

HALF YEARLY REPORT DEC 2020



**DADABHOY
GROUP**



DADABHOY CEMENT INDUSTRIES LTD.

DADABHOY CEMENT INDUSTRIES LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Fazal Karim Dadabhoy
Mr. Danish Dadabhoy
Mr. Shahban Ali
Mr. Jumma Baig
Mr. Mohammad Zaman
Mr. Munir Hussain
Mr. Liaquat Hussain

Chief Executive

CHIEF FINANCIAL OFFICER

Mr. Aslam Motan

COMPANY SECRETARY

Mr. Muhammad Rashid.

AUDITORS

M/s A A Baig & Co., Chartered Accountants

LEGAL ADVISOR

Mr. Salim Thepdawala & Company

BANKER

Silk Bank Limited
Bank Al Habib Limited

REGISTERED OFFICE

Noor Centre Office No.4, 2nd Floor
Plot No. 30-C Ittehad Lane 12
Phase VII D.H.A, Karachi.
Tel : 021-35312007-9
URL : www.mhdadabhoy.com

SHARE REGISTRAR

Formerly M/s. Technology Trade (Pvt) Ltd.
Dagia House, 241-C, Block 2, P.E.C.H.S.
Off Shahrah-e-Quaideen, Karachi.
Telephone No. 43913 16-17, Fax No. 4391318

FACTORY

Nooriabad Deh Kalu Kohar,
District Dadu (Sindh)

HUMAN RESOURCE & REMUNERATION COMMITTEE

| | |
|--------------------------|----------|
| Mr. Jumma Baig | Chairman |
| Mr. Danish Dadabhoy | Member |
| Mr. Fazal Karim Dadabhoy | Member |

AUDIT COMMITTEE

| | |
|--------------------------|----------|
| Mr. Shahban Ali | Chairman |
| Mr. Danish Dadabhoy | Member |
| Mr. Fazal Karim Dadabhoy | Member |



A A BAIG & CO.

CHARTERED ACCOUNTANTS
INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF DADABHOY CEMENT INDUSTRIES LIMITED
REPORT ON THE REVIEW OF THE FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Dadabhoi Cement Industries Limited as at 31 December 2020 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

The figures of interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2020 and December 31, 2019 have not been reviewed as we are required to review only the cumulative figures for the half year ended December 31, 2019.

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 condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Adverse Conclusion

During the period ended December 31, 2020, the Company has incurred loss before tax amounting to Rs. 3.071 million and has accumulated losses as on that date amounting to Rs. 771.901 million. The operations of the Company are closed since financial year 2009 due to which the Company has been facing financial and operational difficulties and was unable to discharge its financial and operational liabilities in ordinary course of business. The Company was reporting nil sales since then and was totally dependent upon the financial support of its directors and sponsors to fulfil its operational and financial obligations. During the year ended June 30, 2018, the Company had also disposed off all of its operating fixed assets and settled its outstanding bank loan and other obligations. Moreover, management has not made the assessment of going concern of the Company.

These factors indicate the existence of material uncertainty that may cast significant doubts regarding the Company's ability to continue as a going concern. The interim financial statements do not disclose this fact. Further, the mitigating factors disclosed by the management in the interim financial statements in note no. 1.3 reflect only initial steps taken by the management for restarting the operational activities of the Company, which have not been materialized till the issue of these interim financial statements.

AAB&Co.

Owing to the significance of the matters stated in the preceding paragraph, these interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Mirza Asad Ali Baig.

Date: March 01, 2021
Karachi

AABaig & Co.
A A BAIG & Co.
CHARTERED ACCOUNTANTS
AAB & Co.

DADABHOY CEMENT INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020 (UN-AUDITED)

