

Condensed Interim Financial Statements
For the Half-Year Ended 31 December 2015
(Un-audited)

DADEX

Dadex Eternit Limited

CONTENTS

Company Information	2
Directors' Review	3
Auditors' Report	4
Condensed Interim Balance Sheet	5
Condensed Interim Profit and Loss Account	6
Condensed Interim Comprehensive Income	7
Condensed Interim Cash Flow Statement	8
Condensed Interim Statement of Changes in Equity	9
Notes to the Condensed Interim Financial Statements	10

COMPANY INFORMATION

Board of Directors	Sikander Dada - Chairman Abu Talib H.K. Dada Maqbool H.H. Rahimtoola Shahzad M. Husain Danish Dada Syed Shahid Ali Bukhari Qazi Sajid Ali	(Non - Executive Director) (Non - Executive Director) (Non - Executive Director) (Non - Executive Director) (Non - Executive Director) (Independent Director) (Executive Director)
Chief Executive Officer	Qazi Sajid Ali	
Chief Financial Officer Company Secretary	Muhammad Yousuf Umar Rasheed	
Head of Internal Audit / Secretary BAC	Mustafa Kamal Khan	
Board Audit Committee	Shahzad M. Husain - Chairman Danish Dada Syed Shahid Ali Bukhari	
Human Resource and Remuneration Committee	Maqbool H.H. Rahimtoola - Chairman Abu Talib H.K. Dada Qazi Sajid Ali	
Management Team	Qazi Sajid Ali - Chief Executive Officer Tanveer Saleem- Chief Operating Officer (Technical & Operations) Syed Ashar Husain - Chief Operating Officer (Commercial Services) Muhammad Yousuf - Chief Financial Officer Munawar Abbas- General Manager (Operations)	
Auditors	Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants	
Bankers	National Bank of Pakistan Bank Islami Pakistan Limited Habib Metropolitan Bank Limited MCB Bank Limited Sindh Bank Limited The Bank of Punjab United Bank Limited (UBL Ameen) Standard Chartered Bank (Pakistan) Limited Habib Bank Limited Meezan Bank Limited Dubai Islamic Bank Pakistan Limited	
Legal Advisor	Abrar Hasan & Co. 9 Mezzanine Floor, Beaumont Plaza, near PIDC House, Karachi.	
Registered Office	Dadex House, 34-A/1, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi- 75400 Tel: (92-21) 111000789 Fax: (92-21) 34315716, 34315725 Email: info@dadex.com.pk	
Share Registrar	M/s. JWAFS Registrar Services (Private) Limited 407-408, Al-Ameera Centre Shahrah-e-Iraq, Saddar Karachi. Phone: (92-21) 35662023-24 Fax: (92-21) 35221192 Email: jwaffs@live.com - info@jwaffs.com	
Web Site	www.dadex.com	

DIRECTORS' REVIEW

The Directors are pleased to present their review together with the financial statements of the Company for six months ended December 31, 2015.

During the period under review, the Company achieved a net turnover of Rs. 903.65 million (December 2014: Rs. 889.78 million). The Company achieved operating profit of Rs. 89.42 million (December 2014: Operating profit of Rs. 101.11 million). Finance cost reduced by 26.21% as compared to corresponding period which have resulted in a net profit after tax of Rs. 5.93 million (December 2014: Net profit after tax of Rs. 2.61 million), resulting in earning per share of Re. 0.55 (December 2014: Earning per share of Re. 0.24).

The building construction industry and infrastructure development is likely to pick up in the coming period and looking ahead we are confident that the Company is well poised to meet anticipated challenges through operational excellence and cost optimization. The Management team will continue to focus on broadening customer base, exploring new markets with stringent control on expenditures and tightening of working capital management in order to improve its profits in the coming periods.

The Directors and Management deeply appreciate the continued support and commitment of all the stakeholders, we express our gratitude and appreciation to all our valued customers, distributors, dealers and bankers for the trust and confidence reposed in the Company and are also thankful for the continued hard and sincere work of all cadres of employees of the Company.

