

**3rd Quarter &  
Nine Months Accounts  
for the Period ended  
31st March, 2019**

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# Company Information

|                               |  |                 |
|-------------------------------|--|-----------------|
| Board of Directors            | Mr. Pervez Ahmed<br>Mr. Ali Pervez Ahmed<br>Mr. Suleman Ahmed<br>Mr. Atta ur Rehman<br>Mr. Khawar Mahmud<br>Mr. Mazhar Pervaiz Malik<br>Mrs. Rukhsana Khalid   | Chief Executive |
| Audit Committee               | Mr. Atta ur Rehman<br>Mr. Khawar Mahmud<br>Mr. Mazhar Pervaiz Malik  | Chairman        |
| HR and Remuneration Committee | Mr. Suleman Ahmed<br>Mr. Atta ur Rehman<br>Mrs. Rukhsana Khalid  | Chairman        |
| Chief Financial Officer       | Mr. Mohammad Rafique Qureshi   |                 |
| Company Secretary             | Mr. Salman Farooq  |                 |
| Auditors                      | M/s Rahman Sarfaraz Rahim Iqbal Rafiq<br>Chartered Accountants   |                 |
| Legal Advisor                 | Cornelius, Lane & Mufti<br>Advocates & Solicitors  |                 |
| Banks                         | Al Baraka Bank (Pakistan) Limited<br>MCB Bank Limited<br>Silk Bank<br>Meezan Bank Limited<br>Bank Al-Falah Limited<br>Bank Al-Habib Limited<br>NIB Bank Limited<br>National Bank of Pakistan<br>Dubai Islamic Bank |                 |
| Registered Office             | 20-K, Gulberg II, Lahore.  |                 |
| Share Registrars              | THK Associates (Pvt.) Limited<br>First Floor, 40-C, Block - 6<br>P.E.C.H.S<br>Karachi - 75400  |                 |
| Mill                          | 11-km Sheikhpura Faisalabad Road,<br>Sheikhpura  |                 |
| Website                       | <a href="http://www.dsil.com.pk">www.dsil.com.pk</a>   |                 |

### **DIRECTORS' REPORT**

On behalf of the Directors of D.S. Industries Limited I am pleased to present the Company's financial statements for the nine months period ended March 31, 2019.

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

During the nine months ended March 31, 2019 your Company has incurred gross loss of Rs. 27.894 million on sale of Rs. 561.143 million as compared to the gross profit of Rs. 2.545 million on sale of Rs. 473.360 million for the corresponding period of last year. The operating loss of Company for the nine months period ended March 31, 2019 amounting to Rs. 45.269 million as compared to operating loss of Rs. 7.259 million for the corresponding period of last year. During the nine months ended March 31, 2019 Company has incurred loss after tax of Rs. 68.607 million as compared to loss after tax of Rs. 22.506 million during the corresponding period of last year.

### **Future Outlook**

Yarn demand is firming and yarn market is showing strength. The management of the company is optimistic about the future of the Company and is determined to make the company profitable by changing production mix and exploring other markets.

### **Acknowledgement**

The Board of directors would like to place on record their appreciation to the valued shareholders, bankers, the Securities & Exchange Commission and to the management of Pakistan Stock Exchange for their valuable support, assistance and guidance. The Board also expresses its appreciation to the staff and workers of the Company for their services, loyalty and efforts being continuously rendered.

