذشتہ برس کے مقابلے میں اسی مدت کے دوران 3.082 ملین روپے۔ زیر جائزہ سال کے دوران خالص نقصان 4.973 ملین روپے تھا گذشتہ برس کے مقابلے میں اسی مدت کے دوران خالص نقصان 5.948 ملین روپے تھا۔

1. گونگ کنسرن کے متعلق آڈیٹرز کا نقطہ نظر

آڈیٹرز نے اپنا نقطہ نظر کوالیفائی کر لیا ہے کیونکہ آپ کی کمپنی نے گونگ کنسرن کی بنیاد پر کھاتہ جات تیار کیے ہیں۔ ان کے نقطہ نظر میں دی گئی وجوہات یہ ہیں کہ آپ کی کمپنی نے مسلسل نقصانات برداشت کیے ہیں جبکہ اضافی سرمایہ حاصل کرنے کے لیے انتظامیہ کی جانب سے کیے جانے والے اقدامات سے کوئی نتیجہ برآمد نہیں ہوا اور نہ ہی کوئی بہتری آئی۔ آپ کی کمپنی کی تجدید کا کیس فنانس ڈویژن حکومت پاکستان کی جانب سے کمزور صنعتی اداروں کی تجدید کے لیے قائم کردہ کمیٹی میں فعال طور پر زیر غور رہا۔

2. براہ راست تصدیق کے متعلق آڈیٹرز کا نقطہ نظر

حکومت پاکستان کی طرف سے قلیل مدتی قرض کے قرض دہندگان کی طرف سے تصدیق کے بارے میں 32.991 ملین روپے کی طویل مدتی فنانسنگ کے موجودہ حصے کے تحت اور 15.000 ملین روپے کی UBL کیش فنانس کے تحت عکاسی کی گئی ہے، کمپنی نے طویل مدتی قرضوں کے قرض دہندگان کو متوازن تصدیقی خط بھیجے تھے۔

3. طویل عرصے سے بقایا جات کے متعلق آڈیٹرز کا نقطہ نگاہ

نچکاری کمیشن، فنانس ڈویژن کی طرف 10,000 ملین روپے کی جمع شدہ واجبات کے سلسلے میں تجارت اور دیگر ادائیگیوں کے بہت طویل عرصے سے متوازن توازن کے حوالے سے، ہمیں یہ بیان کرنا ہوگا کہ یہ توازن گذشتہ کئی سالوں سے کمپنی کے کھاتوں میں ظاہر ہو رہا ہے۔ تجارت اور دیگر ادائیگیوں کی تصدیق کے سلسلے میں، کمپنی نے بیلنس کے توثیقی خط بھیجے تھے اور ہم سمجھتے ہیں کہ ان میں سے اکثریت نے جواب دیا ہے۔

زیر غور سال کے دوران گھارو فیکٹری بند رہی جس کی وجہ سے کوئی پیداوار نہیں ہوئی۔ جیسا کہ پہلے بتایا جا چکا ہے، کہ جب تک گھارو پلانٹ فعال نہیں ہو گا تب تک کوئی فائدہ مند نتائج نہیں مل سکتے۔

بورڈ آف ڈائریکٹرز کی

اسلام آباد: 25 فروری 2022

جانب سے

محمد شفیع
ڈائریکٹر

عارف شفیع
چیف ایگزیکٹو

Independent Auditor's review report to the members of Pakistan PVC Limited

Report on the Review of the Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Pakistan PVC Limited as at December 31, 2021 and the related condensed interim statement of profit or loss and condensed interim statement of other comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the financial statements for the six-months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The figures of the condensed interim statement of profit or loss and condensed interim statement of other comprehensive income for the quarter ended December 31, 2021 and December 31, 2020 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2021.

