

Period Ended Report

December 31, 2017

(Un-audited)

DADEX

Dadex Eternit Limited

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COMPANY INFORMATION

BOARD OF DIRECTORS

Non - Executive Directors

- Sikander Dada - Chairman
- Abu Talib H.K. Dada
- Maqbool H.H Rahimtoola
- Shahzad M. Husain

Independent Director

- Syed Shahid Ali Bukhari

Executive Director

- Qazi Sajid Ali
- Danish Dada

CHIEF EXECUTIVE OFFICER

- Qazi Sajid Ali

CHIEF FINANCIAL OFFICER

- Muhammad Yousuf

COMPANY SECRETARY

- Umar Rasheed

HEAD OF INTERNAL AUDIT & SECRETARY AUDIT COMMITTEE

- Muhammad Ahsan

BOARD AUDIT COMMITTEE

- Syed Shahid Ali Bukhari - Chairman
- Shahzad M Husain
- Maqbool H.H. Rahimtoola

HUMAN RESOURCE AND REMUNERATION COMMITTEE

- Syed Shahid Ali Bukhari - Chairman
- Maqbool H.H. Rahimtoola
- Abu Talib H.K. Dada
- Qazi Sajid Ali

MANAGEMENT TEAM

- Qazi Sajid Ali - Chief Executive Officer
- Danish Dada - C.E.O (International Division)
- Tanveer Saleem - Chief Operating Officer (Technical & Operations)
- Muhammad Yousuf - Chief Financial Officer
- Munawar Abbas - General Manager (Operations)
- Syed Waseem Ahmed - General Manager Finance
- Lt. Cdr. (Retd.) Saeed Ahmed Khan - General Manager Admin & HR

AUDITORS

- BDO EBRAHIM & CO., Chartered Accountants

BANKERS

- National Bank of Pakistan
- Bank Islami Pakistan Limited
- Sindh Bank Limited
- The Bank of Punjab
- United Bank Limited (UBL Ameen)
- Standard Chartered Bank (Pakistan) Limited
- Habib Metropolitan Bank Limited
- Askari Bank Limited
- Habib Bank Limited
- MCB Bank Limited
- Meezan Bank Limited
- Dubai Islamic Bank Pakistan Limited
- Faysal Bank Limited
- Silk Bank 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

- JWAFFS Registrar Services (Private) Limited
- 407 - 408, Al-Ameera Centre, Shahrah-e-Iraq,
- Saddar, Karachi
- Tel: (92-21) 35662023- 24
- Fax: (92-21) 35221192
- Email: jwaffs@live.com
- info@jwaffs.com

WEBSITE

- www.dadex.com

DIRECTOR'S REVIEW

The Directors are pleased to present their review together with the financial statements of the Company for six months ended December 31, 2017.

During the period under review, the Company carried on the momentum achieved in previous quarter and achieved a net turnover of Rs. 1,422.41 million being 28.6% higher than the corresponding period last year. The Company achieved operating profit of Rs. 87.65 million (December 2016: Operating profit of Rs. 85.83 million). The Company achieved a net profit after tax of Rs. 12.86 million (December 2016: Net profit after tax of Rs. 7.28 million), resulting in earning per share of Rs. 1.20 (December 2016: Earning per share of Rs. 0.63).

The sales outlook for second half of 2017-18 looks better than last year, with increased demand coming from public and private sector due to ongoing boom in the Construction segment along with CPEC projects coming online. However, the weakening of Rupee against US Dollar and Euro have increased the price of our raw material and related chemicals, which will put pressure on our margins, to mitigate this risk the Management is trying to explore new sources of raw material and adhere to strict inventory management controls. Efforts being made to start export business. The Management team will continue to focus on broadening customer base, exploring new markets with efficient control on working capital management to improve the profitability in the coming period.

The Directors and Management deeply appreciate the continued support and commitment of all the stakeholders and all cadre of employees of the Company for their continued hard and sincere work.

