

Six Months Ended Report

December 31, 2018
(Un-audited)

DADEX

Dadex Eternit Limited

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Company Information

Board of Directors	Sikander Dada - Chairman Abu Talib H.K. Dada Maqbool H.H. Rahimtoola Shahzad M. Husain Syed Shahid Ali Bukhari Qazi Sajid Ali Danish Dada	(Non - Executive Director) (Non - Executive Director) (Non - Executive Director) (Non - Executive Director) (Independent Director) (Executive Director) (Executive Director)
Chief Executive Officer	Qazi Sajid Ali	
Chief Financial Officer	Muhammad Yousuf	
Company Secretary	Umar Rasheed	
Head of Internal Audit/ Secretary Board Audit Committee	Muhammad Ahsan	
Board Audit Committee	Syed Shahid Ali Bukhari - Chairman Maqbool H.H. Rahimtoola Shahzad M. Husain	
Human Resource and Remuneration Committee	Syed Shahid Ali Bukhari - Chairman Abu Talib H.K. Dada Maqbool H.H. Rahimtoola Qazi Sajid Ali	
Management Team	Qazi Sajid Ali Danish Dada Tanveer Saleem Muhammad Yousuf Munawar Abbas Syed Wasim Ahmed Lt. Cdr. (Retd.) Saeed Ahmed Khan	- Chief Executive Officer - CEO (International Division) - Chief Operating Officer (Technical & Operations) - Chief Financial Officer - Director Operations - General Manager Finance - General Manager Admin & HR
Auditors	BDO Ebrahim & Co., Chartered Accountants	
Bankers	National Bank of Pakistan The Bank of Punjab Bank Islami Pakistan Limited Sindh Bank Limited Al Baraka Bank (Pakistan) Limited Habib Metropolitan Bank Limited Standard Chartered Bank (Pakistan) Limited MCB Bank Limited United Bank Limited (UBL Ameen) Faysal Bank Limited Habib Bank Limited Askari Bank Limited Meezan Bank Limited Dubai Islamic Bank Pakistan Limited Silk Bank Limited	

Legal Advisor

Abrar Hasan & Co.
9 Mezzanine Floor, Beaumont Plaza,
near PIDC House, Karachi.

Registered Office

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Tel: (92-21) 111000789
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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

Website

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, 2018.

During the half year under review, the economic scenario remained extremely challenging. Shortage of funds for public sector development adversely affected the company sales. The increase in the prices of raw materials, fuel, electricity along with the depreciation of Pak Rupee against US dollar, plus the climbing interest rate have led to increase in the cost of doing business, the impact of which could not be fully passed on to the customers. The overall construction markets remained depressed due to lower demand. The Company achieved net sales value of Rs. 1.415 billion, which remained 0.48% lower as compared to the corresponding period of the last year.

However, the cost of sales increased by 4.93% resulting in a decrease in gross profit margin by 28.58% which have resulted in a gross profit margin of 11.59%. The Company achieved operating profit of Rs. 20.25 million (December 2017: Operating profit of Rs. 87.65 million). Finance cost increased by 33.56%, which also contributed in a net loss before tax of Rs. 55.97 million (December 2017: Net profit before tax of Rs. 30.574 million). Net loss after tax was Rs. 79.25 million (December 2017: Net profit before tax of Rs. 12.87 million) resulting in loss per share of Rs. 7.36 (December 2017: Earning per share of Rs. 1.20).

The sales outlook for second half of 2018-19 is also not optimistic. The sales team is trying to generate business from alternate sectors as public sector is still not giving development signals. The Management team will continue to focus on broadening customer base, exploring new markets and tightening of working capital management and control over total cost.

We expect that with the importunate and concerted efforts, the Company would achieve the improved results in the future.

On behalf of the Board

Karachi: February 26, 2019

Maqbool H.H. Rahimtoola
Director

Qazi Sajid Ali
Chief Executive

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS**Introduction**

We have reviewed the accompanying condensed interim statement of financial position of **DADEX ETERNIT LIMITED** ("the Company") as at December 31, 2018 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the condensed interim financial information for the six-month period then ended (here-in-after referred as the "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 as at and for the six months period ended December 31, 2018 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter

We draw attention to note 14.1.4 of the condensed interim financial information, which provides details regarding certain contingent liabilities of the Company. Our conclusion is not modified in respect of this matter.

