

Condensed Interim Financial Statements
For the Half-Year Ended 31 December 2013
(Un-audited)

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Dadex Eternit Limited

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COMPANY INFORMATION

Board of Directors	Abu Talib H.K. Dada- Chairman Sikander Dada Maqbool H.H. Rahimtoola Qazi Sajid Ali Shahzad M. Husain Zulfiqar Ali Lakhani Samad Dada	(Non - Executive Director) (Executive Director) (Non - Executive Director) (Non - Executive Director) (Non - Executive Director) (Non - Executive Director) (Non - Executive Director)
Chief Executive Officer	Sikander Dada	
Chief Financial Officer/ Company Secretary	Shazam Butt	
Board Audit Committee	Qazi Sajid Ali - Chairman Shahzad M. Husain Samad Dada	
Human Resource and Remuneration Committee	Maqbool H.H. Rahimtoola - Chairman Sikander Dada Qazi Sajid Ali	
Management Team	Sikander Dada - Chief Executive Officer Tanveer Saleem- Chief Operating Officer (Technical & Operations) Syed Ashar Husain - Chief Operating Officer (Commercial Services) Shazam Butt - Chief Financial Officer / Company Secretary Munawar Abbas- General Manager (Operations)	
Auditors	Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants	
Bankers	Dubai Islamic Bank Pakistan Limited Habib Bank Limited Habib Metropolitan Bank Limited HSBC Bank Middle East Limited MCB Bank Limited National Bank of Pakistan Standard Chartered Bank (Pakistan) Limited The Bank of Punjab United Bank Limited (UBL Ameen)	
Legal Advisor	SurrIDGE & Beecheno 3rd Floor, Finlay House, I.I. Chundrigar Road, 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 505, 5th Floor, Kashif Centre, Near Hotel Mehran, Main Shahrah-e-Faisal, Karachi. Phone: (92-21) 35643871-72 Fax: (92-21) 35643873 Email: jwaffs@live.com	
Web Site	www.dadex.com	

DIRECTORS' REVIEW

The Directors are pleased to present the Financial Statements of the Company together with the Auditors' Report to the members on review of interim financial information for the half year ended December 31, 2013.

The period under review has again been a very challenging period for the Company. The weakening of the Rupee against US Dollar and the Euro increased prices of raw materials and related chemicals, as well as imported fittings, making our products more expensive while putting severe pressure on our margins. Production and Sales continued to be severely hampered by law and order situation in Karachi, curtailment of Government funding in Sindh & Baluchistan, and economic hardships across Pakistan. New import laws and restrictions imposed in Afghanistan have virtually wiped out any potential for exporting our products there.

The Company has been able to curtail its distribution cost by 29.3%, from Rs. 131.6 million to Rs. 93.1 million and controlled the administrative costs as compared to corresponding period last year but the cost of sales increased from 76.9% to 94.2%, due to lower production and sales compared to the same period last year. The factors mentioned above has resulted in a lower turnover by 19.7%, as compared to the corresponding period last year, which has resulted in a loss per share of Rs. 17.68 (December 31, 2012: loss per share of Rs. 0.48).

The focused program to turn the Company around is continuing, including targeted cost cutting measures, moving towards a lean and efficient human resource setup curtailing overtime expenses, as well as controlling Distribution and Administration expenditure, wastages and other losses.

In addition to the above measure, alternate sources of production and imports have been established during this period, as well as swapping high cost bank liabilities at lower rates, which will bring down our expenses substantially during the next six months of fiscal year 2013 - 2014. The sales outlook for January to June 2014 is a positive Rs. 1.3 billion as against the first half sales performance of Rs.957 million.

The Directors would like to extend their thanks to the management team and appreciate the continued support and commitment of all the stakeholders and all cadres of employees of the Company for their continued hard and sincere work and expect them to put in extra efforts in the coming quarter to help the Company to achieve a profitable year.