For & on behalf of the Board

Lahore  
April 29, 2019

Perez Ahmed  
Chief Executive

**D.S. INDUSTRIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2019**

|   | <i>Note</i> | <b>March 31, 2019</b>     | June 30, 2018             |
|---|-------------|---------------------------|---------------------------|
|   |             | (Un-audited)              | (Audited)                 |
|   |             | Rupees                    | Rupees                    |
| <b>EQUITY AND LIABILITIES</b>   |             |                           |                           |
| <b>SHARE CAPITAL AND RESERVES</b>                                       |             |                           |                           |
| <i>Authorized capital</i>   |             |                           |                           |
| 100,000,000 (June 30, 2018: 100,000,000) ordinary shares of Rs. 10 each |             | <u>1,000,000,000</u>      | <u>1,000,000,000</u>      |
| Issued, subscribed and paid-up capital                                  |             | <b>836,856,310</b>        | 836,856,310               |
| Discount on issue of shares   |             | <b>(82,899,709)</b>       | (82,899,709)              |
| Surplus on revaluation of property, plant and equipment                 |             | <b>194,792,355</b>        | 203,909,733               |
| Accumulated losses  |             | <b>(819,808,433)</b>      | (760,317,860)             |
|   |             | <b>128,940,523</b>        | 197,548,474               |
| <b>LIABILITIES</b>  |             |                           |                           |
| <b>NON-CURRENT LIABILITIES</b>  |             |                           |                           |
| Long term finances - <i>Secured</i>                                     | 6           | <b>78,708,744</b>         | 82,745,085                |
| Employees retirement benefits   |             | <b>4,830,338</b>          | 14,834,639                |
| Deferred taxation   |             | <b>19,778,854</b>         | 19,778,854                |
|   |             | <b>103,317,936</b>        | 117,358,578               |
| <b>CURRENT LIABILITIES</b>  |             |                           |                           |
| Trade and other payables  |             | <b>145,619,669</b>        | 188,264,259               |
| Unclaimed dividend  |             | <b>337,563</b>            | 337,563                   |
| Accrued interest/mark-up  |             | <b>7,180,485</b>          | 2,864,344                 |
| Short term borrowings   |             | <b>168,913,569</b>        | 159,404,421               |
| Provision for taxation  |             | <b>7,014,296</b>          | 8,973,077                 |
| Current portion of non-current liabilities                              |             | <b>13,000,000</b>         | 13,000,000                |
|   |             | <b>342,065,582</b>        | 372,843,664               |
| <b>TOTAL LIABILITIES</b>  |             | <b>445,383,518</b>        | 490,202,242               |
| <b>CONTINGENCIES AND COMMITMENTS</b>                                    |             |                           |                           |
|   | 7           |                           |                           |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                     |             | <u><b>574,324,041</b></u> | <u><b>687,750,716</b></u> |

*The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.*

**CHIEF EXECUTIVE**

**CHIEF FINANCIAL OFFICER**

**DIRECTOR**

**D.S. INDUSTRIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2019**

|   | <i>Note</i> | March 31, 2019     | June 30, 2018      |
|---|-------------|--------------------|--------------------|
|   |             | (Un-audited)       | (Audited)          |
|   |             | Rupees             | Rupees             |
| <b>ASSETS</b>   |             |                    |                    |
| <b>NON-CURRENT ASSETS</b>                             |             |                    |                    |
| Property, plant and equipment                         | 8           | 399,844,226        | 478,921,989        |
| Long term investments                                 | 9           | 85,617,349         | 85,463,366         |
| Long term deposits - <i>unsecured considered good</i> |             | 19,072,394         | 19,072,394         |
|   |             | <b>504,533,969</b> | <b>583,457,749</b> |
| <b>CURRENT ASSETS</b>                                 |             |                    |                    |
| Stores, spares and loose tools                        |             | 1,785,450          | 1,109,133          |
| Stock in trade  |             | 7,620,910          | 54,110,390         |
| Trade debts - <i>unsecured considered good</i>        |             | 52,773,549         | 30,809,522         |
| Advances, prepayments and other receivables           |             | 3,328,926          | 12,594,092         |
| Advance income tax/income tax refundable              |             | 2,045,595          | 3,330,422          |
| Bank balances   |             | 2,235,642          | 2,339,408          |
|   |             | <b>69,790,072</b>  | <b>104,292,967</b> |
| <b>TOTAL ASSETS</b>                                   |             | <b>574,324,041</b> | <b>687,750,716</b> |

