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**HALF YEARLY
REVIEWED
REPORT
AND ACCOUNT
DECEMBER 31, 2015
(UNAUDITED)**

PAKISTAN PVC LIMITED

Registered Office
Shaffiabad, Gharo Dist. Thatta.

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, 2015 along with the auditors' review report.

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 was increased to Rs. 3.811 million as compared to Rs. 2.068 million of the same period last year and net loss during the year was Rs. 12.149 million as compared to a net loss of Rs. 13.014 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 long term loans 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 we have to state that these balances are 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 earlier that due to non availability of financial limits from the banks, discontinuation of electricity by KESC for Ghara plant, management of your company could not start the production at Ghara. As reported in earlier years I repeat my statement that unless Ghara plant goes into operation, no fruitful results could be seen,

On behalf of the Board of Directors
(ARIF SHAFFI)
Chief Executive

Islamabad: February 20, 2016

Auditor's Report to the Members on Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Pakistan PVC Limited** as at December 31, 2015 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the interim financial information) for the half year then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan.

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended December 31, 2015 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2015.

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 information consists of making inquiries, primarily of the 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.

Basis for disclaimer of opinion

1. As shown in this condensed interim financial information the company has accumulated loss of Rupees 445.336 million (June 30, 2015: Rupees 437.533 million) as at December 31, 2015 against the issued subscribed and paid up capital of Rupees 149.580 (June 30, 2015: Rupees 149.580) million turning shareholders' equity to a negative balance of Rupees 295.786 (June 30, 2015: 287.953) million. The current liabilities exceed the current assets by Rupees 309.684 (June 30, 2015: 302.461) 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.
2. Bank statements are not available to verify the correctness of balance of long 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 83.064 million and Rupees 83.499 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 towards Privatization Commission, Finance Division.
4. Deposits from customers amounting to Rupees 0.330 million (June 30, 2014: Rupees 0.330 million) have not been kept in special bank account as against the requirements of section 226 of the Companies Ordinance, 1984. However, any potential liability that may arise as a result of this continued non-compliance cannot presently be estimated, therefore, no effect for the same in these financial statements has been taken.
5. 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".
6. As more fully explained in note 5 of these condensed interim financial information the impact on the condensed interim financial statements of the disputed CDA plot of land at Islamabad is not determinable.

Disclaimer of conclusion

Because of the significance of the matters referred in paragraph 1 to 6 above, we do not express any conclusion on this condensed interim financial information.

Lahore:
Date: **February 20, 2016**

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Mushtaq Ahmad Vohra, FCA

PAKISTAN PVC LIMITED CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2015

	Un-audited December 31, 2015	Audited June 30, 2015		Un-audited December 31, 2015	Audited June 30, 2015
Note	Rupees		Note	Rupees	

SHARE CAPITAL AND RESERVES

Authorized capital
15,000,000 (June 30,
2015: 15,000,000)
ordinary shares of
Rs.10/- each

150,000,000 150,000,000

Issued, subscribed
and paid up capital

14,958,000 (June 30,
2015: 14,958,000)
ordinary shares of
Rs.10/- each

149,580,000 149,580,000

(445,366,669) (437,533,976)

Accumulated loss

(295,786,669) (287,953,976)