On Behalf of the Board

Karachi: February 23, 2016

Maqbool H.H. Rahimtoola
Director



Building a better
working world

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O.Box 15541, Karachi 75530
Pakistan

Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
eyfrsh.khi@pk.ey.com
ey.com/pk

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Dadex Eternit Limited** (the Company) as at **31 December 2015**, the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flows, and condensed interim statement of changes in equity and notes to the accounts for the six-month period then ended (here-in-after referred to as "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

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 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants

Review Engagement Partner: **Riaz A. Rehman Chamdia**

Date: February 23, 2016

Place: Karachi.

DADEX

**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT 31 DECEMBER 2015**

			31 December 2015 (Un-audited)	30 June 2015 (Audited)
	Note		(Rupees in '000)	
ASSETS				
NON-CURRENT ASSETS				
Fixed assets				
Property, plant and equipment	4	1,480,523	1,459,560	
Intangible assets	5	-	-	
		<u>1,480,523</u>	<u>1,459,560</u>	
Investment property		45,686	46,955	
Long-term investment	6	6	6	
Long-term loans		1,455	1,927	
Long-term deposits		13,726	6,597	
Deferred tax asset	7	111,877	125,888	
		<u>1,653,273</u>	<u>1,640,933</u>	
CURRENT ASSETS				
Stores, spare parts and loose tools		39,004	33,633	
Stock-in-trade	8	647,617	561,514	
Trade debts	9	123,643	80,926	
Loans and advances		93,217	33,103	
Trade deposits and short-term prepayments		22,156	18,674	
Other receivables		12,037	16,042	
Taxation - net		148,833	187,908	
Cash and bank balances		62,189	15,712	
		<u>1,148,696</u>	<u>947,512</u>	
TOTAL ASSETS		<u><u>2,801,969</u></u>	<u><u>2,588,445</u></u>	
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Share capital		107,640	107,640	
Reserves		57,434	44,275	
		<u>165,074</u>	<u>151,915</u>	
SURPLUS ON REVALUATION OF FIXED ASSETS		759,091	766,318	
NON-CURRENT LIABILITIES				
Long-term financing	10	177,704	117,554	
Liabilities against asset subject to finance lease	11	35,844	-	
		<u>213,548</u>	<u>117,554</u>	
CURRENT LIABILITIES				
Trade and other payables		647,191	494,474	
Accrued mark-up		20,964	24,948	
Short-term borrowings	12	720,846	841,643	
Current portion of long-term financing	10	199,702	119,702	
Current portion of assets subject to finance lease	11	8,900	-	
Sales tax and excise duty - net		66,653	71,891	
		<u>1,664,256</u>	<u>1,552,658</u>	
CONTINGENCIES AND COMMITMENTS	13			
TOTAL EQUITY AND LIABILITIES		<u><u>2,801,969</u></u>	<u><u>2,588,445</u></u>	

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

Syed Shahid Ali Bukhari
Director

Qazi Sajid Ali
Chief Executive

Muhammad Yousuf
Chief Financial Officer

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

	Note	Half Year ended December 31		Quarter ended December 31	
		2015	2014	2015	2014
(Rupees in '000)					
Turnover - net		903,656	889,780	381,539	465,024
Cost of sales	14	(747,543)	(717,470)	(306,740)	(384,141)
Gross profit		156,113	172,310	74,799	80,883
Distribution costs		(42,187)	(37,892)	(21,117)	(21,618)
Administrative expenses		(48,850)	(45,017)	(20,210)	(26,655)
Other operating expenses		(10,819)	(5,792)	(3,773)	1,740
Other operating income	15	35,165	17,505	20,101	13,180
Operating profit		89,422	101,114	49,800	47,530
Finance costs		(56,112)	(76,039)	(26,153)	(39,232)
Profit before taxation		33,310	25,075	23,647	8,298
Taxation	16	(27,378)	(22,464)	(20,859)	(14,994)
Profit after taxation		5,932	2,611	2,788	(6,696)
Earnings per share - basic and diluted		Re. 0.55	Re. 0.24	Re. 0.26	Re. (0.62)