*The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.*

**CHIEF EXECUTIVE**

**CHIEF FINANCIAL OFFICER**

**DIRECTOR**

**D.S. INDUSTRIES LIMITED**

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE NINE MONTHS & QUARTER ENDED MARCH 31, 2019**

|                                      | Note | Nine months ended      |                        | Three months ended     |                        |
|--------------------------------------|------|------------------------|------------------------|------------------------|------------------------|
|                                      |      | March 31, 2019         | March 31, 2018         | March 31, 2019         | March 31, 2018         |
|                                      |      | (Un-Audited)<br>Rupees | (Un-Audited)<br>Rupees | (Un-Audited)<br>Rupees | (Un-Audited)<br>Rupees |
| <b>Turnover - net</b>                |      | <b>561,143,692</b>     | 473,360,215            | <b>63,443,133</b>      | 218,629,532            |
| Cost of sales                        | 10   | <b>(589,038,147)</b>   | (470,814,775)          | <b>(91,028,837)</b>    | (208,493,885)          |
| <b>Gross (Loss) / Profit</b>         |      | <b>(27,894,455)</b>    | 2,545,440              | <b>(27,585,704)</b>    | 10,135,647             |
| Selling and distribution expenses    |      | <b>(1,613,655)</b>     | (1,240,410)            | <b>(485,583)</b>       | (541,516)              |
| Administrative and general expenses  |      | <b>(20,692,634)</b>    | (21,868,998)           | <b>(388,077)</b>       | (7,696,411)            |
| Other expenses                       |      | <b>(5,551,286)</b>     | (884,504)              | <b>(1,667,018)</b>     | (215,724)              |
|                                      |      | <b>(27,857,575)</b>    | (23,993,912)           | <b>(2,540,678)</b>     | (8,453,651)            |
| Other income                         |      | <b>10,482,668</b>      | 14,189,378             | <b>10,453,853</b>      | 12,235                 |
| <b>Operating (loss) / Profit</b>     |      | <b>(45,269,362)</b>    | (7,259,094)            | <b>(19,672,529)</b>    | 1,694,231              |
| Finance cost                         |      | <b>(12,514,617)</b>    | (7,462,131)            | <b>(4,537,896)</b>     | (3,311,605)            |
| Notional interest                    |      | <b>(3,963,659)</b>     | -                      | <b>-</b>               | -                      |
| Share of (loss)/profit of associates |      | <b>153,983</b>         | (1,868,215)            | <b>160,103</b>         | (197,033)              |
| <b>Loss before taxation</b>          |      | <b>(61,593,655)</b>    | (16,589,440)           | <b>(24,050,322)</b>    | (1,814,407)            |
| <b>Taxation</b>                      | 11   | <b>(7,014,296)</b>     | (5,917,003)            | <b>(793,039)</b>       | (2,732,869)            |
| <b>Loss after taxation</b>           |      | <b>(68,607,951)</b>    | (22,506,443)           | <b>(24,843,361)</b>    | (4,547,276)            |
| <b>Loss per share</b>                |      | <b>(0.82)</b>          | (0.27)                 | <b>(0.30)</b>          | (0.05)                 |

*The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.*

**CHIEF EXECUTIVE**

**CHIEF FINANCIAL OFFICER**

**DIRECTOR**

**D.S. INDUSTRIES LIMITED****CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
(UN-AUDITED)  
FOR THE NINE MONTHS & QUARTER ENDED MARCH 31, 2019**

|                            | Nine months ended                        |  | Three months ended                       |  |
|----------------------------|--|--|--|--|
|                            | March 31, 2019<br>(Un-Audited)<br>Rupees | March 31, 2018<br>(Un-Audited)<br>Rupees | March 31, 2019<br>(Un-Audited)<br>Rupees | March 31, 2018<br>(Un-Audited)<br>Rupees |
| Other comprehensive income | -  | -  | -  | -  |
| Loss after taxation        | (68,607,951)                             | (22,506,443)                             | (24,843,361)                             | (4,547,276)                              |
| Total comprehensive loss   | <u>(68,607,951)</u>                      | <u>(22,506,443)</u>                      | <u>(24,843,361)</u>                      | <u>(4,547,276)</u>                       |