Scope of Review

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

Basis for Disclaimer of Conclusion

1. As shown in this condensed interim financial information the company has accumulated loss of Rupees 511.302 million (June 30, 2021: Rupees 508.460 million) as at December 31, 2021 against the issued subscribed and paid up capital of Rupees 149.580 (June 30, 2021: Rupees 149.580) million turning shareholders' equity to a negative balance of Rupees 204.563 million (June 30, 2021: 199.591 million). The current liabilities exceed the current assets by Rupees 371.794 million (June 30, 2021: 369.292 million). Further, the company has not been able to obtain enough finance to revive its Ghara plant operations. These circumstances give rise to significant uncertainty as to the ability of the company to continue operations as going concern in the foreseeable future and therefore, the company may be unable to realize its assets and discharge its liabilities in the normal course of business. However, these financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and classification of liabilities that might be necessary should the company be unable to continue as a going concern. The management has not prepared cash flow projections and future plan to revive the operation of Ghara plant closed since 1995.

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

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Email Address: audit.khi@mushtaqandco.com; info@mushtaqandco.com



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2. Bank statements are not available to verify the correctness of balance of short term loan from Government of Pakistan reflected under current portion of long term financing amounting to Rupees 32.991 million and UBL cash finance amounting to Rupees 15.000 million reflected under short term borrowings, therefore the same along with markup accrued thereon amounting to Rupees 104.839 million and Rupees 105.159 million respectively and underlying terms and conditions of these borrowings remained unverified.
3. Due to very long outstanding balances and non-availability of underlying records, we are unable to verify the amount included in trade and other payables in respect of accrued liabilities of Rupees 10.000 million towards Privatization Commission, Finance Division.
4. We do not concur with the accounting treatment of leasehold land in these financial statements being violation of the requirements of International Accounting Standards (IAS 40) "Investment Property".
5. As more fully explained in note 6.2 of this condensed interim financial information the impact on the condensed interim financial statements of the disputed CDA plot of land at Islamabad is not determinable.

Conclusion

Because of the significance of the matters referred in paragraph 1 to 5 above, we are unable to obtain sufficient and appropriate evidence to form a conclusion on the accompanying interim financial information. Accordingly, we do not express any conclusion on these financial statements.

The engagement partner on review resulting in this independent auditor's report is Zahid Hussain Zahid.

Mushtaq & Co.
MUSHTAQ & CO.

Chartered Accountants



Karachi.

Dated: 25 February, 2022

UDIN:RR202110043mpOcriUPK

PAKISTAN PVC LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	Note	Un-audited December 31, 2021	Audited June 30, 2021		Note	Un-audited December 31, 2021	Audited June 30, 2021
		-----Rupees-----				-----Rupees-----	
SHARE CAPITAL AND RESERVES				NON CURRENT ASSETS			
Authorized capital							
15,000,000 (June 30, 2021: 15,000,000) ordinary shares of Rs.10/- each		150,000,000	150,000,000	Property, plant and equipment	7	166,762,694	169,254,773
Issued, subscribed and paid up capital							
14,958,000 (June 30, 2021: 14,958,000) ordinary shares of Rs.10/- each		149,580,000	149,580,000	Long term investments		468,566	446,530
Accumulated loss		(511,301,675)	(508,459,920)			167,231,260	169,701,303
Surplus on revaluation of fixed assets		157,158,610	159,289,353				
		(204,563,065)	(199,590,567)				
CURRENT LIABILITIES				CURRENT ASSETS			
Trade and other payables		88,170,391	89,994,247	Stocks in trade		625,255	849,003
Unclaimed Dividend		45,980	45,980	Trade debts		1,540,853	1,757,804
Accrued mark up / interest		209,997,471	206,377,982	Loans and advances		372,285	336,286
Short term borrowings		42,651,051	42,257,783	Trade deposits		100,000	100,000
Current portion of long term financing	5	32,991,000	32,991,000	Other receivables		379,737	183,900
Provision for taxation - net		2,627,751	4,581,842	Tax refunds due from Government		1,603,478	3,554,936
		376,483,645	376,248,834	Cash and bank balances		67,713	175,035
CONTINGENCIES AND COMMITMENTS						4,689,321	6,956,964
	6						
		171,920,581	176,658,267			171,920,581	176,658,267

The annexed notes form an integral part of these condensed interim financial information.


