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**QUARTERLY REPORT
AND ACCOUNT
MARCH 31, 2013
(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 unaudited accounts for the 3rd quarter ended March 31, 2013.

Sales during the year under review was increased to Rs. 2.594 million as compared to Rs. 1.884 million of the same period last year and net loss during the year was Rs. 15.487 million as compared to a net loss of Rs. 16.820 million during the previous year. The lower production of PVC Pipes & Fittings at Islamabad is due to shortage of funds and prevailing economic conditions in the country.

The financial position of your company during the quarter ended March 31, 2013 further deteriorated due to high raw material cost, political situation, financial charges, idle cost and depreciation. As reported previously, Gharo Plant remains closed and there was no production during the period under review.

Islamabad: April 20, 2013

(ARIF SHAFFI)
Chief Executive

PAKISTAN PVC LIMITED CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2013

Note	Un-audited March 31, 2013	Audited June 30, 2012	Note	Un-audited March 31, 2013	Audited June 30, 2012
	-----Rupees-----			-----Rupees-----	
SHARE CAPITAL AND RESERVES			NON CURRENT ASSETS		
Authorized capital			Property, plant and equipment		
15,000,000 (June 30, 2012: 15,000,000) ordinary shares of Rs.10/- each			7	144,748,066	150,647,858
150,000,000					
150,000,000					
Issued, subscribed and paid up capital			Long term investments		
14,958,000 (June 30, 2012: 14,958,000) ordinary shares of Rs.10/- each				54,000	54,000
Accumulated loss					
149,580,000					
(413,442,856)					
(404,856,007)					
(263,862,856)					
(255,276,007)			Long term deposits		
				-	160,315
Surplus on revaluation of property, plant and equipment					
126,621,020			133,520,680		
133,520,680					
NON CURRENT LIABILITIES			CURRENT ASSETS		
Long term financing			Stores, spares and loose tools		
20,041,401			240		
20,041,401			-		
Deferred liabilities			Stocks in trade		
Staff retirement benefits - gratuity			1,045,958		
174,154			578,572		
170,838			Trade debts		
			1,372,189		
			1,456,638		
CURRENT LIABILITIES			Loans and advances		
Trade and other payables			131,857		
66,410,624			735,571		
66,001,047			Trade deposits and short term prepayments		
Accrued mark up / interest			-		
146,656,414			12,500		
141,227,180			Other receivables		
Short term borrowings			101,705		
18,580,520			101,705		
17,871,821			Tax refunds due from Government		
Current portion of long term financing			551,850		
6	32,991,000	32,991,000	566,184		
Provision for taxation - net			Cash and bank balances		
432,555			38,966		
265,071,113			2,234,617		
258,091,049			3,242,766		
			5,685,788		
CONTINGENCIES AND COMMITMENTS					
5					
148,044,832			148,044,832		
156,547,961			156,547,961		

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

ARIF SHAFFI
CHIEF EXECUTIVE

MOHAMMAD SHAFFI
DIRECTOR

PAKISTAN PVC LIMITED**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2013**

		Quarter Ended		Third Quarter Ended	
		March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Note		-----Rupees-----			
Sales - net		1,699,868	459,188	2,594,048	1,883,796
Cost of sales	8	(5,529,396)	(4,949,813)	(15,705,015)	(16,394,928)
Gross loss		(3,829,528)	(4,490,625)	(13,110,967)	(14,511,132)
Other operating income		5,286,870	2,929,044	9,259,053	8,710,992
Distribution cost		(1,505,124)	(653,723)	(2,299,811)	(2,123,441)
Administrative expenses		(1,876,287)	(844,623)	(2,696,319)	(2,586,854)
Finance cost		(3,622,379)	(1,817,179)	(5,435,797)	(5,454,523)
Loss before taxation		(5,546,449)	(4,877,106)	(14,283,842)	(15,964,958)
Taxation		(1,202,667)	(297,496)	(1,202,667)	(854,937)
Loss for the period		(6,749,115)	(5,174,602)	(15,486,509)	(16,819,895)
Loss per share - basic and diluted		(0.45)	(0.35)	(1.04)	(1.12)

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

ARIF SHAFFI
CHIEF EXECUTIVE

MOHAMMAD SHAFFI
DIRECTOR

PAKISTAN PVC LIMITED**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2013**