The figures for the quarters ended December 31, 2018 and December 31, 2017 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

KARACHI**DATED:** February 26, 2019*bdo* **CHARTERED ACCOUNTANTS**
Engagement Partner: Raheel Shahnaqawaz**BDO Ebrahim & Co. Chartered Accountants**

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
(UN-AUDITED)
AS AT DECEMBER 31, 2018**

ASSETS	Note	December 31, 2018 (Un-audited) (Rupees in '000')	June 30, 2018 (Audited)
NON - CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	6	1,789,025	1,755,395
Capital work in progress	7	16,545	9,229
Intangible assets		258	334
Investment property		38,071	39,338
Long-term investment	8	-	-
Long-term loans and advances		5,300	5,396
Long-term security deposits		33,772	29,245
Deferred tax asset		35,732	37,959
		<u>1,918,703</u>	<u>1,876,896</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		42,607	36,511
Stock-in-trade	9	734,957	815,537
Trade debts	10	304,115	184,711
Loans and advances		97,596	58,358
Trade deposits and short term prepayments		43,510	34,775
Other receivables		6,194	21,349
Taxation - net		196,319	278,447
Cash and bank balances		24,290	23,935
		<u>1,449,588</u>	<u>1,453,623</u>
		<u>3,368,291</u>	<u>3,330,519</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
12,000,000 (June 30, 2018: 12,000,000) ordinary shares of Rs. 10 each		120,000	120,000
8,000,000 (June 30, 2018: 8,000,000) 'B' class ordinary shares of Rs. 10 each		80,000	80,000
		<u>200,000</u>	<u>200,000</u>
Issued, subscribed and paid-up capital	11	107,640	107,640
Reserves		61,974	131,205
Surplus on revaluation of property, plant and equipment		1,027,713	1,039,885
		<u>1,197,327</u>	<u>1,278,730</u>
NON - CURRENT LIABILITIES			
Deferred income		4,866	7,294
Liabilities against assets subject to finance lease		97,753	57,430
		<u>102,619</u>	<u>64,724</u>
CURRENT LIABILITIES			
Trade and other payables	12	611,317	633,871
Short-term borrowings	13	1,356,047	1,272,612
Accrued markup		27,535	22,315
Current portion of deferred income		4,860	4,860
Current portion of liabilities against assets subject to finance lease		51,427	36,359
Unclaimed dividend		17,159	17,048
		<u>2,068,345</u>	<u>1,987,065</u>
		<u>3,368,291</u>	<u>3,330,519</u>
TOTAL EQUITY AND LIABILITIES			
CONTINGENCIES AND COMMITMENTS			
	14		

The annexed notes from 1 to 26 form an integral part of this condensed interim financial information.

Gazi Sajid Ali
Chief Executive Officer

Maqbool H.H. Rahimtoola
Director

Muhammad Yousuf
Chief Financial Officer

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**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
(UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2018**

	Note	Half year ended		Quarter ended	
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
----- (Rupees in `000) -----					
Sales - gross		1,681,706	1,682,185	930,812	922,560
Sales tax		(266,170)	(259,773)	(147,235)	(141,897)
Sales - net	15	1,415,536	1,422,412	783,577	780,663
Cost of sales	16	(1,251,482)	(1,192,695)	(699,799)	(664,382)
Gross profit		164,054	229,717	83,778	116,281
Distribution cost		(94,448)	(76,963)	(41,618)	(42,778)
Administrative expenses		(76,173)	(75,266)	(39,213)	(38,476)
Other expenses		(28,288)	(15,862)	(21,732)	(12,414)
Other income	17	55,114	26,029	42,679	15,410
Operating profit		20,259	87,655	23,894	38,023
Finance costs		(76,238)	(57,081)	(39,380)	(28,194)
(Loss) / profit before taxation		(55,979)	30,574	(15,486)	9,829
Taxation					
Current		(21,043)	(17,837)	(11,678)	(8,338)
Deferred		(2,228)	133	(228)	1,358
		(23,271)	(17,704)	(11,906)	(6,980)
Net (loss) / profit for the period		(79,250)	12,870	(27,392)	2,849
Earnings per share - basic and diluted					
(Rupees)	18	(7.36)	1.20	(2.54)	0.26

The annexed notes from 1 to 26 form an integral part of this condensed interim financial information.

Qazi Sajid Ali
Chief Executive Officer

Maqbool H.H. Rahimtoola
Director

Muhammad Yousuf
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2018**

	Half year ended		Quarter ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	----- (Rupees in `000) -----			
(Loss) / profit for the period	(79,250)	12,870	(27,392)	2,849
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income for the period	(79,250)	12,870	(27,392)	2,849

The annexed notes from 1 to 26 form an integral part of this condensed interim financial information.