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

Syed Shahid Ali Bukhari
Director

Qazi Sajid Ali
Chief Executive

Muhammad Yousuf
Chief Financial Officer

DADEX

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

	Half Year ended 31 December		Quarter ended 31 December	
	2015	2014	2015	2014
	(Rupees in '000)			
Profit for the period	5,932	2,611	2,788	(6,696)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	5,932	2,611	2,788	(6,696)

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

Syed Shahid Ali Bukhari
Director

Qazi Sajid Ali
Chief Executive

Muhammad Yousuf
Chief Financial Officer

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

	Note	Half year ended	
		31 December 2015	31 December 2014
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	18	55,466	191,694
Income tax refund / (paid)		25,708	(24,166)
Long-term loans		472	(597)
Long-term deposits		(12,183)	-
Net cash generated from operating activities		69,463	166,931
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(2,555)	(21,573)
Proceeds from disposal of property, plant and equipment		21,055	-
Interest received	1	1	-
Net cash generated from / (used in) investing activities		18,501	(21,573)
CASH FLOWS FROM FINANCING ACTIVITIES			
Shor term borrowings		205,000	-
Long-term financing		140,150	(59,851)
Repayments made in respect of finance lease		(744)	-
Interest / mark-up paid		(60,096)	(77,313)
Net cash generated from / (used in) financing activities		284,310	(136,707)
Net increase in cash and cash equivalents		372,274	8,194
Cash and cash equivalents at the beginning of the period		(825,931)	(834,177)
Cash and cash equivalents at the end of the period		(453,657)	(825,983)
CASH AND CASH EQUIVALENTS COMPRISE			
Cash and bank balances		62,189	8,001
Short-term borrowings		(515,846)	(833,984)
		(453,657)	(825,983)

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

Syed Shahid Ali Bukhari
Director

Qazi Sajid Ali
Chief Executive

Muhammad Yousuf
Chief Financial Officer

DADEX

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

	Issued, subscribed and paid-up capital	Reserves				Grand Total
		Capital reserves- shares- premium	Revenue reserves		Total	
			General	Unappr- opriated profit / accumulated (loss)		
(Rupees in '000)						
Balance as at 01 July 2014	107,640	5,655	160,000	(162,593)	3,062	110,702
Surplus on revaluation of fixed assets realized on account of incremental depreciation / amortisation charged on related assets for the period	-	-	-	7,228	7,228	7,228
Profit for the period	-	-	-	2,611	2,611	2,611
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	2,611	2,611	2,611
Balance as at 31 December 2014	<u>107,640</u>	<u>5,655</u>	<u>160,000</u>	<u>(152,754)</u>	<u>12,901</u>	<u>120,541</u>
Balance as at 01 July 2015	107,640	5,655	160,000	(121,380)	44,275	151,915
Surplus on revaluation of fixed assets realized on account of incremental depreciation / amortisation charged on related assets for the period	-	-	-	7,227	7,227	7,227
Profit for the period	-	-	-	5,932	5,932	5,932
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	5,932	5,932	5,932
Balance as at 31 December 2015	<u>107,640</u>	<u>5,655</u>	<u>160,000</u>	<u>(108,221)</u>	<u>57,434</u>	<u>165,074</u>