Surplus on revaluation
of property, plant and
equipment

137,093,525 141,409,518

NON CURRENT LIABILITIES

Long term financing

Deferred liabilities

Staff retirement
benefits - gratuity

186,315 184,104

CURRENT LIABILITIES

Trade and other payables

73,378,104 70,062,641

Accrued mark up / interest

166,563,602 162,944,113

Short term borrowings

39,006,316 39,137,524

Current portion of long
term financing

32,991,000 32,991,000

Provision for taxation - net

530,698 606,816

312,469,720 305,742,094

CONTINGENCIES AND COMMITMENTS

153,962,890 159,381,740

NON CURRENT ASSETS

Property, plant and
equipment

7 151,107,280 156,030,961

Long term investments

70,000 70,000

CURRENT ASSETS

Stores, spare part and
loose tools

- 31,501

Stocks in trade

717,536 680,307

Trade debts

1,117,051 1,804,600

Loans and advances

496,527 396,556

Trade deposits

100,000 100,000

Other receivables

11,103 5,504

Tax refunds due from
Government

130,148 156,683

Cash and bank balances

213,244 105,629

2,785,610 3,280,779

153,962,890 159,381,740

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

ARIF SHAFFI
CHIEF EXECUTIVE

MUHAMMAD SHAFFI
DIRECTOR

PAKISTAN PVC LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2015

		Quarter Ended		Half Year Ended	
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Note		-----Rupees-----			
Sales - net		1,838,897	1,338,943	3,811,136	2,068,206
Cost of sales	8	(5,510,505)	(6,546,342)	(11,835,996)	(11,501,557)
Gross loss		(3,671,608)	(5,207,399)	(8,024,860)	(9,433,351)
Other income		2,040,390	968,557	3,388,438	4,283,113
Distribution cost		(621,733)	(624,517)	(1,313,429)	(1,435,482)
Administrative expenses		(932,256)	(676,683)	(1,949,174)	(1,853,947)
Other operating expenses		-	-	-	-
Finance cost		(1,813,055)	(1,816,596)	(3,622,800)	(3,626,340)
Loss before taxation		(4,998,262)	(7,356,639)	(11,521,825)	(12,066,008)
Taxation		(435,359)	(116,459)	(626,861)	(947,979)
Loss for the period		(5,433,621)	(7,473,099)	(12,148,686)	(13,013,988)
Loss per share - basic and diluted		(0.36)	(0.50)	(0.81)	(0.87)

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

ARIF SHAFFI
CHIEF EXECUTIVE

MUHAMMAD SHAFFI
DIRECTOR

PAKISTAN PVC LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2015

	Quarter Ended		Half Year Ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
-----Rupees-----				
Loss for the period	(5,433,621)	(7,473,099)	(12,148,686)	(13,013,988)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	(5,433,621)	(7,473,099)	(12,148,686)	(13,013,988)

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

ARIF SHAFFI
CHIEF EXECUTIVE

MUHAMMAD SHAFFI
DIRECTOR

PAKISTAN PVC LIMITED**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITE
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

	December 31, 2015	December 31, 2014
	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(11,521,825)	(12,066,008)
<i>Adjustments for :</i>		
Depreciation	4,923,681	5,484,492
Finance cost	3,622,800	3,626,340
Bad debts	-	-
Provision for staff retirement benefits - gratuity	2,211	2,211
Rental income	(3,388,438)	(4,283,113)
	5,160,253	4,829,931
Operating cash flows before changes in working capital	(6,361,572)	(7,236,077)
(Increase) / decrease in current assets		
Stock in trade	(37,229)	13,935
Stores, spare part and loose tools	31,501	-
Trade debts	687,549	452,241
Loans and advances	(99,971)	280,371
Trade deposits and other receivables	-	(100,000)
Tax refunds due from Government - sales tax	26,535	(45,652)
	608,384	600,896
Increase in current liabilities		
Trade and other payables	3,322,224	4,252,135
	3,930,608	4,853,031
Net cash used in operations	(2,430,964)	(2,383,047)

Income tax paid	(702,979)	(1,291,512)
Finance cost paid	(3,311)	(6,852)
	(706,290)	(1,298,363)
Net cash used in operating activities	(3,137,254)	(3,681,410)
CASH FLOWS FROM INVESTING ACTIVITIES		
Rent received	3,376,078	3,468,397
Net cash generated from investing activities	3,376,078	3,468,397
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase / (Decrease) in short term borrowings	(131,209)	186,756
Net cash (used) / generated from financing activities	(131,209)	186,756
Net increase / (decrease) in cash and cash equivalents	107,615	(26,257)
Cash and cash equivalent at the beginning of the period	105,629	176,346
Cash and cash equivalent at the end of the period	213,244	150,088

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

ARIF SHAFFI
CHIEF EXECUTIVE

MUHAMMAD SHAFFI
DIRECTOR

PAKISTAN PVC LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	Share capital	Accumulated loss	Total
	-----RUPEES-----		
Balance as at July 1, 2014	149,580,000	(420,911,735)	(271,331,735)
Total comprehensive loss for the period	-	(13,013,988)	(13,013,988)
Transfer from revaluation surplus on account of incremental depreciation	-	4,795,548	4,795,548
Balance as at December 31, 2014	<u>149,580,000</u>	<u>(429,130,175)</u>	<u>(279,550,175)</u>
Balance as at July 1, 2015	149,580,000	(437,533,976)	(287,953,976)
Total comprehensive loss for the period	-	(12,148,686)	(12,148,686)
Transfer from revaluation surplus on account of incremental depreciation	-	4,315,993	4,315,993
Balance as at December 31, 2015	<u>149,580,000</u>	<u>(445,366,669)</u>	<u>(295,786,669)</u>

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

ARIF SHAFFI
CHIEF EXECUTIVE

MUHAMMAD SHAFFI
DIRECTOR

PAKISTAN PVC LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2015

1 LEGAL STATUS AND OPERATIONS

- 1.1 Pakistan PVC Limited (the company) is incorporated in Pakistan and is listed on the Pakistan stock exchange.
- 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

Statement of compliance

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the International Financial Reporting Standard (IFRS), IAS 34 'Interim Financial Reporting' as applicable in Pakistan. 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 as at and for the year ended June 30, 2015.