On behalf of the Board

Karachi: February 27, 2014

Sikander Dada
Cheif Executive

Qazi Sajid Ali
Director



Building a better
working world

Ernst & Young Ford Rhodes Sidat Hyder
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AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Dadex Eternit Limited** (the Company) as at 31 December 2013, the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, 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's Name: Omar Mustafa Ansari

Karachi: February 27, 2014

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**CONDENSED INTERIM BALANCE SHEET
AS AT 31 DECEMBER, 2013**

	Note	31 December 2013 (Un-audited) ————(Rupees in '000)————	30 June 2013 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	5	1,280,461	1,301,522
Intangible assets	6	-	-
		<u>1,280,461</u>	<u>1,301,522</u>
Long-term investment	7	-	-
Long-term loans		2,361	2,225
Long-term deposits		6,668	46,668
Deferred tax asset	8	90,313	62,105
		<u>1,379,803</u>	<u>1,412,520</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		34,133	33,147
Stock-in-trade	9	830,787	982,607
Trade debts	10	142,752	161,080
Loans and advances		107,914	61,713
Trade deposits and short-term prepayments		63,013	25,994
Accrued interest		5	6
Other receivables	11	12,106	13,090
Sales tax and excise duty - net		25,339	28,157
Tax refund due from government - net		163,672	144,964
Cash and bank balances		5,536	17,782
		<u>1,385,257</u>	<u>1,468,540</u>
TOTAL ASSETS		<u><u>2,765,060</u></u>	<u><u>2,881,060</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		107,640	107,640
Accumulated loss / Reserves		(5,181)	177,942
		<u>102,459</u>	<u>285,582</u>
SURPLUS ON REVALUATION OF FIXED ASSETS		787,998	795,226
NON-CURRENT LIABILITIES			
Long-term financing	12	88,889	88,889
CURRENT LIABILITIES			
Trade and other payables	13	748,351	854,271
Murahaba		50,707	-
Accrued mark-up		22,773	21,691
Current portion of long-term financing		11,111	11,111
Short-term borrowings	14	952,772	824,290
		<u>1,785,714</u>	<u>1,711,363</u>
CONTINGENCIES AND COMMITMENTS	15		
TOTAL EQUITY AND LIABILITIES		<u><u>2,765,060</u></u>	<u><u>2,881,060</u></u>

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.

Shazam Butt
Chief Financial Officer

Sikander Dada
Chief Executive

Qazi Sajid Ali
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED 31 DECEMBER, 2013
(UN-AUDITED)**

	Note	Half Year ended December 31		Quarter ended December 31	
		2013	2012	2013	2012
		(Rupees in '000)			
Turnover - net		957,093	1,192,378	421,649	613,264
Cost of sales	16	(901,395)	(917,694)	(407,933)	(462,115)
Gross profit		55,698	274,684	13,716	151,149
Distribution costs	17	(93,071)	(131,631)	(48,503)	(77,078)
Administrative expenses	18	(104,400)	(104,325)	(53,343)	(58,015)
Other operating expenses		(23,652)	(14,265)	(280)	(9,955)
Other operating income		25,821	22,492	16,312	2,577
Operating (loss) / profit		(139,604)	46,955	(72,098)	8,678
Finance costs	19	(62,697)	(58,631)	(35,228)	(27,345)
Loss before taxation		(202,301)	(11,676)	(107,326)	(18,667)
Taxation	20	11,950	6,550	(1,056)	12,367
Loss after taxation		(190,351)	(5,126)	(108,382)	(6,300)
Loss per share - basic and diluted		Rs. (17.68)	Rs. (0.48)	Rs. (10.07)	Rs. (0.59)

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.

Shazam Butt
Chief Financial Officer

Sikander Dada
Chief Executive

Qazi Sajid Ali
Director

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**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2013
(UNAUDITED)**

	Half Year ended 31 December		Quarter ended 31 December	
	2013	2012	2013	2012
	(Rupees in '000)			
Loss for the period	(190,351)	(5,126)	(108,382)	(6,300)
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) / income for the period	(190,351)	(5,126)	(108,382)	(6,300)

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.