| | | (Un-audited) December 31, 2020 (Rupees in thousand) | (Audited) June 30, 2020 |
|--|-------------|--|--|
| | Note | | |
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, plant and equipments | 3 | 581 | - |
| Long term investments | 4 | - | - |
| | | 581 | - |
| Current Assets | | | |
| Advances and other receivables | 5 | 2,685 | 2,087 |
| Short term investment | 6 | 118,581 | 118,581 |
| Cash and bank balances | 7 | 129,700 | 134,369 |
| | | 250,965 | 255,037 |
| Total Assets | | 251,546 | 255,037 |
| EQUITY AND LIABILITIES | | | |
| Authorized Capital | | | |
| 150,000,000 (2019: 150,000,000) Ordinary shares of Rs. 10 each | | 1,500,000 | 1,500,000 |
| Issued, subscribed and paid up capital | | | |
| Capital reserves | 8 | 982,366 | 982,366 |
| Other capital reserve | | 33,224 | 33,224 |
| Revenue reserve | | | |
| Accumulated losses | | (771,901) | (768,830) |
| Shareholders' equity | | 243,689 | 246,760 |
| Non-Current Liabilities | | | |
| Deferred liabilities | 9 | - | - |
| Current Liabilities | | | |
| Trade and other payable | 10 | 7,291 | 7,711 |
| Unclaimed dividend | | 566 | 566 |
| | | 7,857 | 8,277 |
| Commitments and Contingencies | 11 | - | - |
| Total Equity and Liabilities | | 251,546 | 255,037 |

The annexed notes from 1 to 19 form an integral part of these financial statements.



Chief Executive



Director



Chief Financial Officer

DADABHOY CEMENT INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED DECEMBER 31, 2020 (UN-AUDITED)

| | Note | Half year ended | | Quarter year ended | |
|--|------|-----------------------|-----------------------|-----------------------|----------------------|
| | | December | December | December | December |
| | | 31, 2020 | 31, 2019 | 31, 2020 | 31, 2019 |
| | | (Rupees in thousand) | | (Rupees in thousand) | |
| Administrative expenses | 12 | (7,022) | (1,651) | (3,157) | (598) |
| Financial cost - bank charges | | - | (3) | - | (1) |
| Operating loss | | <u>(7,022)</u> | <u>(1,654)</u> | <u>(3,157)</u> | <u>(599)</u> |
| Other charges | 13 | (35) | (54) | (35) | (54) |
| Other income | 14 | 3,986 | 7 | 2,000 | 4 |
| Loss before taxation | | <u>(3,071)</u> | <u>(1,701)</u> | <u>(1,192)</u> | <u>(649)</u> |
| Taxation | 15 | - | - | - | - |
| Loss after taxation | | <u>(3,071)</u> | <u>(1,701)</u> | <u>(1,192)</u> | <u>(649)</u> |
| Other comprehensive income: | | - | - | - | - |
| Total comprehensive loss for the year | | <u><u>(3,071)</u></u> | <u><u>(1,701)</u></u> | <u><u>(1,192)</u></u> | <u><u>(649)</u></u> |
| Loss per share - basic and diluted (Rupees) | | <u><u>(0.03)</u></u> | <u><u>(0.02)</u></u> | <u><u>(0.02)</u></u> | <u><u>(0.01)</u></u> |

The annexed notes from 1 to 19 form an integral part of these financial statements.



Chief Executive



Director



Chief Financial Officer

DADABHOY CEMENT INDUSTRIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED DECEMBER 31, 2020 (UN-AUDITED)

| | Share Capital | Capital Reserves | Revenue Reserve | Shareholders' equity |
|--|--|-----------------------|--|----------------------|
| | Issued, subscribed and paid up capital | Other capital reserve | Surplus on revaluation of fixed assets | Accumulated losses |
| | (Rupees in thousand) | | | |
| Balance as at July 01, 2019 | 982,366 | 33,224 | - | (764,238) |
| Total comprehensive income for the year | | | | |
| Loss after taxation | - | - | - | (1,701) |
| Other comprehensive income | - | - | - | - |
| Balance as at December 31, 2019 | 982,366 | 33,224 | - | (765,939) |
| Balance as at July 01, 2020 | 982,366 | 33,224 | - | (768,830) |
| Total comprehensive loss for the year | | | | |
| Loss after taxation | - | - | - | (3,071) |
| Other comprehensive income | - | - | - | - |
| Balance as at December 31, 2020 | 982,366 | 33,224 | - | (771,901) |

The annexed notes from 1 to 19 form an integral part of these financial statements.