	Quarter Ended		Third Quarter Ended	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
-----Rupees-----				
Loss for the period	(6,749,115)	(5,174,602)	(15,486,509)	(16,819,895)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	(6,749,115)	(5,174,602)	(15,486,509)	(16,819,895)

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

ARIF SHAFFI
CHIEF EXECUTIVE

MOHAMMAD SHAFFI
DIRECTOR

PAKISTAN PVC LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED MARCH 31, 2013

	March 31, 2013	March 31, 2012
	-----Rupees-----	
FLOW FROM OPERATING ACTIVITIES		
Before taxation	(14,283,842)	(15,964,958)
Adjustments for :		
Depreciation	7,914,792	8,881,988
Finance cost	5,435,797	5,454,523
Long term Deposits write off	160,315	
Trade debts	281,227	
Other income	-	
Provision for staff retirement benefits - gratuity	3,316	3,316
Trade deposits	12,500	-
Net income	(9,540,280)	
	4,267,668	14,339,827
Operating cash flows before changes in working capital	(10,016,174)	(1,625,131)
Change (increase) / decrease in current assets		
Stores, spares and loose tools	(240)	(7,301)
Stock in trade	(467,386)	(41,685)
Trade debts	84,449	(17,411)
Loans and advances	(287,084)	(283,302)
Trade deposits	(12,500)	-
Other receivables	-	59,275
Tax refunds due from Government - sales tax	(99,184)	(130,174)
	(781,946)	(420,598)
Increase in current liabilities		
Trade and other payables	3,149,506	3,556,921
	2,367,560	3,136,323
Net cash generated from operations	(7,648,614)	1,511,192
Income tax paid	(656,594)	(848,955)
Finance cost paid	(6,564)	(17,856)
	(663,157)	(866,811)
Net cash generated from operating activities	(8,311,771)	644,381
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,015,000)	(20,900)
Long term deposits	(160,315)	
Rent received	7,582,735	
Net cash used in investing activities	5,407,420	(20,900)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase/(Decrease) in short term borrowings	708,699	(508,520)
Net cash used in financing activities	708,699	(508,520)
Net increase / (decrease) in cash and cash equivalents	(2,195,652)	114,961
Cash and cash equivalent at the beginning of the period	2,234,617	134,419
Cash and cash equivalent at the end of the period	38,965	249,380

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

PAKISTAN PVC LIMITED**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2013**

	Share capital	Accumulated loss	Total
	-----RUPEES-----		
Balance as at July 1, 2011	149,580,000	(390,008,701)	(240,428,701)
Total comprehensive loss for the period	-	(16,819,895)	(16,819,895)
Transfer from revaluation surplus on account of incremental depreciation	-	5,110,860	5,110,860
Balance as at December 31, 2011	<u>149,580,000</u>	<u>(401,717,736)</u>	<u>(252,137,736)</u>
Balance as at July 1, 2012	149,580,000	(404,856,007)	(255,276,007)
Total comprehensive loss for the period	-	(15,486,509)	(15,486,509)
Transfer from revaluation surplus on account of incremental depreciation	-	6,899,660	6,899,660
Balance as at March 31, 2013	<u>149,580,000</u>	<u>(413,442,856)</u>	<u>(263,862,856)</u>

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

ARIF SHAFFI
CHIEF EXECUTIVE

MOHAMMAD SHAFFI
DIRECTOR

PAKISTAN PVC LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2012

1 LEGAL STATUS AND OPERATIONS

- 1.1 Pakistan PVC Limited (the company) is incorporated in Pakistan and is listed on the Karachi (KSE) and Lahore Stock exchange (LSE). KSE has transferred the company to default counter. The present management are the ex-owners of the company who took over the management on February 08, 1992 after acquiring 51% shares from the Privatization Commission of Government of Pakistan under the privatization policy. During the year 2006, the company offered right shares in the ratio of two shares for every one share held. Only 180 shares were subscribed by the existing shareholders, remaining shares were taken up by the underwriter (Ensena Holdings Inc.), which constitutes 66% of the total shareholding. The registered office of the company is situated at Shaffiabad, Gharo, 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 Gharo 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. The company has applied for settlement of loans to all financial institutions under SBP circular no. 29, dated October 15, 2002, as a result long term loan from HBL has been settled.
- 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, 2012.