Qazi Sajid Ali
Chief Executive Officer

Maqbool H.H. Rahimtoola
Director

Muhammad Yousuf
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CASH FLOWS
(UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2018**

		Half year ended	
		December 31, 2018	December 31, 2017
Note		----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
	Cash (used in) / generated from operations	19 (43,837)	290,625
	Finance cost paid - net	(70,990)	(59,032)
	Taxes refundable / (paid)	61,084	(48,066)
	Net cash (used in) / generated from operating activities	(53,743)	183,527
CASH FLOWS FROM INVESTING ACTIVITIES			
	Capital expenditure	(80,127)	(25,509)
	Proceeds from sale of property, plant and equipment	1,968	64
	Long term security deposits	(4,527)	-
	Net cash used in investing activities	(82,686)	(25,445)
CASH FLOWS FROM FINANCING ACTIVITIES			
	Liabilities against assets subject to finance lease	55,391	(14,846)
	Long-term financing	-	(31,111)
	Short term borrowings - net	58,265	(88,634)
	Dividend paid	(2,042)	-
	Net cash generated from / (used in) financing activities	111,614	(134,591)
	Net (decrease) / increase in cash and cash equivalents	(24,815)	23,491
	Cash and cash equivalents at the beginning of the period	(647,240)	(643,150)
	Cash and cash equivalents at the end of the period	(672,055)	(619,659)
CASH AND CASH EQUIVALENTS			
	Cash and bank balances	24,290	78,227
	Short-term borrowings	(696,345)	(697,886)
		(672,055)	(619,659)

The annexed notes from 1 to 26 form an integral part of this condensed interim financial information.

Qazi Sajid Ali
Chief Executive Officer

Maqbool H.H. Rahimtoola
Director

Muhammad Yousuf
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
(UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2018**

Issued, subscribed and paid-up capital	Reserves				Total	Grand Total
	Capital reserve		Revenue reserves			
	Share premium	Revaluation surplus	General reserve	Accumulated losses		

----- (Rupees in `000) -----

Balance as at July 1, 2017 107,640 5,655 1,064,230 160,000 (57,297) 1,172,588 1,280,228

Total comprehensive income
for the half year ended
December 31, 2017

Net profit for the period	-	-	-	-	12,870	12,870	12,870
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	-	12,870	12,870	12,870

Transferred from surplus on
revaluation of fixed asset
on account of incremental
depreciation

- - (12,172) - 12,172 - -

Final dividend of 2017:
Rs. 0.63 per share

- - - - (6,781) (6,781) (6,781)

Balance as at
December 31, 2017

107,640	5,655	1,052,058	160,000	(39,036)	1,178,677	1,286,317
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Balance as at July 1, 2018

107,640	5,655	1,039,885	160,000	(34,450)	1,171,090	1,278,730
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Total comprehensive loss
for the half year ended
December 31, 2018

Net loss for the period	-	-	-	-	(79,250)	(79,250)	(79,250)
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	-	(79,250)	(79,250)	(79,250)

Transferred from surplus on
revaluation of fixed asset
on account of incremental
depreciation

- - (12,172) - 12,172 - -

Final dividend of 2018:
Rs. 0.2 per share

- - - - (2,153) (2,153) (2,153)

**Balance as at
December 31, 2018**

107,640	5,655	1,027,713	160,000	(103,681)	1,089,687	1,197,327
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The annexed notes from 1 to 26 form an integral part of this condensed interim financial information.

Qazi Sajid Ali
Chief Executive Officer

Maqbool H.H. Rahimtoola
Director

Muhammad Yousuf
Chief Financial Officer

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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED DECEMBER 31, 2018

1 THE COMPANY AND ITS OPERATIONS

- 1.1 Dadex Eternit Limited ("the Company") was incorporated in Pakistan as a public limited company on April 13, 1959 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and its ordinary shares are listed on Pakistan Stock Exchange. The principle 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 product.
- 1.2 As at balance sheet date, Sikander (Private) Limited (the Holding Company) holds 6,800,648 ordinary shares representing 63.18% shareholding.

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Company is situated at Dadex House, 34-A/1, Block 6, P.E.C.H.S, Sharah-e-Faisal, Karachi. The Company has three factories which are located at the following locations:

- DEH # 21-22, Manghopir, Karachi
- Badin Road, Hyderabad
- Sunder Industrial Estate, Multan Road, Raiwind, District, Lahore

3 BASIS OF PREPARATION

3.1 Statement of compliance

This condensed interim financial information is unaudited and being submitted to the shareholders as required under section 237 of the Companies Act, 2017.

This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended June 30, 2018, which have been prepared in accordance with approved accounting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last declared financial statements.