Shazam Butt
Chief Financial Officer

Sikander Dada
Chief Executive

Qazi Sajid Ali
Director

**CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER, 2013
(UN-AUDITED)**

	Note	Half year ended	
		31 December 2013	31 December 2012
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows used in operations	22	(133,347)	(169,226)
Income tax paid		(34,966)	(38,949)
Long-term loans - net		(136)	(199)
Long-term deposits - net		40,000	-
Net cash flows used in operating activities		(128,449)	(208,374)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(10,282)	(20,680)
Proceeds from disposal of property, plant and equipment		9,283	-
Interest / return on financial assets received		2	44
Net cash flows used in investing activities		(997)	(20,636)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short-term borrowing - net		128,482	280,260
Interest / mark-up paid		(61,615)	(50,691)
Murabaha obtained		50,707	-
Dividends paid		(374)	(1,022)
Net cash flows generated from financing activities		117,200	228,547
Net decrease in cash and cash equivalents		(12,246)	(463)
Cash and cash equivalents at the beginning of the period		17,782	4,676
Cash and cash equivalents at the end of the period		5,536	4,213

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.

Shazam Butt
Chief Financial Officer

Sikander Dada
Chief Executive

Qazi Sajid Ali
Director

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**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER, 2013
(UN-AUDITED)**

	Issued, subscribed and paid-up capital	Reserves				Grand Total
		Capital reserves- shares premium	Revenue reserves		Total	
			General	Unappr- opriated profit / (loss)		
Balance as at 01 July 2012	107,640	5,655	-	170,143	175,798	283,438
Transfer from general reserve for the year ended 30 June 2012	-	-	160,000	(160,000)	-	-
Surplus on revaluation of fixed assets realized on account of incremental depreciation charged on related assets for the period	-	-	-	7,228	7,228	7,228
Loss for the period	-	-	-	(5,126)	(5,126)	(5,126)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(5,126)	(5,126)	(5,126)
Balance as at 31 December 2012	<u>107,640</u>	<u>5,655</u>	<u>160,000</u>	<u>12,245</u>	<u>177,900</u>	<u>285,540</u>
Balance as at 01 July 2013	107,640	5,655	160,000	12,287	177,942	285,582
Surplus on revaluation of fixed assets realized on account of incremental depreciation charged on related assets for the period	-	-	-	7,228	7,228	7,228
Loss for the period	-	-	-	(190,351)	(190,351)	(190,351)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(190,351)	(190,351)	(190,351)
Balance as at 31 December 2013	<u>107,640</u>	<u>5,655</u>	<u>160,000</u>	<u>(170,836)</u>	<u>(5,181)</u>	<u>102,459</u>

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.

Shazam Butt
Chief Financial Officer

Sikander Dada
Chief Executive

Qazi Sajid Ali
Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER, 2013
(UN-AUDITED)**

1. NATURE AND STATUS OF BUSINESS

- 1.1** DadexEternit 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 Karachi Stock Exchange. The registered office of the Company is situated at Dadex House, 34-A/1, Block 6, P.E.C.H.S, Shahrah-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 the sale of 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. During the period, the Company 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 2013: 6,800,648) ordinary shares of Rs.10/- each of the Company representing 63.18 percent (30 June 2013: 63.18 percent) shareholding as of the balance sheet date.

2. STATEMENT OF COMPLIANCE

This condensed interim financial report of the Company for the six months period ended 31 December 2013 has been prepared in accordance with the requirements of the International Accounting Standard 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.

3. BASIS OF PRESENTATION

- 3.1** These condensed interim financial statements are unaudited but subject to limited scope review by the auditors and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984. 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 financial statements of the Company for the year ended 30 June 2013.
- 3.2** The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31 December 2013 and 31 December 2012 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the half years ended 31 December 2013 and 31 December 2012.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those of the previous financial year except as follows:

New, Amended and Revised Standards and Interpretations of IFRSs

The Company has adopted the following revised standard, amendments and interpretation of IFRSs which became effective for the current period:

- IAS 19 - Employee Benefits (Revised)
- IFRS 7 - Financial Instruments: Disclosures (Amendment)
 - Amendments enhancing disclosures about offsetting of financial assets and financial liabilities
- IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine

Improvements to Accounting Standards Issued by the IASB

- IAS 1 - Presentation of Financial Statements - Clarification of the requirements for comparative information
- IAS 16 - Property, Plant and Equipment - Clarification of Servicing Equipment
- IAS 32 - Financial Instruments: Presentation - Tax Effects of Distribution to Holders of Equity Instruments
- IAS 34 - Interim Financial Reporting - Interim Financial Reporting and Segment Information for Total Assets and Liabilities

The adoption of the above amendments, revisions, improvements to accounting standards and interpretations did not have any material effect on the condensed interim financial statements.