*The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.*

**CHIEF EXECUTIVE****CHIEF FINANCIAL OFFICER****DIRECTOR**



**D.S. INDUSTRIES LIMITED**

**CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED)  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019**

|   | March 31, 2019<br>(Un-audited)<br>Rupees | March 31, 2018<br>(Un-audited)<br>Rupees |
|---|--|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                       |  |  |
| Loss before taxation  | (61,593,655)                             | (16,589,440)                             |
| <b>Adjustments for non-cash items</b>                             |  |  |
| Liabilities written back  | (5,447,625)                              | (1,817,209)                              |
| Waiver of debt finances and accrued markup thereon                | -  | (12,351,641)                             |
| Loss on disposal of fixes assets                                  | 866,685                                  | -  |
| Depreciation  | 19,061,078                               | 23,954,574                               |
| Notional interest   | 3,963,659                                | -  |
| Share of loss of associates                                       | (153,983)                                | 1,868,215                                |
| Provision for employees retirement benefits                       | 2,000,000                                | 5,591,220                                |
| Finance cost  | 12,514,617                               | 7,462,131                                |
|   | <b>32,804,431</b>                        | <b>24,707,290</b>                        |
| <b>Operating profit/ (loss) before changes in working capital</b> | <b>(28,789,224)</b>                      | <b>8,117,850</b>                         |
| <b>Changes in working capital</b>                                 |  |  |
| Stores, spares and loose tools                                    | (676,317)                                | (1,422,796)                              |
| Stock in trade  | 46,489,480                               | (11,249,115)                             |
| Trade debts   | (21,964,027)                             | 6,092,722                                |
| Advances, prepayments and other receivables                       | 9,265,166                                | (11,027,966)                             |
| Trade and other payables  | (37,196,965)                             | (23,429,444)                             |
|   | <b>(4,082,663)</b>                       | <b>(41,036,599)</b>                      |
| <b>Net cash used in from operations</b>                           | <b>(32,871,887)</b>                      | <b>(32,918,749)</b>                      |
| <b>Payments for</b>   |  |  |
| Interest/markup on borrowings                                     | (8,198,476)                              | (7,751,768)                              |
| Income tax  | (7,688,250)                              | (3,553,951)                              |
| Employees retirement benefits                                     | (12,004,301)                             | (8,610,024)                              |
| <b>Net cash used in operating activities</b>                      | <b>(60,762,914)</b>                      | <b>(52,834,492)</b>                      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                       |  |  |
| Capital expenditure   | (1,000,000)                              | (4,829,902)                              |
| Proceeds from disposal of assets                                  | 60,150,000                               | -  |
|   | <b>59,150,000</b>                        | <b>(4,829,902)</b>                       |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                       |  |  |
| Repayment of long term finances                                   | (8,000,000)                              | (2,500,000)                              |
| Net increase in short term borrowings                             | 9,509,148                                | 62,248,297                               |
| <b>Net cash generated from financing activities</b>               | <b>1,509,148</b>                         | <b>59,748,297</b>                        |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                  | <b>(103,766)</b>                         | <b>2,083,903</b>                         |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>   | <b>2,339,408</b>                         | <b>1,098,720</b>                         |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>         | <b>2,235,642</b>                         | <b>3,182,623</b>                         |