The comparative statement of financial position presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2018, whereas the comparative condensed interim profit and loss accounts, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial information for the period ended December 31, 2017.

3.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except for land which is stated at revalued amounts. This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information

3.3 Functional and presentation currency

This condensed interim financial information has been presented in Pak Rupees, which is the functional and presentation currency of the Company.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information is the same as those applied in the preparation of the financial statements for the year ended June 30, 2018, except for the adoption of IFRS 15 "Revenue from contracts with customers" as detailed in note 4.1.

4.1 IFRS 15 - Revenue from Contracts with Customers

IFRS 15 'Revenue from Contracts with Customers' supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Company has assessed that significant performance obligation in contracts with customers are closely related and, therefore, are discharged over the period of the relationship with relevant customers. Hence, the Company has concluded that it is in compliance with the requirements of the new accounting standard.

4.2 Applicability of IFRS 9 - Financial Instruments

On July 24, 2017, the International Accounting Standards Board (IASB) published IFRS 9 'Financial Instruments'. This standard was adopted locally by the Securities and Exchange Commission of Pakistan (SECP) through its S.R.O. 1007(I)/2017 dated October 04, 2017 and became effective for accounting periods beginning on or after July 1, 2018. Subsequent to the balance sheet date, SECP through its S.R.O. 229 (I)/2019 deferred the adoption of this standard and modified the effective date for applicability of this standard as reporting period / year ending on or after June 30, 2019. IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard will replace IAS 39 Financial Instruments: Recognition and Measurement.

5 ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial information requires management to make certain judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2018.

	December 31, 2018 (Un-audited)	June 30, 2018 (Audited)
Note	----- (Rupees in '000) -----	
6 OPERATING FIXED ASSETS		
Opening net book value (NBV)	1,755,395	1,778,065
Additions / transfers during the period / year at cost	6.1 <u>72,811</u>	<u>62,623</u>
	1,828,206	1,840,688
Disposals during the period / year at NBV	6.2 <u>(85)</u>	<u>(1,926)</u>
Depreciation charge for the period / year	<u>(39,096)</u>	<u>(83,367)</u>
	(39,181)	<u>(85,293)</u>
Closing net book value (NBV)	<u>1,789,025</u>	<u>1,755,395</u>

6.1 Detail of additions (at cost) during the period / year are as follows:

Owned

Freehold land	-	86
Factory building on freehold and leasehold land	-	877
Plant and machinery	14,337	37,960
Vehicles and transportation equipments	-	181
Office and factory equipments	185	1,942
Furniture and fixtures	229	511

Leased

Plant and machinery	57,929	8,698
Vehicles and transportation equipments	131	12,367
	<u>72,811</u>	<u>62,623</u>

6.2 Detail of disposals (at NBV) during the period / year are as follows:

Owned

Plant and machinery	-	1,869
Vehicles and transportation equipments	85	57
	<u>85</u>	<u>1,926</u>

7 CAPITAL WORK IN PROGRESS

Buildings on leasehold land	1,006	1,006
Plant and machinery	15,429	8,223
Office and factory equipments	110	-
	<u>16,545</u>	<u>9,229</u>

	December 31, 2018 (Un-audited)	June 30, 2018 (Audited)
7.1 Movement of carrying amount is as follows:	Note	----- (Rupees in '000) -----
Opening balance	9,229	10,065
Additions (at cost) during the period / year	<u>80,127</u>	<u>61,831</u>
	89,356	71,896
Transfer to operating fixed assets during the period / year	<u>(72,811)</u>	<u>(62,667)</u>
Closing balance	<u><u>16,545</u></u>	<u><u>9,229</u></u>

8 LONG-TERM INVESTMENT

Investment in associate	5,000	5,000
Less: Impairment in value	<u>(5,000)</u>	<u>(5,000)</u>
	8.1	-
	<u><u>-</u></u>	<u><u>-</u></u>

- 8.1 The Company has 48.04 percent (June 30 2018: 48.04 percent) shareholding i.e 625,000 (June 30, 2018: 625,000) ordinary shares of Rs.10/- each of Berdex Construction Chemicals (Private) Limited.

	December 31, 2018 (Un-audited)	June 30, 2018 (Audited)
9 STOCK-IN-TRADE	Note	----- (Rupees in '000) -----
Raw materials		
in hand	122,662	191,324
in transit	<u>160,114</u>	<u>182,746</u>
	282,776	374,070
Work-in-process	129,274	114,926
Finished goods		
manufactured	<u>273,811</u>	<u>262,519</u>
trading	<u>49,096</u>	<u>64,022</u>
	9.1	326,541
	<u><u>734,957</u></u>	<u><u>815,537</u></u>

- 9.1 Finished goods are net off provision of Rs. 77.907 million (June 30, 2018: Rs.81.835 million).