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

Syed Shahid Ali Bukhari
Director

Qazi Sajid Ali
Chief Executive

Muhammad Yousuf
Chief Financial Officer

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

1. NATURE AND STATUS OF BUSINESS

- 1.1 Dadex Eternit Limited (the Company) is a limited liability company incorporated in Pakistan on 13 April 1959 as a public limited company under the Companies Ordinance, 1984 and is quoted on Pakistan Stock Exchange. The registered office of the Company is situated at Dadex House, 34-A/1, Block 6, P.E.C.H.S, Shahr-ah-e-Faisal, Karachi. The Company has three factories situated at Karachi, Hyderabad and Sunder (Lahore). The principal business of the Company is to manufacture and sell construction material, which mainly includes piping systems and other allied products manufactured from chrysotile cement, rubber and plastics, merchandising of imported pipe fittings, accessories and other building products. The Company is also engaged in providing irrigation solutions for agriculture and landscaping. The Company had also entered into a Toll manufacturing agreement for the northern region with a U-PVC Company at the end of December 2013 for manufacturing of U-PVC pipes in order to make prices and logistics more competitive in that region.
- 1.2 Sikander (Private) Limited is the holding company, which held 6,800,648 (30 June 2015: 6,800,648) ordinary shares of Rs. 10/- each of the Company representing 63.18 percent (30 June 2015: 63.18 percent) shareholding as of the balance sheet date.

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements are unaudited but subject to limited scope review by auditors, except for the figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2015 and December 31, 2014. These are required to be presented to the shareholders under Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standard (IAS) - 34, "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2015.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 30 June 2015 except as follows:

New, Amended and Revised Standards and Interpretations of IFRSs

The Company has adopted the following amendments and interpretation of IFRSs which became effective during the period:

IFRS 10	-	Consolidated Financial Statements
IFRS 11	-	Joint Arrangements
IFRS 12	-	Disclosure of Interests in Other Entities
IFRS 13	-	Fair Value Measurement

The adoption of the above amendments and interpretations did not have any material effect on these condensed interim financial statements.

	Note	31 December 2015 (Unaudited)	30 June 2015 (Audited)
		———— (Rupees in '000) ————	
4. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	4.1	1,471,777	1,450,827
Capital work-in-progress	4.2	8,746	8,733
		<u>1,480,523</u>	<u>1,459,560</u>
4.1 The following is the movement in operating assets during the period / year:			
Opening balance (WDV)		1,450,827	1,496,501
Add: Additions / transfers during the period / year	4.1.1	53,084	21,547
		<u>1,503,911</u>	<u>1,518,048</u>
Less: Disposals during the period / year (WDV)		(148)	(318)
Depreciation charge for the period / year	4.1.2	(31,986)	(66,903)
Operating assets (WDV)		<u>1,471,777</u>	<u>1,450,827</u>
4.1.1 Additions including transfers during the period / year			
Building		-	2,174
Plant and machinery		2,432	19,235
Vehicles and transportation equipment		50,542	50
Office and factory equipment		110	88
		<u>53,084</u>	<u>21,547</u>
4.1.2 Depreciation charged during the period / year			
Cost of sales	14	25,557	53,667
Distribution cost		439	789
Administrative expenses		5,990	12,447
		<u>31,986</u>	<u>66,903</u>
4.2 Capital work-in-progress			
Plant and machinery - Green House Farming System		13,979	13,979
Impairment loss on plant and machinery		(12,179)	(12,179)
		1,800	1,800
Advances against purchase of operating assets	4.2.1	6,946	6,933
		<u>8,746</u>	<u>8,733</u>

4.2.1 During the period, additions of Rs. 2.554 (30 June 2015: 21.364) million were made to capital work-in-progress, which mainly relate to plant and machinery and assets of Rs. 2.542 (30 June 2015: 21.487) million were transferred to operating assets.

5. INTANGIBLE ASSETS

Represents SAP software and licenses having cost of Rs. 20.7 million which has been fully amortised.

6. LONG-TERM INVESTMENT

- 6.1** The Company has 48.04 percent (30 June 2015: 48.04 percent) shareholding i.e. 625,000 (30 June 2015: 625,000) in the ordinary shares of Rs.10/- each] of Berdex Construction Chemicals (Private) Limited (Berdex). Berdex is engaged in marketing and distribution of construction chemicals in Pakistan. The investment in Berdex amounted to Rs. 5 million.
- 6.2** Based on the unaudited financial statements of Berdex for the year ended 30 June 2015, Berdex has reported a loss of Rs. 0.030 million and accumulated losses of Rs.12.762 million. Due to unavailability of the financial statements of the Berdex for the six months period ended 31 December 2015, the Company has not accounted for an adjustment in these condensed interim financial statements. Further, the impact of such adjustment, if any, are considered immaterial by the management of the Company due to limited operations by Berdex during the period.