*The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.*

**CHIEF EXECUTIVE**

**CHIEF FINANCIAL OFFICER**

**DIRECTOR**

**D.S. INDUSTRIES LIMITED**

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019**

|  | Issued<br>subscribed and<br>paid-up capital<br><i>Rupees</i> | Discount on<br>issue of<br>ordinary shares<br><i>Rupees</i> | Surplus on<br>revaluation of<br>property, plan<br>and equipment<br><i>Rupees</i> | Accumulated<br>losses<br><i>Rupees</i> | Total<br>equity<br><i>Rupees</i> |
|--|--|---|--|--|----------------------------------|
| <b>Balance as at June 30, 2017 - Audited</b>     | 836,856,310  | (82,899,709)  | 214,247,198  | (697,192,244)                          | 271,011,555                      |
| <b>Comprehensive income</b>                      |  |   |  |  |                                  |
| Loss after taxation                              | -  | -   | -  | (22,506,443)                           | (22,506,443)                     |
| Other comprehensive income                       | -  | -   | -  | 13,325,357                             | 13,325,357                       |
| <b>Total comprehensive loss</b>                  | -  | -   | -  | (9,181,086)                            | (9,181,086)                      |
| <b>Balance as at March 31, 2018 - Un-audited</b> | <u>836,856,310</u>   | <u>(82,899,709)</u>   | <u>214,247,198</u>   | <u>(706,373,330)</u>                   | <u>261,830,469</u>               |
| <b>Balance as at April 01, 2018 - Un-audited</b> | 836,856,310  | (82,899,709)  | 214,247,198  | (706,373,330)                          | 261,830,469                      |
| <b>Comprehensive income</b>                      |  |   |  |  |                                  |
| Loss after taxation                              | -  | -   | -  | (53,276,391)                           | (53,276,391)                     |
| Other comprehensive loss                         | -  | -   | (10,337,465)   | (668,139)                              | (11,005,604)                     |
| <b>Total comprehensive income</b>                | -  | -   | (10,337,465)   | (53,944,530)                           | (64,281,995)                     |
| <b>Balance as at June 30, 2018 - Audited</b>     | <u>836,856,310</u>   | <u>(82,899,709)</u>   | <u>203,909,733</u>   | <u>(760,317,860)</u>                   | <u>197,548,474</u>               |
| <b>Balance as at July 01, 2018 - Audited</b>     | 836,856,310  | (82,899,709)  | 203,909,733  | (760,317,860)                          | 197,548,474                      |
| <b>Comprehensive income</b>                      |  |   |  |  |                                  |
| Loss after taxation                              | -  | -   | -  | (68,607,951)                           | (68,607,951)                     |
| Other comprehensive income                       | -  | -   | -  | -                                      | -                                |
| <b>Total comprehensive loss</b>                  | -  | -   | -  | (68,607,951)                           | (68,607,951)                     |
| Incremental depreciation                         | -  | -   | (9,117,378)  | 9,117,378                              | -                                |
| Transaction with owners                          | -  | -   | -  | -                                      | -                                |
| <b>Balance as at March 31, 2019 - Un-audited</b> | <u>836,856,310</u>   | <u>(82,899,709)</u>   | <u>194,792,355</u>   | <u>(819,808,433)</u>                   | <u>128,940,523</u>               |

*The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.*

**CHIEF EXECUTIVE**

**CHIEF FINANCIAL OFFICER**

**DIRECTOR**

## D.S. INDUSTRIES LIMITED

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

#### FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

#### 1 LEGAL STATUS AND OPERATIONS

D.S. Industries Limited [the Company] was incorporated in Pakistan as a Private Limited Company under the repealed Companies Act, 1913 (now the Companies Act, 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, Sheikhpura Faisalabad Road, Sheikhpura, 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, 2018.

This condensed interim financial information is neither audited nor reviewed except the comparative interim balance sheet as at June 30, 2018 and the related notes to the condensed interim financial information are based on audited financial statements

#### 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 since the previous year mainly due to economic instability and unfavourable 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.

As a result, the Company has incurred loss after taxation of Rs. 68,607 million. As at March 31, 2019 the Company has accumulated losses of Rs. 819,808 million. Its current liabilities exceed its current assets by Rs. 272,275 million. The Company has been unable to repay its long term debts on due dates. These factors indicate existence of material uncertainty that raise 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. 13,878 million in the form of long term interest free loans.
- b) The Company is making efforts to repay its long term finances in accordance with the repayment schedules to avail the interest/markup waiver offered by the lending banks. MCB Bank Limited has agreed to waive off an amount of Rs. 85,043 million subject to timely repayment of principal liabilities.
- c) The waiver of interest/markup is expected to make available sufficient working capital to the Company which will allow the Company to achieve its target of sustainable capacity utilization.

The management is confident that through above measures, the Company will turnaround into a profitable company, subject to impact, if any, of uncontrollable circumstances including power crises and global market conditions.

#### 2.3 Basis of measurement

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

#### 2.4 Judgments, estimates and assumptions

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from 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 April 29, 2019.

## 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 period but, unless specified otherwise, 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.

### IFRS 15 - Revenue from Contracts with Customers

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customer.

- Identify the contract with customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contracts.
- Recognized revenue when (or as) the entity satisfies a performance obligation.

### Clarifications to IFRS 15 - Revenue from Contracts with Customers

IFRS 15 - Revenue from Contracts with Customers have been amended to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

### IFRIC 22 - Foreign Currency Transactions and Advances Consideration

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

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

### Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2 - Share-

IFRS 2 - Share-based Payment have been amended to clarify the standard in relation to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from

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

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

- an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach;
- an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach

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

### Transfers of Investment Property (Amendments to IAS 40 - Investment Property)

IAS 40 - Investment Property have following amendments:

- Paragraph 57 have been amended to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.
- The list of examples of evidence in paragraph 57(a) – (d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list.