	Note	31 December 2013 (Unaudited) ----- <small>(Rupees in '000)</small> -----	30 June 2013 Audited
5. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	5.1	1,266,003	1,285,694
Capital work-in-progress	5.2	14,458	15,828
		<u>1,280,461</u>	<u>1,301,522</u>
5.1 The following is the movement in operating assets during the period:			
Opening balance (WDV)		1,285,694	1,291,077
Add: Additions/transfers during the period	5.1.1	<u>11,652</u>	<u>55,646</u>
		1,297,346	1,346,723
Less: Disposals during the period (WDV)	5.1.2	(2,101)	-
Depreciation charge for the period	5.1.3	(29,242)	(61,029)
Operating assets (WDV)		<u>1,266,003</u>	<u>1,285,694</u>
5.1.1 Additions including transfers during the period			
Building		1,743	9,625
Plant and machinery		9,724	43,516
Furniture and fittings		-	562
Office and factory equipment		185	1,943
		<u>11,652</u>	<u>55,646</u>
5.1.2 Disposals during the period (WDV)			
Plant and machinery		2,053	-
Office and factory equipment		48	-
		<u>2,101</u>	<u>-</u>

		31 December 2013 (Unaudited)	30 June 2013 (Audited)
	Note	(Rupees in '000)	
5.1.3			
Depreciation charged during the period			
Cost of sales	16	26,825	54,739
Distribution cost		1,441	3,956
Administrative expenses		976	2,334
		<u>29,242</u>	<u>61,029</u>
5.2			
Capital work-in-progress			
Plant and machinery - Green House Farming System		13,979	13,979
Impairment loss on plant and machinery		(8,811)	(8,811)
		<u>5,168</u>	<u>5,168</u>
Civil works - Hyderabad factory		2,264	1,344
Plant and machinery		6,861	9,022
Advances for capital expenditure		165	294
		<u>14,458</u>	<u>15,828</u>

6. INTANGIBLE ASSETS

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

7. LONG-TERM INVESTMENT

Represents long-term investment in Berdex Construction Chemicals (Private) Limited (Berdex). The Company has 48.04% shareholding in Berdex. Berdex is engaged in the marketing and distribution of construction chemicals in Pakistan. Based on the unaudited financial statements of Berdex for the years ended 30 June 2013 and 2012, Berdex has accumulated loss of Rs. 13.175 million and Rs. 12.774 million, respectively. The Company has discontinued recognizing its share of further loss of Rs. 0.080 million as it exceeds its interest in the associate.

		31 December 2013 (Unaudited)	30 June 2013 (Audited)
	Note	(Rupees in '000)	
8. DEFERRED TAX ASSET			
Deferred tax liabilities on taxable temporary difference:			
- accelerated tax depreciation on owned assets		(30,137)	(34,729)
Deferred tax assets on deductible temporary differences:			
- tax losses		112,579	88,678
- provision for slow moving and obsolete stores, spare parts and loose tools		4,245	4,400
- other deductible temporary differences		3,626	3,756
		<u>120,450</u>	<u>96,834</u>
	8.1	<u>90,313</u>	<u>62,105</u>

8.1 Deferred tax asset to the extent of Rs.97.374 million (30 June 2013: Rs.87.302 million) has not been recognized in these condensed interim financial statements due to uncertainty about the timing of reversal of such temporary differences and certain legal complexities in this respect.

	31 December 2013 (Unaudited)	30 June 2013 (Audited)
Note	(Rupees in '000)	
9. STOCK-IN-TRADE		
Raw materials		
- in hand	396,054	364,579
- in transit	18,634	187,909
	<u>414,688</u>	<u>552,488</u>
Work-in-process	68,555	83,853
Finished goods		
- Manufactured	223,955	235,764
- Trading [including in transit of Rs.Nil (30 June 2013:Rs.15.089 million)]	123,589	110,502
	<u>347,544</u>	<u>346,266</u>
	<u>830,787</u>	<u>982,607</u>

10. TRADE DEBTS - unsecured

The carrying value of the trade debts is adjusted after taking the effect of the provision of Rs.117.279 million (30 June 2013: Rs.116.517 million). Such provision includes an amount of Rs.15.632 million (30 June 2013: 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.