Chief Executive



Director



Chief Financial Officer

DADABHOY CEMENT INDUSTRIES LIMITED
STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED DECEMBER 31, 2020 (UN-AUDITED)

FOR THE HALF-YEAR ENDED DECEMBER 31, 2020 (UN-AUDITED)

| | December 31, 2020 | December 31, 2019 |
|--|----------------------|----------------------|
| | Half year ended | |
| Note | (Rupees in thousand) | |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Loss before taxation | (3,071) | (1,701) |
| Adjustments for: | | |
| Depreciation | 27 | - |
| Financial charges | - | 3 |
| Cash flow before working capital changes | (3,044) | (1,698) |
| Working capital changes: | | |
| Increase in current assets | | |
| Advances and other receivables | (598) | (226) |
| Decrease in current liabilities | | |
| Trade and other payable | (420) | (23) |
| Cash used in operations | (4,062) | (1,947) |
| Financial charges paid | - | (3) |
| Net cash used in operating activities | (4,062) | (1,950) |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | (608) | - |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | - | - |
| Net decrease in cash and cash equivalents | (4,669) | (1,950) |
| Cash and cash equivalents at beginning of the year | 134,369 | 136,722 |
| Cash and cash equivalents at end of the year | 129,700 | 134,772 |

The annexed notes from 1 to 19 form an integral part of these financial statements.



Chief Executive



Director



Chief Financial Officer

DADABHOY CEMENT INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED DECEMBER 31, 2020 (UN-AUDITED)

1 STATUS AND NATURE OF BUSINESS

1.1 Dadabhoj Cement Industries Limited (DCIL) was incorporated on 09 August 1979 as a public limited company in Pakistan and is listed on Pakistan Stock Exchange Limited - PSX. Company is a subsidiary of Leo (Pvt.) Limited. The Company is engaged in the manufacturing and sale of ordinary portland, slag and sulphate resistant cement. The Company's registered office is situated at Suite # 4, 2nd Floor, Plot no. 28-30 / C, Noor Centre, Khayaban-e-Ittehad, Lane no.12, Phase VII, D.H.A., Karachi.

Trading in shares of the Company was suspended by the Stock Exchanges on April 13, 2015 due to non compliances with respect to PSX regulations.

1.2 Impact of COVID 19 on financial statements

The novel coronavirus (COVID-19) emerged and since then, the condition has continued to deteriorate. On January 30, 2020, The International Health Regulations Emergency Committee of the World Health Organisation declared the outbreak "Public Health Emergency of International Concern". Many countries including Pakistan have enacted protection measures against COVID-19, with a significant impact on economic activities in these countries. The evolution of COVID-19 as well as its impact on the global and the local economy is hard to predict at this stage.

As of the release date of these financial statements, there has been no specifically material quantifiable impact of COVID-19 on the Company's financial condition or results of operations except for the delay in execution of Memorandum of Understanding (MoU) with Guangzhou China Engineering Limited since February 2020.

1.3 Going concern assumption

The Company having accumulated losses as at reporting date amounting to Rs. 771.90 million (June 30, 2020: Rs. 764.24 million). The operations of the Company are closed since financial year 2009 due to which the Company has been facing financial and operational difficulties and was unable to discharge its financial and operational liabilities in due course of business. The Company was reporting nil sales since then and was totally dependent upon the financial support of its Directors and sponsors.

The management of the Company has prepared these financial statements on going concern basis due to the following reasons:

- a)** The management intends to revive the operations of the Company by diversifying its operations towards hoteling and other related sectors for which the planning is still on the initial stage as on the reporting date.
- b)** To achieve the objective mentioned in para (a) above, the Company has been corresponding with the prospective investors to attract the investment in the Company.
- c)** The Company has entered a Memorandum of Understanding (MoU) with Guangzhou China Engineering Limited dated June 10, 2019 to join their capabilities, references and resources for setting up of a new cement plant with a capacity of 7000 T/D however, no further progress in this regard due to COVID 19 outbreak.

Management is confident that the Company would be able to revive its operations in the foreseeable future which will result in improving the overall financial and operational outlook of the Company.

1.4 During the year, the Securities and Exchange Commission of Pakistan (SECP) vide its order dated October 28, 2019 under clause (m) Of Section 301 read with clause (b) of the Section 304 of the Companies Act, 2017 (under clause (b) of Section 309 read with clause (c) of Section 305 of the Companies Ordinance, 1984) has ordered that the Company is liable to wound up thereby authorizing the Registrar, the Company Registration Office Karachi, to present a petition for winding up of the Company. Pakistan Stock Exchange (PSX) has also issued notice bearing number PSX/N-1385 dated October 29, 2019 in this respect.