ARIF SHAFFI
CHIEF EXECUTIVE


MUHAMMAD SHAFFI
DIRECTOR


ASIF SHAFFI
CHIEF FINANCIAL OFFICER

PAKISTAN PVC LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2021

		Quarter Ended		Half Year Ended	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Note		-----Rupees-----			
Sales - net		3,127,596	2,327,871	5,862,359	3,082,179
Cost of sales	8	(6,430,386)	(5,920,263)	(12,974,507)	(10,928,014)
Gross loss		(3,302,790)	(3,592,392)	(7,112,148)	(7,845,835)
Other income		6,691,190	5,744,788	13,125,394	11,255,466
Distribution cost		(1,172,267)	(530,778)	(2,002,093)	(947,314)
Administrative expenses		(1,199,016)	(1,158,874)	(2,734,691)	(2,407,210)
Finance cost		(1,811,466)	(1,810,259)	(3,621,211)	(3,620,003)
Loss before taxation		(794,350)	(1,347,515)	(2,344,749)	(3,564,895)
Taxation		(1,469,799)	(1,293,416)	(2,627,751)	(2,383,086)
Loss for the period		(2,264,148)	(2,640,931)	(4,972,500)	(5,947,981)
Loss per share - basic and diluted		(0.15)	(0.18)	(0.33)	(0.40)

The annexed notes form an integral part of these condensed interim financial information.



ARIF SHAFFI
CHIEF EXECUTIVE



MUHAMMAD SHAFFI
DIRECTOR



ASIF SHAFFI
CHIEF FINANCIAL OFFICER

PAKISTAN PVC LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2021

	Quarter Ended		Half Year Ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	-----Rupees-----			
Loss for the period	(2,264,148)	(2,640,931)	(4,972,500)	(5,947,981)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	<u>(2,264,148)</u>	<u>(2,640,931)</u>	<u>(4,972,500)</u>	<u>(5,947,981)</u>

The annexed notes form an integral part of these condensed interim financial information.



ARIF SHAFFI
CHIEF EXECUTIVE



MUHAMMAD SHAFFI
DIRECTOR



ASIF SHAFFI
CHIEF FINANCIAL OFFICER

PAKISTAN PVC LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Issued, subscribed and paid up capital	Revenue Reserve Accumulated loss	Capital Reserve Revaluation Surplus	Total
Balance as at July 1, 2020	149,580,000	(501,636,103)	164,024,343	(188,031,761)
Loss for the year	-	(5,947,981)	-	(5,947,981)
Other Comprehensive income for the year	-	-	-	-
Transfer from revaluation surplus on account of incremental depreciation	-	2,367,494	(2,367,494)	-
Balance as at December 31, 2020	149,580,000	(505,216,591)	161,656,849	(193,979,742)
Balance as at July 1, 2021	149,580,000	(508,459,920)	159,289,353	(199,590,567)
Loss for the year	-	(4,972,500)	-	(4,972,500)
Other Comprehensive income for the year	-	-	-	-
Transfer from revaluation surplus on account of incremental depreciation	-	2,130,745	(2,130,745)	-
Balance as at December 31, 2021	149,580,000	(511,301,675)	157,158,608	(204,563,067)

The annexed notes form an integral part of these condensed interim financial information.



ARIF SHAFFI
CHIEF EXECUTIVE



MUHAMMAD SHAFFI
DIRECTOR



ASIF SHAFFI
CHIEF FINANCIAL OFFICER

PAKISTAN PVC LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	December 31, 2021	December 31, 2020
	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(2,344,749)	(3,564,895)
<i>Adjustments for :</i>		
Depreciation	2,492,014	2,775,316
Finance cost	3,621,211	3,620,003
Provision for staff retirement benefits - gratuity	-	-
Accrued Interest on investment	(22,036)	142,500
Gain on fixed asset disposal	(49,935)	
Rental income	(13,053,423)	(11,234,152)
	(7,012,169)	(4,696,334)
Operating cash flows before changes in working capital	(9,356,917)	(8,261,229)
(Increase) / decrease in current assets		
Stock in trade	223,748	(112,467)
Trade debts	216,951	(864,944)
Loans and advances	(35,999)	1,303
Tax refunds due from Government - sales tax	1,951,458	710,735
	2,356,159	(265,373)
Increase in current liabilities		
Trade and other payables	(1,837,018)	389,304
	519,141	123,930
Net cash used in operations	(8,837,776)	(8,137,299)
Income tax paid	(4,581,842)	(3,901,251)
Finance cost paid	(1,722)	(514)
	(4,583,564)	(3,901,765)
Net cash used in operating activities	(13,421,340)	(12,039,064)
CASH FLOWS FROM INVESTING ACTIVITIES		
Rent received	12,870,749	11,702,362
Proceeds from fixed asset disposal	50,000	-
Net cash generated from investing activities	12,920,749	11,702,362
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase/(decrease) in short term borrowings	393,268	754,446
Net cash generated from financing activities	393,268	754,446
Net increase/(decrease) in cash and cash equivalents	(107,322)	417,744
Cash and cash equivalent at the beginning of the period	175,035	32,337
Cash and cash equivalent at the end of the period	67,713	450,080