### Annual Improvements to IFRS Standards 2014–2016 Cycle (IFRS 1 - First-time Adoption of International Financial Reporting Standards and IAS 28 - Investments in Associates and Joint Ventures)

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Annual improvements makes amendments to the following standards:

- IFRS 1 - Deletes the short-term exemptions in paragraphs E3–E7 of IFRS1, because they have now served their intended purpose.
- IAS 28 - Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

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

|   | <b>Effective date<br/>(reporting period/year ended<br/>on or after)</b> |
|---|---|
| IFRS 9 - Financial Instruments (2014)   | January 01, 2019  |
|   | <b>Effective date<br/>(annual periods beginning<br/>on or after)</b>    |
| IFRS 16 - Leases (2016)   | January 01, 2019  |
| IFRS 17 - Insurance contracts (2017)  | January 01, 2021  |
| Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures). | Deferred Indefinitely   |
| IFRIC 23 - Uncertainty over Income Tax Treatments   | January 01, 2019  |
| Prepayment Features with Negative Compensation (Amendments to IFRS 9 - Financial Instruments)   | January 01, 2019  |
| Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28 - Investments in Associates and Joint Ventures)  | January 01, 2019  |
| Annual Improvements to IFRS Standards 2015 – 2017 Cycle   | January 01, 2019  |
| Plan Amendment, Curtailment or Settlement (Amendments to IAS 19 - Employee  | January 01, 2019  |
| Amendments to References to the Conceptual Framework in IFRS Standards  | January 01, 2020  |
| Definition of a Business (Amendments to IFRS 3 - Business Combinations)   | January 01, 2020  |
| 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)               | January 01, 2020  |

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

IFRS 1 - First Time Adoption of International Financial Reporting Standards

IFRS 14 - Regulatory Defferal Accounts

IFRS 17 – Insurance contracts (2017)

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

#### IFRS 9 - Financial Instruments

Finalised version of IFRS9 - Financial Instruments: *Recognition and Measurement* which contains accounting requirement for financial instruments, replacing IAS 39 - Financial Instruments: *Recognition and Measurement*. The standard contains requirements in the following areas:

- **Classification and measurement:** Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS9 introduces a ‘fair value through other comprehensive income’ category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of
- **Impairment:** The 2014 version of IFRS9 introduces an ‘expected credit loss’ model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is
- **Hedge accounting:** Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS

Adoption of this IFRS 9 may result in material adjustment to carrying amounts of financial assets and liabilities. However, the financial impact of the same cannot be estimated with reasonable certainty at this stage.

#### 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 30, 2018.

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|   | <b>Note</b> | <b>March 31, 2019</b> | <b>June 30, 2018</b> |
|---|-------------|-----------------------|----------------------|
|   |             | <i>Rupees</i>         | <i>Rupees</i>        |
|   |             | <i>(Un-Audited)</i>   | <i>(Audited)</i>     |
| <b>6 LONG TERM FINANCES - SECURED</b>   |             |                       |                      |
| Face Value  | 6.1         | 90,288,192            | 98,288,192           |
| Less: unamortized notional interest   | 6.2         | (11,579,448)          | (15,543,107)         |
|   |             | <u>78,708,744</u>     | <u>82,745,085</u>    |
| 6.1 The represent long term finances utilized under interest/markup arrangements from banking companies |             |                       |                      |
| MCB Bank Limited  |             | 103,288,192           | 111,288,192          |
| Current maturity and overdue amounts presented under current liabilities                                |             | (13,000,000)          | (13,000,000)         |
|   |             | <u>90,288,192</u>     | <u>98,288,192</u>    |
| 6.2 Unamortized notional interest   |             |                       |                      |
| As at beginning of the period   |             | 15,543,107            | -                    |
| Arising during the period   |             | (3,963,659)           | 15,543,107           |
| As at end of the period   |             | <u>11,579,448</u>     | <u>15,543,107</u>    |

### 7 CONTINGENCIES AND COMMITMENTS

There are no known contingencies or commitments as at the reporting date.