The Company filed an Appeal under the Securities and Exchange Commission of Pakistan (Appellate Bench Procedure) Rules, 2003 against the Order dated October 28, 2019 in which the Company has challenged the Impugned Order.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (Act); and
- provisions and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except as otherwise disclosed in these notes. Further accrual basis of accounting is followed except for cash flow information.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pak Rupees, which is also the functional currency of the Company.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standard as, applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are as follows:

Advances and other receivables

Company reviews its advances and other receivables for any provision required for any doubtful balances on an on-going balance. The provision is made while taking into consideration expected recoveries, if any.

Income taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax laws as applicable in Pakistan.

Investments

Company has made judgments and assumptions in determining that it has control over subsidiary and significant influence over associates, impairment of investments in subsidiaries, associates and other investees.

Provision for contingencies

Company has made judgments and assumptions in disclosure and assessment of provision for contingencies.

2.5 Changes in accounting standards, interpretations and amendments to approved accounting and reporting standards**(a) Standards, interpretations and amendments to approved accounting and reporting standards which are effective during the year:**

Effective July 1, 2019, the Company has adopted IFRS 16, 'Leases' which replaced guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains a Lease', SIC-15 'Operating Leases - Incentive' and SIC-27 'Evaluating the substance of transactions involving the legal form of a Lease'. IFRS 16 introduced a single, on balance sheet lease accounting model for the Company. The adoption of IFRS 16 did not have material impact on these financial statements. The accounting policies relating to Company's right-of-use-asset and lease liability are disclosed in notes 4.4 and 4.14.

There were certain amendments to accounting and reporting standards and a new interpretation was issued which were mandatory for the current financial year. However, these are considered not to be relevant or had any significant effect on the Company's financial reporting and are, therefore, not disclosed in these financial statements

(b) Standards and amendments to published approved accounting and reporting standards that are not yet effective:

There are certain new standards, interpretations and amendments to the approved accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2020 . However, the standard, amendments and interpretation will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these financial statements.

4 LONG TERM INVESTMENTS

| Generators | Furnitures | Motor Vehicles | Total |
|-------------------|------------|----------------|------------|
| -----Rs----- | | | |
| June 30, 2020 | | | |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| | | | |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| | | | |
| December 31, 2020 | | | |
| - | - | - | - |
| 300 | 250 | 58 | 608 |
| - | - | - | - |
| 20 | 4 | 3 | 27 |
| 280 | 246 | 55 | 581 |
| | | | |
| - | - | - | - |
| 300 | 250 | 58 | 608 |
| 20 | 4 | 3 | 27 |
| 280 | 246 | 55 | 581 |
| | | | |
| 20% | 20% | 20% | |

| | | (Un-audited) December 31, 2020 | (Audited) June 30, 2020 |
|---|-------|--------------------------------------|----------------------------|
| | Note | (Rupees in thousand) | |
| 4 LONG TERM INVESTMENTS | | | |
| Associate | | | |
| Dadabhoy Sack Limited | 4.1 | - | - |
| Dadabhoy Construction Technology Limited | 4.2 | - | - |
| | | <u>-</u> | <u>-</u> |
| 4.1 Dadabhoy Sack Limited - at equity method | | | |
| Investment - cost | 4.1.1 | 2,420 | 2,420 |
| Provision for impairment | 4.1.2 | (2,420) | (2,420) |
| Book value of investment as at December 31 | | <u>-</u> | <u>-</u> |

- 4.1.1** Dadabhoy Sack Limited (DSL) was incorporated in Pakistan on September 27, 1983. The principal activity of the company is the manufacturing and sale of paper bags. DSL's registered office is situated at suite # 4, 2nd floor, plot no. 28-30/C, Noor center, Khayaban-e-Ittehad, Lane no.12, Phase VII, D.H.A., Karachi, Sindh. Manufacturing facility of DSL is located at Deh, Hatal Buth, Thana Bula Khan, Main Super Highway, Jamshoro, Sindh. The Company holds 6.90% equity interest (276,000 shares) in the Dadabhoy Sack Limited (DSL) which has been presumed to be an associated company due to the fact that majority of the Directors of the Company are also the members on the Board of Directors of DSL. The reporting date of DSL is also the same as of the Company, i.e. June 30.
- 4.1.2** The investment in DSL is fully impaired due to the fact the operations of DSL are closed since financial year 2008 due to which DSL is facing financial and operational difficulties and is unable to discharge its liabilities in due course of business. DSL is reporting nil sales since then and is totally dependent on the financial support of its Directors. Since trading in shares of DSL is suspended in the PSX therefore, fair value of share price cannot be measured reliably.