The annexed notes form an integral part of these condensed interim financial information.



ARIF SHAFFI
CHIEF EXECUTIVE



MUHAMMAD SHAFFI
DIRECTOR



ASIF SHAFFI
CHIEF FINANCIAL OFFICER

PAKISTAN PVC LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

1 LEGAL STATUS AND OPERATIONS

- 1.1** Pakistan PVC Limited (the company) was incorporated in Pakistan on October 19, 1963 and is listed on the Pakistan stock exchange Limited. Its registered office is located at Shaffiabad, Ghara and District Thatta.
- 1.2** The company is engaged in production and sale of PVC resin, PVC pipes and fittings, PVC compound and Caustic soda. The company has ceased the production at Ghara since 1995. The production at Islamabad plant continues. The company has installed a water purification plant to process and sell mineral water in 2011.
- 1.3** The case for the revival of the company remained with the committee for revival of sick industrial unit setup by the finance division, Government of Pakistan with representation of the federation of Chamber of Commerce and Industries.
- 1.4** These financial statements are presented in Pak Rupees, which is the company's functional and presentation currency and figures are rounded to the nearest rupee.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information of the Company for the half year ended December 31, 2021 is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard 'IAS' 34 "Interim Financial Reporting" and provisions of and directives issued by the Securities and Exchange Commission of Pakistan under the Companies Act, 2017. This condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the company for the year ended June 30, 2021.

These condensed interim financial statements comprise of condensed interim statement of financial position, condensed interim statement of profit or losses, condensed interim statement of comprehensive income, condensed interim statement of cash flow and condensed interim statement of changes in equity together with the notes for the half year ended December 31, 2021 which have been subject to a review but not audited. These condensed interim financial statements also include the condensed interim income statement for the quarter ended December 31, 2021.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that certain fixed assets that have been stated at revalued amounts. The company has accumulated loss of Rupees 511.302 million (June 30, 2021: Rupees 508.460 million) as at December 31, 2021 against the issued subscribed and paid up capital of Rupees 149.580 (June 30, 2021: Rupees 149.580) million turning shareholders' equity to a negative balance of Rupees 204.563 million (June 30, 2021: 199.591 million). The current liabilities exceed the current assets by Rupees 371.794 million (June 30, 2021: 369.292 million). Further the company has not been able to obtain enough finance to revive its operations. These circumstances give rise to significant uncertainty as to the ability of the company to continue operations as going concern in the foreseeable future. However, these financial statements do not include any adjustment relating to the recoverability and classification of recorded assets and classification of liabilities that might be necessary should the company be unable to continue as a going concern.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these interim financial statements are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended June 30, 2021, except of change referred to in note 4.

4 CHANGE IN ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2021. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these condensed interim financial statements.

5 CURRENT PORTION OF LONG TERM FINANCING

The entire amount of the loan remains overdue and unpaid.