10 TRADE DEBTS

(Unsecured - considered good)		
Due from associated undertakings	982	104
Others		
Export	244	244
Local	<u>302,889</u>	<u>184,363</u>
	304,115	184,711
(Unsecured - considered doubtful)		
Due from Turnkey project	<u>17,414</u>	<u>17,414</u>
Due from Others	<u>91,000</u>	<u>123,633</u>
	108,414	141,047
	412,529	325,758
Provision for doubtful debts		
Turnkey project	<u>(17,414)</u>	<u>(17,414)</u>
Others	<u>(91,000)</u>	<u>(123,633)</u>
	10.1	(141,047)
	<u><u>(108,414)</u></u>	<u><u>(141,047)</u></u>
	304,115	184,711

	December 31, 2018 (Un-audited)	June 30, 2018 (Audited)
Note	----- (Rupees in '000) -----	
10.1 Provision for doubtful debts - others		
Opening balance	123,633	123,316
Charge during the period	6,000	317
Written off	<u>(38,633)</u>	-
Closing balance	<u>91,000</u>	<u>123,633</u>

11 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	December 31, 2018 (Un-audited)	June 30, 2018 (Audited)			
	Number of Shares				
1,714,264	1,714,264		Ordinary shares of		
			Rs.10/-each issued for cash	17,143	17,143
476,386	476,386		Issued for consideration		
			other than cash	4,764	4,764
8,573,309	8,573,309		Issued as fully paid		
			bonus shares	<u>85,733</u>	<u>85,733</u>
10,763,959	<u>10,763,959</u>			<u>107,640</u>	<u>107,640</u>

11.1 Ordinary shares include 4,090,536 shares of B class of Rs.10/- each converted into and deemed to be ordinary shares on disposal by a foreign shareholder, in prior years, in accordance with the Articles of Association of the Company.

11.2 The Holding Company holds 6,800,648 (June 30, 2018: 6,800,648) ordinary shares representing 63.18 percent (June 30, 2018: 63.18 percent) shareholding as at the balance sheet date.

	December 31, 2018 (Un-audited)	June 30, 2018 (Audited)
	----- (Rupees in '000) -----	
12 TRADE AND OTHER PAYABLES		
Trade creditors	257,061	397,234
Accrued liabilities	112,003	84,756
Advance from customers	149,145	75,887
Advance from tenants	8,796	5,536
Security deposits from distributors and others	14,678	10,766
Workers' Profit Participation Fund payable	900	5,939
Workers' Welfare Fund	5,928	4,005
Infrastructure cess payable	38,620	39,813
Sales tax and excise duty	22,901	-
Others	1,284	9,935
	<u>611,317</u>	<u>623,936</u>

		December 31, 2018 (Un-audited)	June 30, 2018 (Audited)
	Note	----- (Rupees in '000) -----	
13 SHORT TERM BORROWINGS			
Secured			
Karobar finance	13.1	250,000	250,000
Running finance	13.2	696,345	671,175
Finance against trust receipts	13.3	194,373	187,694
Tijarah finance	13.4	100,000	100,000
Murabaha and Istisna finance	13.4	100,329	63,743
Unsecured			
Loan from Director	13.5	15,000	-
		<u>1,356,047</u>	<u>1,272,612</u>

- 13.1** This facility has been obtained from Islamic bank aggregating to Rs.250 million (June 30, 2018: Rs. 250 million). The facility is secured by creation of first pari-passu charge against hypothecation of the Company's property, plant and equipment of Rs. 333.33 million (June 30, 2018: Rs. 333.33 million) located at Karachi and Lahore. The facility carries mark-up rates ranging from 9.43 to 13.78 percent (June 30, 2018: 9.13 to 9.16 percent) per annum.
- 13.2** These facilities have been obtained from various commercial banks aggregating to Rs. 700 million (June 30, 2018: Rs. 700 million) out of which Rs. 3.655 million (June 30, 2018: Rs. 29.825 million) remains unutilized as at the date of statement of financial position. These facilities are secured by creation of first pari-passu charge against hypothecation of the Company's stock in trade, trade debts and property, plant and equipment of Rs. 1,562 million (June 30, 2018: Rs. 1,562 million), equitable mortgage of Rs. 153 million over property No. 36 and 37 located in Gulberg, Lahore 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. These facilities carry mark-up rates ranging from 9.17 to 11.82 percent (June 30, 2018: 8.30 to 9.62 percent) per annum.
- 13.3** This represent working capital facilities availed from a commercial bank carrying markup of 6 months KIBOR plus 1.75% (June 30, 2018: 6 months KIBOR plus 1.75% per annum). The facility is secured against first exclusive charge of Rs. 666.67 million by way of equitable mortgage on the Company's land, building and hypothecation over machinery and equipment.
- 13.4** An overall facility of Rs. 300 million has been obtained from Al-Baraka Bank of Rs.100 million each under Tijarah finance, Murabaha financing and Istisna financing. The facility is secured by creation of first pari-passu charge against hypothecation of the Company's property plant and equipment (Sundar factory) located at Lahore and company's stock in trade. The financing facility carries markup at 3 months KIBOR plus 3% (June 30, 2018: KIBOR plus 2%). The Company has not utilized the amount of Rs. 99.67 million (June 30, 2018: Rs. 136.25 million).
- 13.5** The loan is interest free and there are no fixed terms of repayment.