| | | (Un-audited) December 31, 2020 | (Audited) June 30, 2020 |
|--|-------|--------------------------------------|----------------------------|
| | Note | (Rupees in thousand) | |
| 4.2 Dadabhoy Construction Technology Limited - fair value through profit and loss | | | |
| Investment - cost | 4.2.1 | 6 | 6 |
| Provision for impairment | 4.2.2 | (6) | (6) |
| Book value of investment as at December 31 | | <u>-</u> | <u>-</u> |

- 4.2.1** Dadabhoy Construction Technology Limited (DCTL) was incorporated in Pakistan on May 29, 1994 having its registered office and principal place of business located at Noor Centre, office No.4, 2nd floor, plot no. 30-C, Ittehad Lane no.12, Phase VII, D.H.A., Karachi. The Company holds 0.02% (June 30, 2020: 0.02%) equity interest 550 shares (June 30, 2020: 550 shares) in DCTL which has been presumed to be an associated company due to common directorship between the companies. The reporting date of DCTL is also the same as of the Company, i.e. June 30.

- 4.2.2** The investment in the DCTL is fully impaired due to the fact that the operations of DCTL are very slow since financial year 2014 and reporting meager / nil sales while the operations were completely closed during the current financial year due to which DCTL is facing financial and operational difficulties and is unable to discharge its liabilities in due course of business. DCTL is totally dependent on the financial support of its Directors. Since trading in shares of DCTL is suspended in the PSX therefore, fair value of share price cannot be measured reliably.

| | | (Un-audited) December 31, 2020 | (Audited) June 30, 2020 |
|--|------|--------------------------------------|----------------------------|
| | Note | (Rupees in thousand) | |
| 5 ADVANCES AND OTHER RECEIVABLES | | | |
| - Un-secured - considered good | | | |
| Advances to directors | | | |
| Others | | - | - |
| Other receivables | | | |
| From Dadabhoy Hydrocarbon (Pvt.) Limited | | 700 | 700 |
| From related parties | 5.1 | 1,387 | 1,387 |
| | | <u>2,685</u> | <u>2,087</u> |

- 5.1** This includes receivable from Dadabhoy Sack Limited amounting to Rs. 0.878 (June 30, 2020: Rs. 0.878) million, Dadabhoy Energy Supply Limited amounting to Rs. 0.356 (June 30, 2020: Rs. 0.356) million, Dadabhoy Construction Technology Limited amounting to Rs. 0.110 (June 30, 2020: 0.110) million, and Leo Private Ltd amounting to Rs. 0.043 (June 30, 2020: 0.043) million. This represents the reimbursable expenses incurred on behalf of the related parties and are recoverable on demand. Closing balance represents the maximum aggregate amount outstanding at any time during the year with respect to month end balances.

| | | (Un-audited) December 31, 2020 (Rupees in thousand) | (Audited) June 30, 2020 |
|--|------|--|----------------------------|
| | Note | | |

6 SHORT TERM INVESTMENT

Investments in associate

| | | |
|--|----------------|----------------|
| Dadabhoy Energy Supply Company Limited | <u>118,581</u> | <u>118,581</u> |
|--|----------------|----------------|

- 6.1.1** Dadabhoy Energy Supply Company Limited (DESCL) was incorporated in Pakistan on May 29, 1994 having its registered office and principal place of business located at Noor Centre, office No.4, 2nd floor, plot no. 30-C, Ittehad Lane No.12, Phase VII, D.H.A., Karachi. During the previous year, management of DESCL had decided to windup the company, therefore, investment in DESCL had been classified as short term as it is likely that the Company will receive its due share of net assets of DESCL within the next financial year.