6 CONTINGENCIES AND COMMITMENTS

- 6.1** The Securities and Exchange Commission of Pakistan (SECP) had appointed an inspector to investigate into the affairs of the company under Section 265 of the repealed Companies Ordinance, 1984. The inspector has submitted report on his findings to the SECP. The outcome can not be anticipated at this stage.
- 6.2** Title of plot of land of the company situated at Islamabad is in dispute. The company has started negotiations with CDA. As a result, company has committed to pay outstanding dues to CDA for the leasehold land. CDA has not confirmed the amount therefore the amount of the obligation can not be measured with sufficient reliability.
- 6.3** The Privatization Commission of Pakistan had filed a suit in honorable Islamabad High Court, C.O.S No 07/2002, against the company for recovery of amount repayable to the Privatization commission against principal amount of Government loan assumed at time of privatization of Rs. 32,971,000 along with the markup thereon amounting to Rs. 104,838,618 aggregating to Rs. 137,809,618. During year 2020, the case is dismissed because no one tendered appearance on behalf of Plaintiff before the Court on the day of hearing. Due to ongoing dispute with the privatization commission on various issues the amount is yet to be finalized.

7 PROPERTY, PLANT AND EQUIPMENT

	Note	Un-audited December 31, 2021	Audited June 30, 2021
		-----Rupees-----	
Operating assets	7.1	66,472,205	67,128,195
Non operating assets	7.2	100,290,489	102,126,578
		<u>166,762,694</u>	<u>169,254,773</u>
7.1 Operating assets			
Opening book value		67,128,195	68,598,629
Less: Depreciation charged during the period		(655,925)	(1,470,434)
Add/Less: Addition/Disposal During the Year		(65)	-
Add: Surplus/(Deficit)		-	-
		<u>(655,990)</u>	<u>(1,470,434)</u>
Closing book value		<u>66,472,205</u>	<u>67,128,195</u>
7.2 Non operating assets			
Opening book value		102,126,578	106,206,776
Less: Depreciation charged during the period		(1,836,089)	(4,080,198)
Add: Surplus/(Deficit)		-	-
		<u>(1,836,089)</u>	<u>(4,080,198)</u>
Closing book value		<u>100,290,489</u>	<u>102,126,578</u>

8 COST OF SALES

	Note	Half Year Ended	
		December 31, 2021	December 31, 2020
		-----Rupees-----	
Opening finished goods		686,057	661,281
Purchases of pipes and fittings		15,000	16,800
Cost of goods manufactured	8.1	12,754,471	10,812,650
		<u>13,455,529</u>	<u>11,490,732</u>
Closing finished goods		(481,022)	(562,718)
		<u>12,974,507</u>	<u>10,928,014</u>
8.1 Cost of Goods Manufactured			
Opening raw material		71,872	47,804
Purchase of raw material		3,892,681	2,139,038
Closing raw material		(114,620)	(109,795)
		<u>3,849,933</u>	<u>2,077,046</u>
Packing and raw material consumed		375,000	375,000
Director's remuneration		4,098,193	3,633,658
Salaries, wages and benefits		1,427,558	1,063,920
Fuel and power		21,000	28,188
Stores and spares		171,794	511,500
Repair and maintenance		36,022	(13,996)
Postage and telephone		-	300,411
Rent, rates and taxes		260,657	253,642
Traveling and conveyance		-	5,615
Entertainment		2,452,853	2,726,706
Depreciation		<u>12,693,011</u>	<u>10,961,689</u>
Opening work in process		91,073	21,487
Closing work in process		(29,613)	(170,526)
		<u>61,460</u>	<u>(149,039)</u>
		<u>12,754,471</u>	<u>10,812,650</u>

9 TRANSACTIONS WITH RELATED PARTIES

		Half Year Ended	
		December 31, 2021	December 31, 2020
		-----Rupees-----	
Relationship with the company	Nature of transaction		
Directors and Sponsors	Loan Received	1,074,400	1,928,690
Directors and Sponsors	Loan Repaid	538,400	1,185,000

All transactions with related parties have been carried out on commercial terms and conditions.

10 CORRESPONDING FIGURES


In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim financial position and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim income statement, condensed interim statement of comprehensive income and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.


Comparative information has been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison. However, no major reclassification has been made during this period.

11 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been issued for authorization on February 25, 2022 by the board of directors of the company.


ARIF SHAFFI
CHIEF EXECUTIVE


MUHAMMAD SHAFFI
DIRECTOR


ASIF SHAFFI
CHIEF FINANCIAL OFFICER