	31 December 2015 (Unaudited)	30 June 2015 (Audited)
Note	(Rupees in '000)	
7. DEFERRED TAX ASSET		
Deferred tax liabilities on taxable temporary difference:		
- accelerated tax depreciation on owned assets	(43,154)	(21,970)
Deferred tax assets on deductible temporary differences:		
- provision for slow moving and obsolete stores, spare parts and loose tools	4,387	4,387
- provision for doubtful debts	47,616	47,390
- other deductible temporary differences	15,756	2,510
- tax losses	141,178	148,952
	<u>208,937</u>	<u>203,239</u>
Minimum tax	<u>94,236</u>	89,530
	<u>260,019</u>	<u>270,799</u>
Temporary differences not expected to be reversed due to applicability of final tax regime	(913)	(1,094)
Deferred tax assets not expected to be recovered with reasonable certainty including minimum tax credit	<u>(147,229)</u>	<u>(143,817)</u>
	<u>111,877</u>	<u>125,888</u>
8. STOCK-IN-TRADE		
Raw materials		
- in hand	88,754	90,324
- in transit	196,627	88,607
	<u>285,381</u>	<u>178,931</u>
Work-in-process	82,791	114,915
Finished goods		
- Manufactured	242,915	224,932
- Trading	36,530	42,736
	<u>279,445</u>	<u>267,668</u>
	<u>647,617</u>	<u>561,514</u>
8.1. Includes products costing Rs. 35.604 (June 30 2015: Rs. 41.257) million which are carried at net realisable value of Rs. 22.732 (30 June 2015: Rs. 26.460) million.		

	Note	31 December 2015 (Unaudited) (Rupees in '000)	30 June 2015 (Audited)
9. TRADE DEBTS - unsecured			
Trade debts	9.2	<u>123,643</u>	<u>80,926</u>
9.1.	The carrying value of the trade debts is adjusted after taking the effect of the provision of Rs. 148.708 million (30 June 2015: Rs. 148.093 million). Such provision includes an amount of Rs. 15.632 million (30 June 2015: Rs. 15.632 million) recoverable from an ex-employee, who had reportedly collected the amount from customers and did not surrender the same to the Company. A law suit has been filed against the ex-employee to recover the above amount.		
9.2.	Includes balance outstanding amounting to Rs. 34.90 million relating to Drip Irrigation System implementation (Zarkasht Scheme). The aforesaid balance is due from Government of Pakistan and is outstanding for more than one year. The Company is confident of recovery of the full amount in due course.		
10. LONG TERM FINANCING - Secured	Note	31 December 2015 (Unaudited) (Rupees in '000)	30 June 2015 (Audited)
- Bank of Punjab		121,850	170,589
- United Bank Limited - Diminishing Musharika		55,556	66,667
- National Bank of Pakistan	10.1	<u>200,000</u>	-
		<u>377,406</u>	<u>237,256</u>
Less: Current portion			
Bank of Punjab		(97,480)	(97,480)
United Bank Limited - Diminishing Musharika		(22,222)	(22,222)
National Bank of Pakistan		(80,000)	-
		<u>(199,702)</u>	<u>(119,702)</u>
		<u>177,704</u>	<u>117,554</u>
10.1	During the period, the Company has converted its utilized running finance facility of Rs. 200 million from National Bank of Pakistan into medium term loan of Rs. 200 million for re-profiling of balance sheet. The loan is repayable in 10 equal quarterly installments, commencing from 31 January 2016 to 30 April 2018, carrying markup at the rate of 3 months KIBOR plus 2% per annum. The said loan is secured by creation of first pari-pasu charge against hypothecation of the Company's stock-in-trade and trade debts of Rs. 934 (June 30 2015: Nil) million and first exclusive mortgage charge of Rs. 934 million over land and building of the Company situated at 21-22, Manghopir Road, Tapo Manghopir, Karachi.		
11. LIABILITIES AGAINST ASSET SUBJECT TO FINANCE LEASE- secured			
		31 December 2015 (Unaudited)	30 June 2015 (Audited)
		Minimum lease payment	Minimum lease payment
		Present value	Present value
		(Rupees)	
Less than one year		13,401	8,900
One to five years		39,166	35,844
Total minimum lease payments		<u>52,567</u>	<u>44,744</u>
Less: Current portion under current liabilities			
		(13,401)	(8,900)
		<u>39,166</u>	<u>35,844</u>