11. OTHER RECEIVABLES

Included herein receivable from K-Electric Limited (K-Electric) [formerly Karachi Electric Supply Company Limited (KESC)] of Rs.10.227 (30 June 2013: Rs.10.227) million on account of excess electricity charges billed by K-Electric to the Company. Last year, based on the advice of the Company's legal counsel in light of the favorable decision of Honorable High Court of Sindh dated 22 March 2011 the Company has made an adjustment for aforesaid amount being an excess amount paid in prior years. In this respect, the Company is in process of taking legal action to recover the above amount from K-Electric.

12. LONG-TERM FINANCING

The Company has obtained a diminishing musharika financing of Rs.100 million from United Bank Limited for a period of 5 years with a grace period of six months, carrying mark-up at the rate of 6 months KIBOR plus 2 percent per annum with a floor of 10 percent and collar of 18 percent. The facility is repayable in 54 monthly installments latest by 28 June 2018 with a grace period of six months and is subject to revision bi-annually. This facility is secured against first charge of Rs 130.42 million on land and buildings situated at Plot No. 561 & 561A, Sunder Industrial Estate, Multan Road, Raiwind, Lahore. In the event of default in monthly payment, the Company is liable to pay 20 percent per annum on unpaid outstanding amounts for each day default continues.

13. TRADE AND OTHER PAYABLES

Included herein creditors, bills payable and advances from customers of Rs.135.318 million, Rs.164.155 million and Rs.188.697 million (30 June 2013: Rs.109.916 million, Rs.384.203 million and Rs.177.433 million), respectively.

	31 December 2013 (Unaudited)	30 June 2013 (Audited)
Note	(Rupees in '000)	
14. SHORT-TERM BORROWINGS- secured		
Running finances utilized under mark-up arrangements	952,772	760,780
Foreign currency term finances	-	-
Finance against trust receipt	-	63,510
14.1	<u>952,772</u>	<u>824,290</u>

14.1 Represents facilities obtained from various commercial banks amounting to Rs.1,100 million (30 June 2013: Rs.900 million) out of which Rs. 147.228 million (30 June 2013:Rs.75.710 million) remains unutilized as at the balance sheet date.

14.2 The principal terms and conditions of the outstanding borrowings have remained the same as disclosed in the annual financial statements of the Company for the year ended 30 June 2013 except for the running finance facility increased from Rs. 500 million to Rs. 700 million during the period carrying markup at the rate of 3 months KIBOR plus 2.25 percent per annum.

15. CONTINGENCIES AND COMMITMENTS

There are no major changes in the status of contingencies as reported in the annual financial statements of the Company for the year ended 30 June 2013 except for the following:

	31 December 2013 (Unaudited)	30 June 2013 (Audited)
Note	(Rupees in '000)	
Commitments		
Letters of credit	-	296,502
Post-dated cheques	97,165	110,781
Import contracts	16,881	144,722
Local purchase contracts	26,311	18,171
Capital expenditure	4,673	-
Ijarah rentals	-	393,245
15.1	<u>145,030</u>	<u>963,421</u>

15.1 Subsequent to the period end, the Company caused an early termination of its Ijarah agreement by purchasing Ijarah asset (commercial property) from UBL Ameen as per agreed purchasing price option dated 15 June 2012. In order to arrange the required funds for the early termination of Ijarah agreement, the Company simultaneously entered into a financing arrangement with the Bank of Punjab.