|  | <b>March 31, 2018</b> | <b>June 30, 2018</b> |
|--|-----------------------|----------------------|
|  | <i>Rupees</i>         | <i>Rupees</i>        |
|  | <i>(Un-Audited)</i>   | <i>(Audited)</i>     |
| <b>8 PROPERTY, PLANT AND EQUIPMENT</b>             |                       |                      |
| Net book value at the beginning of the period/year | 478,921,989           | 510,776,302          |
| Addition during the period/year                    | 1,000,000             | 91,200               |
| Disposal during the period/year                    | (61,016,685)          | -                    |
| Depreciation for the period/year                   | (19,061,078)          | (31,945,513)         |
| Net book value at end of the period/year           | <u>399,844,226</u>    | <u>478,921,989</u>   |

### 9 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:

|  | <b>Note</b> | <b>March 31, 2019</b> | <b>June 30, 2018</b> |
|--|-------------|-----------------------|----------------------|
|  |             | <i>Rupees</i>         | <i>Rupees</i>        |
|  |             | <i>(Un-Audited)</i>   | <i>(Audited)</i>     |
| Pervez Ahmed Capital (Private) Limited     | 9.1         | 85,617,349            | 85,463,366           |
|  |             | <u>85,617,349</u>     | <u>85,463,366</u>    |
| 9.1 Pervez Ahmed Capital (Private) Limited |             |                       |                      |
| Cost of investment                         |             | 85,000,000            | 85,000,000           |
| Share of post acquisition profits          |             | 617,349               | 463,366              |
|  |             | <u>85,617,349</u>     | <u>85,463,366</u>    |

## Nine Months Report March 31, 2019

|                                  | March 31, 2019       | June 30, 2018        |
|----------------------------------|----------------------|----------------------|
|                                  | <i>No. of shares</i> | <i>No. of shares</i> |
| Number of shares held            | <b>7,727,000</b>     | 7,727,000            |
|                                  | <i>% age</i>         | <i>% age</i>         |
| Percentage of ownership interest | <b>44.88</b>         | 44.88                |
|                                  | <i>Rupees</i>        | <i>Rupees</i>        |
| Break-up value per share         | <b>11.11</b>         | 11.52                |

### 9.1.1 Extracts 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:

|                                   | March 31, 2019      | June 30, 2018    |
|-----------------------------------|---------------------|------------------|
|                                   | <i>Rupees</i>       | <i>Rupees</i>    |
|                                   | <i>(Un-Audited)</i> | <i>(Audited)</i> |
| Assets                            | <b>191,028,477</b>  | 194,359,920      |
| Liabilities                       | <b>(255,917)</b>    | (3,930,464)      |
| (Loss)/profit for the period/year | <b>343,104</b>      | (25,051,177)     |
| Share of (loss)/profit            | <b>153,983</b>      | (11,242,787)     |

  

|  | Nine months ended   |                     | Three months ended  |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | March 31, 2019      | March 31, 2018      | March 31, 2019      | March 31, 2018      |
|  | <i>Rupees</i>       | <i>Rupees</i>       | <i>Rupees</i>       | <i>Rupees</i>       |
|  | <i>(Un-Audited)</i> | <i>(Un-Audited)</i> | <i>(Un-Audited)</i> | <i>(Un-Audited)</i> |