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

14.1.1 During the year ended June 30, 2015 the Government of Pakistan promulgated Gas Infrastructure Development Cess (GIDC) Act, 2015 and levied GIDC on gas bills at the rate of Rs.100 / MMBTU on all industrial consumers. The GIDC Act, 2015 was made applicable with immediate effect superseding the GIDC Act, 2011 and GIDC Ordinance, 2014. However, the Company filed a suit before the Honourable High Court of Sindh (HCS), challenging the vires of GIDC Act, 2015 which passed an order restraining the Sui Southern Gas Company Limited (SSGCL) from demanding and collecting GIDC as levied by the GIDC Act, 2015. During the last year, the case was decided by the High Court of Sindh in favor of the Company. Subsequent to the judgment, on appeal filed by the SSGCL, the High Court of Sindh suspended the aforesaid judgment till the disposal of appeal. The matter is still pending in Honorable High Court of Sindh. The financial exposure of the Company up to December 31, 2018 amounts to Rs. 63.641 million, however, no provision in the financial statements has been made as the Company believes based on legal advice that the amount shall not be payable.

14.1.2 During the year ended June 30, 2010, the Environmental Protection Tribunal (EPT) initiated proceedings against the Company, containing allegations of pollution, under the Pakistan Environmental Protection Act, 1997 based on a complaint filed by the brother of an ex-employee of the Company. The Company submitted a plea before the EPT raising the issue of the maintainability of the complaint and its lack of jurisdiction to hear the same which was dismissed vide an order dated June 29, 2010. The Company filed a constitutional petition before the Honourable High Court of Sindh (HCS) seeking reliefs that the proceedings before EPT vis-a-vis the complainant were taken coram non iudice and has maintained that the EPT has no jurisdiction of the subject matter. The said constitutional petition was dismissed by HCS vide its judgment dated March 9, 2011.

The Company filed petition for leave to appeal against the judgment of HCS before the Honorable Supreme Court of Pakistan (SCP) which granted leave to appeal to the Company vide its order dated June 23, 2011 and converted the petition into an appeal. Thereafter, after the partial hearing of the civil appeal, the SCP vide its order dated October 25, 2011 directed a commission constituted by the EPT to submit the report of environmental audit of the Company's factory and surrounding premises. Pursuant to the direction of SCP, a report was filed ostensibly on behalf of a commission constituted by the EPT to which objections have been filed by the Company before SCP. The hearing of civil appeal on merits is now pending. Based on the opinion of the legal counsel of the Company, the management expects a favorable outcome of the case. Accordingly, no provision for any potential demand in respect of the above has been made in these financial statements.

14.1.3 The Company is defending various suits filed in various courts of Pakistan for sums aggregating to Rs. 20.583 million (June 30, 2018: Rs. 14.117 million). However, in view of a legal advice, the Company's management is confident that these suits will be decided in its favor, and accordingly, no provision has been made in this respect.

14.1.4 The Company entered into Technology Licensing Agreement with Wavin Overseas B.V. (WOBV) dated October 22, 2012 for a period of five years which expired on October 21, 2017. WOBV granted the Company a personal, exclusive and non-transferable license to use the 'Know-how' and 'Patents' to manufacture, apply and sell the Products in the Territory defined in the agreement along with the provision of related assistance and training to the Company as per the agreement. Against these service, the Company had to pay fixed annual royalty of Euro 60,000 per year.