	NOTE	Half Year Ended		Quarter Ended	
		31 December	31 December	31 December	31 December
		2013	2012	2013	2012
		(Unaudited)			
		(Rupees in '000)			
16. COST OF SALES					
Manufactured					
Raw materials consumed					
Opening stock		552,488	464,842	445,006	736,263
Purchases		463,896	807,337	228,481	175,861
Closing stock	9	(414,688)	(589,449)	(414,688)	(589,449)
		<u>601,696</u>	<u>682,730</u>	<u>258,799</u>	<u>322,675</u>
Stores, spare parts and loose tools consumed		24,183	16,410	9,901	5,748
Salaries, wages and benefits [including Rs.Nil (31 December 2012:Rs. 1.80 million) in respect of bonus to workers]		61,050	52,879	29,626	24,874
Procured services		28,548	17,465	15,583	8,091
Fuel, water and power		47,851	34,686	24,065	5,817
Insurance		2,469	3,026	956	1,513
Traveling		106	58	84	22
Communication		808	802	542	299
Depreciation	5.1.3	26,825	27,206	13,323	13,609
Rent, rates and taxes		2,369	2,309	1,558	898
Repairs and maintenance		14,415	15,906	7,354	8,554
Technical assistance fee		4,577	-	2,246	-
Printing and stationery		433	350	249	184
Other expenses		918	927	393	534
		<u>214,552</u>	<u>172,024</u>	<u>79,969</u>	<u>94,344</u>
Opening stock of work-in - process		83,853	91,979	79,969	94,344
Closing stock of work-in - process	9	(68,555)	(58,236)	(68,555)	(58,236)
Cost of goods manufactured		<u>831,546</u>	<u>888,497</u>	<u>376,093</u>	<u>428,926</u>
Opening stock of finished goods		235,764	186,232	238,835	224,041
Closing stock of finished goods	9	(223,955)	(185,617)	(223,955)	(185,617)
		<u>843,355</u>	<u>889,112</u>	<u>390,973</u>	<u>467,350</u>
Trading					
Opening stock		110,502	53,369	106,142	46,613
Purchases		90,533	58,530	51,815	31,202
		<u>201,035</u>	<u>111,899</u>	<u>157,957</u>	<u>77,815</u>
Closing stock	9	(123,590)	(79,433)	(123,590)	(79,433)
		<u>77,445</u>	<u>32,466</u>	<u>34,367</u>	<u>(1,618)</u>
Sale of scrap		(19,405)	(3,884)	(17,407)	(3,617)
		<u>901,395</u>	<u>917,694</u>	<u>407,933</u>	<u>462,115</u>

17. DISTRIBUTION COSTS

Included herein transportation charges on local sales, export and commission expense amounting to Rs.17.879 (31 December 2012: Rs. 22.709) million, Rs. Nil (31 December 2012: Rs. 0.235) and Rs.4.197 (31 December 2012: Rs. 41.205) million, respectively.

18. ADMINISTRATIVE EXPENSES

Included herein salaries and other benefits, ijarah rentals of commercial property and legal and professional charges of Rs.28.026 million, Rs.49.977 million and Rs.4.168 million (31 December 2012: Rs.25.381 million, Rs.40.915 million and Rs.15.360 million)respectively.

19. FINANCE COSTS

Included herein markup on short term borrowings of Rs.54.732 million (31 December 2012:Rs. 57.425 million).

Note	Half year ended	
	31 December, 2013	2012
	(Un-audited)	(Un-audited)
	(Rupees in '000)	(Rupees in '000)

20. TAXATION

Current	(16,257)	(10,621)
Deferred	28,207	17,171
	<u>11,950</u>	<u>6,550</u>

21. TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings 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:

Related parties	Nature of transaction	Half year ended	
		31 December, 2013	2012
		(Un-audited)	(Un-audited)
		(Rupees in '000)	(Rupees in '000)
Holding company			
Sikandar (Private) Limited	Rent paid	<u>387</u>	<u>-</u>
Associated companies due to common directorship			
Berger Paints Pakistan Limited	Purchase of goods	<u>60</u>	<u>87</u>
Cyber Internet Services (Private) Limited	Sale of goods	<u>7,979</u>	<u>18,000</u>
Century Insurance Company Limited (CICL)	General Insurance Insurance premium paid to New Jubilee Insurance Company Limited [CICL is co-insurer with 20% share (31 December 2012: 20% share)]	<u>515</u>	<u>750</u>
Staff retirement benefits			
DadexEternit Limited - Provident Fund	Employer Contribution	<u>5,622</u>	<u>5,001</u>
Key management personnel			
Sikandar Dada (Chief Executive)	Salary and other employment benefits	<u>8,564</u>	<u>7,763</u>
	Loan received and repaid during the period	<u>32,500</u>	<u>-</u>