11.1 During the period, the Company entered into a finance lease agreement with Sindh Leasing Company in respect of motor vehicles amounting to Rs. 50.542 million. The rate of return used as the discounting factor is 11.91% (30 June 2015: Nil) per annum. The lease rentals are payable in 48 monthly installments, the first such payment commenced on December 17, 2015 and then on rental payment date until and including the final maturity date on November 17, 2019. Any delay in payments by the Company is subject to an additional payment of 0.06% per day of the amount outstanding to the lessor on daily basis for the period of delay until such amount is fully paid.

	31 December 2015 (Unaudited)	30 June 2015 (Audited)
Note	<u>(Rupees in '000)</u>	

12. SHORT TERM BORROWINGS

Running finances utilised under mark-up arrangements - secured		515,846	841,643
Bank Islami - Karobar Finance - secured	12.1	200,000	-
Loan from a director - unsecured	12.2	5,000	-
		<u>720,846</u>	<u>841,643</u>

12.1. During the period, the Company has obtained loan of Rs. 200 million from Bank Islami carrying mark-up at the rate of 6 months KIBOR plus 3% per annum. The said loan is repayable on 31 December 2016 and is secured by way of transfer of ownership of the Karobar finance goods and ranking charge over all present and future fixed assets (plant and machinery) of the Company amounting to Rs. 266.67 million, to be upgraded to first pari pasu charge within 180 days from the date of sanction advice.

12.2. This represents interest free loan received from a director and is repayable on demand.

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

There are no material changes in the status of contingencies as reported in the annual financial statements of the Company for the year ended 30 June 2015.

During the period, the Deputy Commissioner Inland Revenue has issued show cause notice vide No. DCIR/Zone/IV/LTU.2014 dated July 29, 2015 in respect of sales tax liability amounting to Rs. 83.871 million on account of alleged inadmissible claim of input tax on exempt sales. Based on the calculations of the management, the Company has provided an amount of Rs. 31.9 million during the year ended 30 June 2015. The Company have submitted its reply against such notice and hearings have been concluded. However, no order has been passed by the Commissioner Inland Revenue.

Based on the Company's tax consultant opinion, the Company has a defensible case and ultimate decision ought to be in favour of the Company. Accordingly, no further provision for the balance amount has been made in these condensed interim financial statements.

	Note	31 December 2015 (Unaudited) (Rupees in '000)	30 June 2015 (Audited)
13.2 Commitments			
Letters of credit		241,672	40,115
Postdated cheques	13.2.1	103,397	43,597
Import contracts		168,508	210,506
Duties payable on goods in transit		2,047	6,223
Local purchase contract		34,461	41,339
		<u>550,085</u>	<u>341,780</u>

13.2.1 Represents post-dated cheques issued in favour of Collector of Customs on account of import of raw material under SRO 565(I)/2006 dated June 05, 2006 as amended vide SRO 564(I)2008 dated 11 June 2008.