In prior years, the Company served a notice for termination of the agreement dated August 19, 2015 which was not responded by WOBV. The Company had been making a provision in respect of royalty payments as per the terms of agreement up till June 30, 2017, as a matter of prudence and abundant caution since termination notice was not responded by WOBV, which amounted to Rs. 28.696 million as at the June 30, 2018. During the period, the Company, based on legal advice, has written back the provision made in respect of royalty payments amounting to Rs. 28.696 million, however, no formal settlement agreement has been signed.

December 31, 2018 (Un-audited)	June 30, 2018 (Audited)
----- (Rupees in '000) -----	

14.2 Commitments

Outstanding letters of credit	328,227	350,308
Outstanding letter of guarantee	97,053	97,053
Postdated cheques	170,102	133,284
Outstanding contracts	182,130	238,539
Duties payable on goods in transit	273,757	299,565
	<u>1,051,269</u>	<u>1,118,749</u>

15 SALES

	Half year ended		Quarter ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	----- (Rupees in `000) -----			
	----- (Un-audited) -----			
Local sales	1,679,222	1,682,185	928,444	922,560
Export sales	2,484	-	2,368	-
Gross sales	1,681,706	1,682,185	930,812	922,560
Less:				
Sales tax	(266,170)	(259,773)	(147,235)	(141,897)
	<u>1,415,536</u>	<u>1,422,412</u>	<u>783,577</u>	<u>780,663</u>

16 COST OF SALES

	Half year ended		Quarter ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	----- (Rupees in `000) -----			
	----- (Un-audited) -----			
Manufactured goods				
Raw materials consumed				
Opening stock	374,070	379,552	300,974	358,164
Purchase	893,492	854,907	486,524	418,106
Closing stock	(283,426)	(280,870)	(283,426)	(280,870)
Raw materials consumed	984,136	953,589	504,072	495,400
Manufacturing overheads				
Stores and spares consumed	30,378	28,888	16,189	13,941
Salaries, wages and other benefits	65,923	64,711	32,837	37,360
Procured services	35,606	40,381	17,809	24,230
Fuel, water and power	53,709	57,674	24,804	29,050
Insurance	3,364	1,646	1,281	962
Travelling	448	87	437	45
Communication	598	643	281	385
Depreciation	23,044	30,943	11,954	15,503
Rent, rates and taxes	2,543	3,475	1,323	2,471
Repairs and maintenance	19,675	15,690	10,077	9,516
Printing and stationary	476	336	269	220
Other expenses	1,294	1,556	761	1,000
	237,058	246,030	118,022	134,683
	1,221,194	1,199,619	622,094	630,083
Work-in-process				
Opening stock	114,925	122,179	133,555	117,097
Closing stock	(129,274)	(119,393)	(129,274)	(119,393)
Cost of goods manufactured	1,206,845	1,202,405	626,375	627,787
Finished goods				
Opening stock	262,520	190,736	317,756	239,647
Closing stock	(273,811)	(212,062)	(273,811)	(212,062)
	1,195,554	1,181,079	670,320	655,372
Trading goods				
Opening stock	64,021	21,808	51,598	25,117
Purchase	41,003	11,458	26,977	5,543
Closing stock	(49,096)	(21,650)	(49,096)	(21,650)
	55,928	11,616	29,479	9,010
	1,251,482	1,192,695	699,799	664,382

17 OTHER INCOME

This includes liabilities no longer payable written back in respect of provision made against royalty payments amounting to Rs. 28.696 million as detailed in note 14.1.4 in the condensed interim financial information.

18 EARNING PER SHARE - BASIC AND DILUTED

Half year ended		Quarter ended	
December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
----- (Rupees in `000) -----			
----- (Un-audited) -----			

The basic earning per share as required under "IAS 33 Earning per share" is given below:

Net (loss) / profit for the period	(79,250)	12,870	(27,392)	2,849
Weighted average number of ordinary shares	10,764	10,764	10,764	10,764
Earnings per share - basic and diluted (Rupees)	(7.36)	1.20	(2.54)	0.26

	Note	Half year ended	
		December 31, 2018	December 31, 2017
		----- (Rupees in '000) ----- (Un-audited)	
19 CASH GENERATED FROM OPERATIONS			
(Loss) / profit before taxation		(55,979)	30,574
Adjustment for non-cash and other items			
Depreciation			
Property, plant and equipment		39,096	45,637
Investment property		1,269	1,269
Amortization		76	70
Gain on disposal of property, plant and equipment		(1,883)	(6)
Interest income		(28)	-
Finance costs		76,238	57,081
Amortization of deferred income		(2,430)	(2,430)
Provision against doubtful debts		6,000	729
Working capital changes	19.1	(106,196)	157,701
		(43,837)	290,625