	Note	Half year ended	
		31 December,	
		2013	2012
		(Un-audited)	
		(Rupees in '000)	
22. CASH FLOWS USED IN OPERATIONS			
Loss before taxation		(202,301)	(11,676)
Adjustments for non cash charges and other items:			
Depreciation	5.1.3	29,242	30,443
Gain on disposal of property, plant and equipment		(7,182)	-
Interest income		(2)	(44)
Finance costs		62,697	58,631
Provision against doubtful debts - net		898	3,057
Reversal of provision against doubtful deposits - net		-	(853)
Working capital changes	22.1	(16,699)	(248,784)
		(133,347)	(169,226)
22.1 Working capital changes			
Decrease / (increase) in current assets			
Stores, spare parts and loose tools		(986)	(2,053)
Stock-in-trade		151,820	(116,313)
Trade debts		17,430	(71,107)
Loans and advances		(46,201)	8,331
Trade deposits and short-term prepayments		(37,019)	(4,566)
Other receivables		985	(12,281)
Sales tax and excise duty - net		2,818	1,368
		88,847	(196,621)
(Decrease) / increase in current liabilities			
Trade and other payables		(105,546)	(52,163)
		(16,699)	(248,784)

23. INFORMATION ABOUT OPERATING SEGMENTS

	Chrysotile Cement	Plastic (Rupees in `000)	Others	Total
Half year ended				
31 December 2013 (Unaudited)				
TURNOVER - net	<u>384,898</u>	<u>568,232</u>	<u>3,963</u>	<u>957,093</u>
RESULT				
Segment result	<u>(21,427)</u>	<u>(119,722)</u>	<u>(615)</u>	<u>(141,764)</u>
Unallocated expense				
Other operating expenses				(23,652)
Other operating income				25,811
Finance costs				(62,697)
Taxation				11,950
Loss for the period				<u>(190,351)</u>
Half year ended				
31 December 2012 (Unaudited)				
TURNOVER - net	<u>384,872</u>	<u>806,617</u>	<u>889</u>	<u>1,192,378</u>
RESULT				
Segment result	<u>(607)</u>	<u>40,734</u>	<u>(1,183)</u>	38,944
Unallocated expense				
Other operating expenses				(14,265)
Other operating income				22,276
Finance costs				(58,631)
Share of profit on investment in an associate			-	
Taxation				6,550
Loss for the period				<u>(5,126)</u>
ASSETS AND LIABILITIES				
31 December 2013 (Unaudited)				
Segment assets	<u>476,240</u>	<u>951,693</u>	<u>127,081</u>	<u>1,555,014</u>
Unallocated corporate assets				<u>1,210,046</u>
Total assets				<u>2,765,060</u>
Segment liabilities	<u>423,330</u>	<u>148,576</u>	<u>14,374</u>	<u>586,434</u>
Unallocated corporate liabilities				<u>1,288,166</u>
Total liabilities				<u>1,874,600</u>
30 June 2013 (Audited)				
Segment assets	<u>478,330</u>	<u>1,113,523</u>	<u>125,021</u>	<u>1,716,874</u>
Unallocated corporate assets				<u>1,163,384</u>
Total assets				<u>2,880,258</u>
Segment liabilities	<u>391,710</u>	<u>397,185</u>	<u>5,414</u>	<u>794,309</u>
Unallocated corporate liabilities				<u>1,002,582</u>
Total liabilities				<u>1,796,891</u>

23.1 Geographical information

Turnover

The Company's turnover represents local and export sales of Rs.957.091 million and Rs. Nil (31December 2012: Rs.1,161.832 million and Rs.30.546 million) respectively.

Non-current assets

Non-current assets amounting to Rs. 1,329 (31 December 2012: Rs. 1,336) million have been situated in Pakistan.

24. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements have been authorised for issue on February 27, 2014 by the Board of Directors of the Company.

25. GENERAL

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

Shazam Butt
Chief Financial Officer

Sikander Dada
Chief Executive

Qazi Sajid Ali
Director

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