| | | (Un-audited) December 31, 2020 (Rupees in thousand) | (Audited) June 30, 2020 |
|--|-------|--|----------------------------|
| | Note | | |
| 6.1.2 Investment at cost | | | |
| Investment - cost | 6.1.3 | 205,000 | 205,000 |
| Provision for impairment | | (86,419) | (86,419) |
| Book value of investment as at June 30 | | <u>118,581</u> | <u>118,581</u> |

- 6.1.3** The Company holds 47.86% (June 30, 2020: 47.86%) equity interest i.e. 20,500,000 shares (June 30, 2020: 20,500,000 shares) in DESCL which is an associated company now. The reporting date of DESCL is also the same as of the Company, i.e. June 30.
- 6.1.4** The Company has pledged 4,500,000 ordinary shares of Rs. 10 each of DESCL with a financial institution as a security against the financial assistance extended by the financial institution to DESCL.

| | | (Un-audited) December 31, 2020 (Rupees in thousand) | (Audited) June 30, 2020 |
|---------------------------------|-----|--|----------------------------|
| 7 CASH AND BANK BALANCES | | | |
| Cash in hand | | - | - |
| Instruments in hand | | - | 134,253 |
| Cash at banks | | | |
| - in current account | | 2 | 2 |
| - in saving account | 7.1 | 129,698 | 115 |
| | | 129,700 | 117 |
| | | 129,700 | 134,369 |

7.1 It carries markup ranging between 3.86% to 5.50% (June 30 2020: 4.97% to 7.21%) per annum.

8 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

| (Un-audited) December 31, 2020 (Number of shares) | (Audited) June 30, 2020 | | (Un-audited) December 31, 2020 (Rupees in thousand) | (Audited) June 30, 2020 |
|--|-------------------------------|---|--|----------------------------|
| | | Ordinary shares of Rs. 10 each fully paid up in cash | | |
| 98,236,624 | 98,236,624 | | 982,366 | 982,366 |

8.1 Number of shares held by Leo (Pvt.) Limited, the holding company, and Dadabhoy Trading Corporation (Pvt.) Limited, the associated company, as on the reporting date are 61,938,455 shares (June 30, 2020: 61,938,455 shares) and 9,131,360 shares (June 30, 2020: 9,131,360 shares) respectively, representing 63.05% (June 30, 2020: 63.05%) and 9.295% (June 30, 2020: 9.295%) shareholding in the Company.

8.2 Reconciliation of issued, subscribed and paid up capital

| (Un-audited) December 31, 2020 (Number of shares) | (Audited) June 30, 2020 | |
|--|-------------------------------|---|
| 98,236,624 | 98,236,624 | Ordinary shares of Rs. 10 each fully paid up in cash - at beginning |
| - | - | Ordinary shares issued during the year |
| 98,236,624 | 98,236,624 | Ordinary shares of Rs. 10 each at the end of the year |

8.3 The ordinary share holders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry one vote per share without restriction.

| | (Un-audited) December 31, 2020 (Rupees in thousand) | (Audited) June 30, 2020 |
|------|--|----------------------------|
| Note | | |

9 DEFERRED LIABILITIES

| | | | |
|------------------------|-----|---|---|
| Deferred tax liability | 9.1 | - | - |
| | | - | - |

9.1 Deferred taxation comprises differences relating to:

Deductible temporary differences

| | | | |
|---|-----|----------|----------|
| - investment in associates | | (25,765) | (25,765) |
| - unused tax losses | | - | - |
| | | (25,765) | (25,765) |
| Add: unrecognized deferred tax asset | 9.2 | 25,765 | 25,765 |
| | 9.3 | - | - |

9.2 The Company has not recognized its deferred tax asset relating to tax losses amounting to Rs. 25.77 (June 30, 2020: Rs. 25.77) million as the Company is uncertain about the timing and extent of future taxable profits against which such benefits can be utilized.