19.1 Working capital changes

(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(6,096)	(3,696)
Stock in trade		80,580	80,300
Trade debts		(125,404)	(108,777)
Loans and advances		(39,142)	23,939
Trade deposits and short-term prepayment		(8,735)	(40,346)
Other receivable		15,155	(9,154)
		(83,642)	(57,734)
(Decrease) / increase in current liabilities			
Trade and other payable		(22,554)	215,435
		(106,196)	157,701

20 TRANSACTIONS AND BALANCES WITH RELATED PARTIES.

20.1 The related parties comprise of Holding Company, group companies, other associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings are as under:

Relation with the company	Nature of transaction	Half year ended		Quarter ended	
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
----- (Rupees in '000) -----					
----- (Un-audited) -----					
Holding Company Associated Companies / Undertakings	Rent paid	931	745	-	-
Provident fund	Sales of goods	751	7,871	751	4,931
	Purchase of goods	330	831	225	481
Key management personnel	Contribution to staff retirement benefit plans	5,064	4,417	2,545	2,214
	Remuneration and other benefits	21,598	19,441	11,148	9,699
				December 31, 2018	June 30, 2018
----- (Rupees in '000) -----					
				(Un-audited)	(Audited)

20.2 Period / year end balances

Receivable from associated companies / undertakings	960	-
Payable to related parties	233	164
Short term borrowing from Director	15,000	-

20.3 The above transactions with related parties are at arm's length based on normal commercial rates.

	Chrysofile Cement	Plastic	Others	Total
----- (Rupees in '000) -----				

21 OPERATING SEGMENTS

21.1 Segment Analysis Half year ended December 31, 2018 (Unaudited)

Turnover	460,098	955,438	-	1,415,536
Segment result	(29,430)	22,863	-	(6,567)
Unallocated expenses				
Other operating expenses				(28,288)
Other income				55,114
Finance costs				(76,238)
Taxation				(23,271)
Loss for the period				(79,250)

	Chrysolite Cement	Plastic	Others	Total
	----- (Rupees in '000) -----			
Half year ended December 31, 2017 (Unaudited)				
Turnover	<u>480,802</u>	<u>941,610</u>	<u>-</u>	<u>1,422,412</u>
Segment result	<u>34,008</u>	<u>43,480</u>	<u>-</u>	<u>77,488</u>
Unallocated expenses				
Other operating expenses				(15,862)
Other income				26,029
Finance costs				(57,081)
Taxation				<u>(17,704)</u>
Net profit for the period				<u>12,870</u>

21.2 Segment assets and liabilities

December 31, 2018 (Un-audited)

Segment assets	<u>452,155</u>	<u>817,175</u>	<u>199,665</u>	<u>1,468,995</u>
Unallocated corporate assets				<u>1,899,296</u>
Total assets				<u>3,368,291</u>
Segment liabilities	<u>193,507</u>	<u>313,417</u>	<u>11,075</u>	<u>517,999</u>
Unallocated corporate liabilities				<u>1,652,965</u>
Total liabilities				<u>2,170,964</u>

June 30, 2018 (Audited)

Segment assets	<u>391,856</u>	<u>700,277</u>	<u>52,076</u>	<u>1,144,209</u>
Unallocated corporate assets				<u>2,186,310</u>
Total assets				<u>3,330,519</u>
Segment liabilities	<u>196,917</u>	<u>366,519</u>	<u>12,333</u>	<u>575,769</u>
Unallocated corporate liabilities				<u>1,476,021</u>
Total liabilities				<u>2,051,790</u>

22 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with that disclosed in the annual financial statements for the year ended June 30, 2018.

23 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of all financial assets and liabilities reflected in the condensed interim financial information approximate their fair values. Fair value is the amount for which asset could be exchanged or liability settled between knowledgeable, willing parties in an arm length transaction.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset either directly or derived from prices.
- Level 3: Inputs for the asset or liability that are not based on observable market data (unadjusted) inputs.

As of the statement of financial statement date, no financial instruments of the Company are carried at fair value.

Transfers during the period

During the six month period ended December 31, 2018, there were no transfers between level 1 and level 2 fair value measurement and no transfer into or out of level 3 fair value measurement.

24 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on February 26, 2019 by the Board of Directors of the Company.

25 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation. However, no significant reclassification has been made during the period.

26 GENERAL

Amounts have been rounded off to the nearest thousands of rupees unless otherwise stated.

Qazi Sajid Ali
Chief Executive Officer

Maqbool H.H. Rahimtoola
Director

Muhammad Yousuf
Chief Financial Officer

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