This condensed interim financial information is being submitted to the shareholders as required by the Listing Regulations of Pakistan stock exchanges and section 245 of the Companies Ordinance, 1984.

These condensed interim financial statements comprise of condensed interim balance sheet, condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes for the half year ended December 31, 2015 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, 2015.

3 SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended June 30, 2015.
- 3.2 Amendments to certain existing standards and new interpretations on approved accounting standards effective during the period either were not relevant to the company's operations or did not have any impact on the accounting policies of the company.

4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

Judgments and estimates made by management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended June 30, 2015.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2015.

5 CONTINGENCIES AND COMMITMENTS

- 5.1 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 Companies Ordinance, 1984. The inspector has submitted report on his findings to the SECP. The outcome can not be anticipated at this stage.
- 5.2 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.
- 5.3 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. 48,005,929 aggregating to Rs. 80,996,929. The outcome of the case is still undecided however, the legal opinion of the solicitors appointed by the company are of the view that even if the above suit is decided against the company it shall not involve the company into any financial loss.

6 CURRENT PORTION OF LONG TERM FINANCING

The entire amount of the loan remains overdue and unpaid.

7 PROPERTY, PLANT AND EQUIPMENT

Note	Un-audited December 31, 2015	Audited June 30, 2015
	-----Rupees-----	
Operating assets	50,415,266	51,529,894
Non operating assets	100,692,014	104,501,067
	<u>151,107,280</u>	<u>156,030,961</u>

7.1 Operating assets

Opening book value	51,529,894	54,034,315
Less: Depreciation charged during the period	(1,114,627)	(2,504,421)
	<u>(1,114,627)</u>	<u>(2,504,421)</u>
Closing book value	<u>50,415,266</u>	<u>51,529,894</u>

7.2 Non operating assets

Opening book value	104,501,067	112,965,630
Less: Depreciation charged during the period	(3,809,053)	(8,464,563)
	<u>(3,809,053)</u>	<u>(8,464,563)</u>
Closing book value	<u>100,692,014</u>	<u>104,501,067</u>

8 COST OF SALES

Note	Quarter Ended		Half Year Ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	-----Rupees-----			
Opening finished goods	593,808	621,905	585,022	423,327
Purchases of pipes and fittings	29,893	66,694	91,247	66,694
Cost of goods manufactured	5,396,381	6,455,301	11,669,305	11,609,094
	<u>6,020,082</u>	<u>7,143,900</u>	<u>12,345,574</u>	<u>12,099,115</u>
Closing finished goods	(509,577)	(597,558)	(509,577)	(597,558)
	<u>5,510,505</u>	<u>6,546,342</u>	<u>11,835,996</u>	<u>11,501,557</u>

8.1 Cost of Goods Manufactured

	Quarter Ended		Half Year Ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	-----Rupees-----			
Opening raw material	87,972	292,549	57,035	281,649
Purchase of raw material	967,306	652,302	1,837,067	843,610
Closing raw material	(89,271)	(104,064)	(89,271)	(104,064)
Packing and raw material consumed	<u>966,007</u>	<u>840,787</u>	<u>1,804,831</u>	<u>1,021,194</u>
Director's remuneration	187,500	187,500	375,000	375,000
Salaries, wages and benefits	1,106,544	1,609,215	2,648,847	2,436,727
Fuel and power	269,595	435,747	740,081	972,701
Stores and spares	128,080	87,915	289,800	249,825
Repair and maintenance	266,849	245,436	719,897	553,655
Postage and telephone	42,755	28,228	83,938	69,589
Rent, rates and taxes	-	176,400	10,600	176,400
Traveling and conveyance	63,860	131,290	162,781	269,944
Entertainment	7,056	14,426	19,352	24,498
Depreciation	2,447,308	2,708,812	4,894,616	5,448,978
	<u>5,485,554</u>	<u>6,465,756</u>	<u>11,749,743</u>	<u>11,598,512</u>
Opening work in process	29,515	48,677	38,250	69,714
Closing work in process	(118,688)	(59,132)	(118,688)	(59,132)
	<u>(89,173)</u>	<u>(10,455)</u>	<u>(80,438)</u>	<u>10,582</u>
	<u>5,396,381</u>	<u>6,455,301</u>	<u>11,669,305</u>	<u>11,609,094</u>

9 TRANSACTIONS WITH RELATED PARTIES

		Half Year Ended	
		December 31,	December 31,
		2015	2014
		-----Rupees-----	
Relationship with the company	Nature of transaction		
Key management personnel	Salaries and other employee benefits	1,500,000	1,400,871

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 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 20, 2016 by the board of directors of the company.

ARIF SHAFFI
CHIEF EXECUTIVE

MUHAMMAD SHAFFI
DIRECTOR