## 10 COST OF SALES

|                               |                    |              |                    |              |
|-------------------------------|--------------------|--------------|--------------------|--------------|
| Raw material consumed         | <b>397,866,508</b> | 300,585,413  | <b>48,224,711</b>  | 138,135,908  |
| Stores and spares consumed    | <b>10,790,420</b>  | 8,622,675    | <b>103,719</b>     | 1,531,968    |
| Salaries, wages and benefits  | <b>63,347,986</b>  | 60,003,859   | <b>3,276,052</b>   | 23,343,822   |
| Fuel and power                | <b>87,246,306</b>  | 80,837,012   | <b>30,120,994</b>  | 42,048,268   |
| Traveling and conveyance      | <b>1,075,496</b>   | 658,413      | <b>268,810</b>     | 286,640      |
| Repair and maintenance        | <b>922,440</b>     | 1,608,614    | <b>128,451</b>     | 799,175      |
| Insurance                     | <b>1,396,096</b>   | 1,171,592    | <b>(274,933)</b>   | 390,531      |
| Entertainment                 | <b>311,592</b>     | 428,191      | <b>61,628</b>      | 174,951      |
| Depreciation                  | <b>18,594,616</b>  | 23,391,924   | <b>4,222,786</b>   | 7,797,308    |
| Other manufacturing overheads | <b>968,673</b>     | 764,284      | <b>488,704</b>     | 269,200      |
|                               | <b>582,520,133</b> | 478,071,977  | <b>86,620,922</b>  | 214,777,771  |
| Work in process               |                    |              |                    |              |
| As at beginning of the period | <b>9,999,900</b>   | 12,868,500   | <b>7,500,000</b>   | 13,095,000   |
| As at end of the period       | <b>(7,088,375)</b> | (19,500,000) | <b>(7,088,375)</b> | (19,500,000) |
|                               | <b>2,911,525</b>   | (6,631,500)  | <b>411,625</b>     | (6,405,000)  |
|                               | <b>585,431,658</b> | 471,440,477  | <b>87,032,547</b>  | 208,372,771  |
| Finished goods                |                    |              |                    |              |
| As at beginning of the period | <b>3,859,024</b>   | 2,675,348    | <b>4,248,825</b>   | 3,422,164    |
| As at end of the period       | <b>(252,535)</b>   | (3,301,050)  | <b>(252,535)</b>   | (3,301,050)  |
|                               | <b>3,606,489</b>   | (625,702)    | <b>3,996,290</b>   | 121,114      |
|                               | <b>589,038,147</b> | 470,814,775  | <b>91,028,837</b>  | 208,493,885  |

## 11 PROVISION FOR TAXATION

### 11.1 Current taxation

Provision for current tax has been made in accordance with the requirements of section 113 of the Income Tax Ordinance, 2001

### 11.2 Deferred taxation

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

## 12 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise sponsors, associates and associated 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

Transactions with key management personnel are limited to payment of short term employee benefits and those with sponsors are limited to provision of temporary interest free loans to the Company. 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:

|   | Nine months ended              |                      |
|---|--------------------------------|----------------------|
|   | March 31, 2019                 | March 31, 2018       |
|   | <i>Rupees</i>                  | <i>Rupees</i>        |
|   | <i>(Un-Audited)</i>            | <i>(Un-Audited)</i>  |
| <b>12.1 Transactions with related parties</b> |                                |                      |
| <b>Nature of relationship</b>                 | <b>Nature of transaction</b>   |                      |
| Associates and associated undertakings        | Purchase of goods and services | 1,018,494            |
|   | Sales of goods and services    | 54,209,017           |
|   | Short term borrowings - net    | 4,800,000            |
|   |                                | 5,644,854            |
| Sponsors                                      | Short term borrowings - net    | 9,078,093            |
| Key management personnel                      | Short term employee benefits   | 1,172,216            |
|   |                                | 2,698,619            |
|   | <b>March 31, 2019</b>          | <b>June 30, 2018</b> |
|   | <i>Rupees</i>                  | <i>Rupees</i>        |
|   | <i>(Un-Audited)</i>            | <i>(Audited)</i>     |

## 12.2 Balances with related parties

| Nature of relationship                 | Nature of balance                    |            |            |
|--|--------------------------------------|------------|------------|
| Associates and associated undertakings | Trade debts                          | 23,117,111 | 8,059,375  |
|  | Short term borrowings                | 18,475,000 | 19,246,499 |
| Sponsors                               | Short term borrowings                | 34,040,752 | 32,974,672 |
| Key management personnel               | Short term employee benefits payable | 6,152,504  | 12,759,195 |

## 13 EVENTS AFTER THE REPORTING PERIOD

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

## 14 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 this condensed interim financial information.

## 15 GENERAL

15.1 There are no other significant activities since June 30, 2018 affecting the interim financial information.

15.2 Corresponding figures have been re-arranged where necessary to facilitate comparison. However, there are no significant reclassifications during the period.

15.3 Figures have been rounded off to the nearest Rupee.

**CHIEF EXECUTIVE**

**CHIEF FINANCIAL OFFICER**

**DIRECTOR**



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