	Half Year Ended		Quarter Ended	
	31 December	31 December	31 December	31 December
	2015	2014	2015	2014
	(Unaudited)			
NOTE	(Rupees in '000)			

14. COST OF SALES

Manufactured

Raw materials consumed				
Opening stock	178,930	201,902	206,753	248,745
Purchases	621,432	527,032	289,051	241,171
Closing stock	8 (285,381)	(221,764)	(285,381)	(221,764)
	<u>514,981</u>	<u>507,170</u>	<u>210,423</u>	<u>268,152</u>
Stores, spare parts and loose tools consumed	18,248	20,073	4,593	9,542
Salaries, wages and benefits	47,856	37,330	21,734	22,440
Procured services	35,042	16,475	15,818	9,162
Fuel, water and power	39,628	40,747	15,190	20,211
Insurance	2,815	3,026	1,406	1,513
Traveling	82	80	35	32
Communication	642	617	379	285
Depreciation	4.1.2 25,557	26,654	12,799	13,439
Rent, rates and taxes	2,708	6,913	1,508	2,554
Repairs and maintenance	11,617	10,076	6,007	5,475
Technical assistance fee	4,045	4,113	2,010	2,130
Printing and stationery	312	291	162	137
Other expenses	868	533	372	277
	<u>189,420</u>	<u>166,928</u>	<u>82,013</u>	<u>87,179</u>
Opening stock of work-in-process	114,915	79,764	98,029	91,141
Closing stock of work-in-process	8 (82,792)	(101,950)	(82,792)	(101,950)
Cost of goods manufactured	<u>736,524</u>	<u>651,912</u>	<u>307,673</u>	<u>344,522</u>
Opening stock of finished goods	224,932	178,576	236,826	174,435
Closing stock of finished goods	8 (242,915)	(153,850)	(242,915)	(153,850)
	<u>718,541</u>	<u>676,638</u>	<u>301,584</u>	<u>365,107</u>
Trading				
Opening stock	42,736	96,003	37,605	82,161
Purchases	22,796	9,026	4,081	1,070
	65,532	105,029	41,685	83,231
Closing stock	8 (36,530)	(64,197)	(36,530)	(64,197)
	<u>29,002</u>	<u>40,832</u>	<u>5,156</u>	<u>19,034</u>
	<u>747,543</u>	<u>717,470</u>	<u>306,740</u>	<u>384,141</u>

Half year ended	
31 December	31 December
2015	2014
(Unaudited)	
(Rupees in '000)	

15. OTHER OPERATING INCOME

Income from bank deposits	1	-
Gain on disposal of operating assets	20,907	-
Rental income - sub-lease property under Ijarah	13,863	14,700
Sale of raw material	-	2,670
Product installation revenue	394	135
	<u>35,165</u>	<u>17,505</u>

16. TAXATION

Current	13,367	13,803
Deferred	14,011	8,661
	<u>27,378</u>	<u>22,464</u>

17. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of holding company, associated companies, staff retirement funds, Chief Executive, directors and key management personnel. Transactions with related parties and associated undertakings during the period, other than those which have been disclosed elsewhere in these condensed interim financial statements, are as follows:

Half year ended	
31 December	31 December
2015	2014
(Unaudited)	
(Rupees in '000)	

Related parties	Nature of transaction		
Holding company			
Sikandar (Private) Limited	Rent paid	<u>468</u>	<u>425</u>
Associated companies due to common directorship			
Berger Paints Pakistan Limited	Purchase of goods	<u>162</u>	<u>-</u>
Staff retirement benefits			
Dadex Eternit Limited - Provident Fund	Employer Contribution	<u>3,806</u>	<u>3,876</u>
Key management personnel			
Qazi Sajid Ali (Chief Executive)	Salary and other employment benefits	<u>7,350</u>	<u>6,853</u>
Sikandar Dada (Chairman)	Remuneration and other benefits	<u>3,894</u>	<u>3,174</u>
	Loan received during the period	<u>5,000</u>	<u>-</u>

Half year ended	
31 December 2015	31 December 2014
(Unaudited)	
(Rupees in '000)	