This condensed interim financial information is being submitted to the shareholders as required by the Listing regulations of Karachi, Lahore and Islamabad 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 statement of cash flow and condensed interim statement of changes in equity together with the notes for the half year ended December 31, 2012 which have been subjected to a review but not audited. These condensed interim financial statements also include the condensed interim income statement for the quarter ended December 31, 2012.

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, 2012.
- 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, 2012.

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, 2012.

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. 80,976,929. 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 outcome of the case is unfavorable for the company there will be no financial consequences.

6 CURRENT PORTION OF LONG TERM FINANCING

The entire amount of the loan remains overdue and unpaid.

7 PROPERTY, PLANT AND EQUIPMENT

		Un-audited March 31, 2013	Audited June 30, 2012
	Note	-----Rupees-----	
Operating assets	7.1	50,600,616	50,485,776
Non operating assets	7.2	97,108,112	103,122,745
		<u>147,708,729</u>	<u>153,608,521</u>

7.1 Operating assets

Opening book value		50,485,776	52,663,939
Add: Additions during the period		2,015,000	20,900
Less: Depreciation charged during the period		(1,900,160)	(2,199,063)
		114,840	(2,178,163)
Closing book value		<u>50,600,616</u>	<u>50,485,776</u>

7.2 Non operating assets

Opening book value		103,122,745	109,805,670
Add: Additions during the period		-	-
Less: Depreciation charged during the period		(6,014,633)	(6,682,925)
		(6,014,633)	(6,682,925)
Closing book value		<u>97,108,112</u>	<u>103,122,745</u>

8 COST OF SALES

		Quarter Ended		Third Quarter Ended	
	Note	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
		-----Rupees-----			
Opening finished goods		491,877	108,717	484,147	389,567
Purchases of pipes and fittings		254,448	132,005	309,647	208,807
Cost of goods manufactured	8.1	5,580,626	5,035,508	15,708,777	16,122,972
		6,326,951	5,276,230	16,502,571	16,721,346
Closing finished goods		(797,555)	(326,417)	(797,555)	(339,238)
		<u>5,529,396</u>	<u>4,949,813</u>	<u>15,705,015</u>	<u>16,382,108</u>

		Quarter Ended		Third Quarter Ended	
		March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
		-----Rupees-----			

8.1 Cost of Goods Manufactured

Opening raw material		19,840	7,367,483	42,238	7,370,898
Purchase of raw material		725,645	313,160	1,752,884	1,030,290
Closing raw material		(219,276)	(7,402,178)	(219,276)	(7,402,178)
Packing and raw material consumed		526,209	278,465	1,575,846	999,010
Director's remuneration		276,534	187,500	375,003	562,500
Salaries, wages and benefits		1,168,132	1,160,607	3,290,798	3,289,721
Fuel and power		305,166	388,726	958,858	1,222,831
Stores and spares		128,765	14,933	238,504	112,695
Repair and maintenance		271,823	187,403	618,564	772,113
Postage and telephone		19,233	4,125	101,800	51,826
Printing and stationery		-	-	500	-
Rent, rates and taxes		-	5,900	95,600	180,304
Traveling and conveyance		278,745	185,505	585,227	472,031
Entertainment		-	-	10,042	4,834
Depreciation		2,563,706	2,671,082	7,834,975	8,528,557
		5,538,314	5,084,246	15,685,717	16,196,422
Opening work in process		71,440	590,677	52,187	565,965
Closing work in process		(29,128)	(639,415)	(29,128)	(639,415)
		42,313	(48,738)	23,060	(73,450)
		<u>5,580,626</u>	<u>5,035,508</u>	<u>15,708,777</u>	<u>16,122,972</u>

9 TRANSACTIONS WITH RELATED PARTIES

		Quarter Ended	
		March 31,	March 31,
		2013	2013
		-----Rupees-----	
Relationship with the company	Nature of transaction		
Key management personnel	Salaries and other employee benefits	2,250,000.00	2,250,000.00
Mr. Arif Shaffi-Director	Short term borrowing	571,020	-
Mrs.Parveen Shaffi-W/O Director	Short term borrowing	1,609,500	-
Mr.Asif Shaffi-Director	Short term borrowing	1,400,000	-
Parveen Shaffi-Hiers Mr. Reyaz Shaffi	Long term financing	20,041,401	-

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 April 20, 2013 by the board of directors of the company.

ARIF SHAFFI
CHIEF EXECUTIVE

MOHAMMAD SHAFFI
DIRECTOR