Unrecognized deductible temporary differences represent the unabsorbed tax depreciation, having indefinite availing period under the Income Tax Ordinance, 2001, which can be utilized by the Company against the taxable income arising in future.

| | (Un-audited) December 31, 2020 (Rupees in thousand) | (Audited) June 30, 2020 |
|------|--|----------------------------|
| Note | | |

10 TRADE AND OTHER PAYABLE

| | | |
|--|--------------|--------------|
| Accrued liabilities | 3,624 | 4,044 |
| SESSI payable | 583 | 583 |
| EOBI payable | 600 | 600 |
| Sales tax payable | - | - |
| Workers' Profit Participation Fund payable | 2,484 | 2,484 |
| | 7,291 | 7,711 |

11 COMMITMENTS AND CONTINGENCIES

11.1 Commitments

There are no commitments binding on the Company as on the reporting date (June 30, 2020: nil).

| | | Half year ended (Un-audited) (Un-audited) December 31, December 31, 2020 2019 (Rupees in thousand) | |
|-----------------------------|------|--|--------------|
| 12 ADMINISTRATIVE EXPENSES | | Note | |
| Salaries and other benefits | 12.1 | 2,551 | 542 |
| Traveling and conveyance | | - | 32 |
| Rent, rates and taxes | | 998 | - |
| Depreciation expense | | 27 | - |
| Utilities | | 103 | 7 |
| Telephone and telex | | - | 67 |
| Legal and professional | | 303 | 862 |
| Fees and subscription | | 700 | 87 |
| Office expenses | | 483 | 9 |
| Medical and allied expenses | 12.2 | 1,827 | - |
| Others | | 31 | 45 |
| | | 7,022 | 1,651 |

12.1 This includes director's remuneration of Rs 1,800,000/- (2019: Nil)

12.2 This represents medical, funeral and allied expenses of Late Mr Hussain Dadabhoy borne by the Company

| | | Half year ended (Un-audited) (Un-audited) December 31, December 31, 2020 2019 (Rupees in thousand) | |
|------------------------------------|------|--|-----------|
| 13 OTHER CHARGES | | Note | |
| Auditors' remuneration | 13.1 | 35 | 35 |
| | | 35 | 35 |
| 13.1 Auditors' remuneration | | | |
| Audit fee | | 35 | 35 |
| Out of pocket expenses | | - | - |
| | | 35 | 35 |

| | | Half year ended (Un-audited) (Un-audited) December 31, December 31, 2020 2019 | |
|------------------------------------|--|--|----------|
| 14 OTHER INCOME | | | |
| Income from financial asset | | | |
| Profit on saving account | | 3,986 | 7 |
| | | 3,986 | 7 |

| | | Half year ended | |
|-------------|------|----------------------|--------------|
| | | (Un-audited) | (Un-audited) |
| | | December 31, | December 31, |
| | | 2020 | 2019 |
| | | (Rupees in thousand) | |
| Note | | | |
| 15 TAXATION | | | |
| Current | 15.1 | - | - |
| Deferred | | - | - |
| | | <u>-</u> | <u>-</u> |
| | | <u>-</u> | <u>-</u> |

15.1 The Company is not liable to current tax, including minimum tax and ACT, on account of available unabsorbed tax depreciation.

15.2 The Company computes tax provisions based on the generally accepted interpretations of the tax laws to ensure that sufficient provision for the purpose of taxation is available. Accordingly, the management of the Company has assessed that no tax provision is required in the financial statements. A comparison of last three years of income tax provision with tax assessed is not presented as the Company had nil tax liability on account of operational inactivity.

| | Note | Half year ended (Un-audited) December 31, 2020 (Rupees in thousand) | (Un-audited) December 31, 2019 |
|--|------|---|--------------------------------------|
| 16 EARNINGS/ (LOSS) PER SHARE - BASIC AND DILUTED | | | |
| Loss after taxation - Rupees in Thousands | | <u>(3,071)</u> | <u>(1,701)</u> |
| Weighted average number of outstanding ordinary shares | | <u>98,236,624</u> | <u>98,236,624</u> |
| Loss per share - basic and diluted (Rupees) | | <u>(0.03)</u> | <u>(0.02)</u> |

17 REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES

Remuneration of Chief Executive during the period was Rs 1,200,000/- (June 30, 2020: Nil)

Remuneration of directors during the period was Rs 600,000/- (June 30, 2020: Nil)

18 GENERAL

- Figures have been rounded off to the nearest thousand of Rupees, unless otherwise stated.
- Number of employees as on the year end date and average number of employees during the period were 4 (June 30, 2020: 4) and 4 (June 30, 2020: 4).

19 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on March 01, 2021 by the Board of Directors of the Company.



Chief Executive



Director



Chief Financial Officer