18. CASH GENERATED FROM OPERATIONS

Profit before taxation	33,310	25,075
Adjustments for non-cash charges and other items:		
Depreciation - property, plant and equipment 4.1	31,986	33,238
Depreciation - investment property	1,269	1,269
Gain on disposal of property, plant and equipment	(20,907)	-
Interest income	(1)	-
Finance costs	56,112	76,039
Provision against doubtful trade debts	616	411
Provision against doubtful trade deposits	88	208
Working capital changes 18.1	(47,007)	55,454
	55,466	191,694

Half year ended	
31 December 2015	31 December 2014
(Unaudited)	
(Rupees in '000)	

18.1 Working capital changes

Increase in current assets		
Stores, spare parts and loose tools	(5,371)	(128)
Stock-in-trade	(86,103)	14,483
Trade debts	(43,333)	(2,419)
Loans and advances	(60,114)	(29,137)
Trade deposits and short-term prepayments	(3,570)	(4,975)
Other receivables	4,005	7,674
	(194,486)	(14,502)
Increase in current liabilities		
Trade and other payables	152,717	63,792
Sales tax and excise duty - net	(5,238)	6,164
	147,479	69,956
	(47,007)	55,454

19. INFORMATION ABOUT OPERATING SEGMENTS

	Chrysotile Cement	Plastic (Rupees in `000)	Others	Total
Half year ended 31 December 2015 (Un-audited)				
TURNOVER - net	<u>317,917</u>	<u>585,477</u>	<u>263</u>	<u>903,656</u>
RESULT				
Segment result	<u>39,407</u>	<u>26,155</u>	<u>(486)</u>	<u>65,076</u>
Unallocated expense				
Other operating expenses				(10,819)
Other operating income				35,165
Finance costs				(56,112)
Taxation				<u>(27,378)</u>
Profit for the period				<u>5,932</u>
Half year ended 31 December 2014 (Un-audited)				
TURNOVER - net	<u>441,936</u>	<u>441,736</u>	<u>6,108</u>	<u>889,780</u>
RESULT				
Segment result	<u>84,764</u>	<u>1,981</u>	<u>2,656</u>	<u>89,401</u>
Unallocated expense				
Other operating expenses				(5,792)
Other operating income				17,505
Finance costs				(76,039)
Taxation				<u>(22,464)</u>
Profit for the period				<u>2,611</u>
ASSETS AND LIABILITIES				
31 December 2015 (Un-audited)				
Segment assets	<u>322,296</u>	<u>817,395</u>	<u>164,780</u>	<u>1,304,471</u>
Unallocated corporate assets				<u>1,493,446</u>
Total assets				<u>2,797,917</u>
Segment liabilities	<u>244,663</u>	<u>333,701</u>	<u>10,671</u>	<u>589,035</u>
Unallocated corporate liabilities				<u>1,284,717</u>
Total liabilities				<u>1,873,752</u>
30 June 2015 (Audited)				
Segment assets	<u>289,717</u>	<u>791,660</u>	<u>99,464</u>	<u>1,180,841</u>
Unallocated corporate assets				<u>1,407,604</u>
Total assets				<u>2,588,445</u>
Segment liabilities	<u>217,480</u>	<u>226,148</u>	<u>6,649</u>	<u>450,277</u>
Unallocated corporate liabilities				<u>1,102,381</u>
Total liabilities				<u>1,552,658</u>

19.1 Geographical information

Turnover

The Company's turnover represents local sales of Rs. 903.656 million (31 December 2014: Rs. 889.780 million). No export sales were made during the current and corresponding period.

Non-current assets

All non-current assets of the Company are situated in Pakistan.

20. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements have been authorised for issue on February 23, 2016 by the Board of Directors of the Company.

21. GENERAL

21.1 For better presentation certain prior year's figures have been reclassified consequent to certain changes in the current year's presentation.

21.2 All figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

Syed Shahid Ali Bukhari
Director

Qazi Sajid Ali
Chief Executive

Muhammad Yousuf
Chief Financial Officer

DADEX

www.dadex.com