On behalf of the Board

Sikander Dada
Chairman

Qazi Sajid Ali
Chief Executive

Karachi: February 22, 2018



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

Introduction

We have reviewed the accompanying condensed interim balance sheet of DADEX ETERNIT LIMITED ("the Company") as at December 31, 2017 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 (herein-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, 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures for the quarters ended December 31, 2017 and December 31, 2016 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. The condensed interim financial information of the Company for the half year ended December 31, 2016 and financial statements for the year ended June 30, 2017 were reviewed and audited by another firm of Chartered accountants who had expressed an unqualified conclusion and opinion thereon vide through their reports dated February 23, 2017 and October 03, 2017 respectively.

KARACHI
DATED: February 22, 2018

CHARTERED ACCOUNTANTS
Engagement Partner: Raheel Shahnawaz

**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT DECEMBER 31, 2017**

		December 31, 2017 (Un-audited)	June 30, 2017 (Audited)
	Note	(Rupees in '000')	
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	5	1,767,944	1,788,130
Intangible assets		361	431
Investment property		40,610	41,877
Long-term investment	6	-	-
Long-term loans and advances		1,453	1,243
Long-term security deposits		27,471	27,471
Deferred tax asset		54,750	54,617
		<u>1,892,589</u>	<u>1,913,769</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		40,237	36,541
Stock in trade	7	633,975	714,275
Trade debts	8	245,456	137,409
Loans and advances		56,400	80,549
Trade deposits and short term prepayments		71,585	31,239
Other receivables		15,981	6,827
Taxation - net		258,332	228,103
Cash and bank balances		78,227	36,668
		<u>1,400,193</u>	<u>1,271,611</u>
		<u>3,292,782</u>	<u>3,185,380</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
12,000,000 (June 30, 2017: 12000,000) ordinary shares of Rs. 10 each		120,000	120,000
8,000,000 (June 30, 2017: 8000,000) '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	9	107,640	107,640
Reserves		<u>126,619</u>	<u>108,358</u>
		234,259	215,998
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET			
		1,052,058	1,064,230
NON - CURRENT LIABILITIES			
Long-term financing	10	-	-
Deferred income		9,724	12,154
Liabilities against assets subject to finance lease		<u>66,256</u>	<u>81,102</u>
		75,980	93,256
CURRENT LIABILITIES			
Trade and other payables	11	764,988	542,772
Accrued markup		19,663	21,614
Short-term borrowings	12	1,039,735	1,110,300
Current portion of deferred income		4,860	4,860
Current portion of long-term financing	10	71,111	102,222
Current portion of liabilities against assets subject to finance lease		<u>30,128</u>	<u>30,128</u>
		1,930,485	1,811,896
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	13	<u>3,292,782</u>	<u>3,185,380</u>

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information.

Qazi Sajid Ali
Chief Executive

Sikander Dada
Chairman

Muhammad Yousuf
Chief Financial Officer

DADEX

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED DECEMBER 31, 2017
(UN-AUDITED)**

	Note	Half year ended		Quarter ended	
		December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
		(Rupees in '000')			
Sales - net	14	1,422,412	1,106,076	780,663	614,804
Cost of sales	15	(1,192,695)	(913,089)	(664,382)	(509,990)
Gross profit		229,717	192,987	116,281	104,814
Distribution cost		(76,963)	(60,699)	(42,778)	(31,504)
Administrative expenses		(75,266)	(63,461)	(38,476)	(30,620)
Other expenses		(15,862)	(7,424)	(12,414)	(6,181)
Other income		26,029	24,427	15,410	14,044
Operating profit		87,655	85,830	38,023	50,553
Finance costs		(57,081)	(54,725)	(28,194)	(26,888)
Profit before taxation		30,574	31,105	9,829	23,665
Taxation					
Current		(17,837)	(12,347)	(8,338)	(7,160)
Deferred		133	(11,478)	1,358	(9,528)
		(17,704)	(23,825)	(6,980)	(16,688)
Net profit for the period		12,870	7,280	2,849	6,977
Earnings per share -					
basic and diluted (Rupees)	16	1.20	0.68	0.26	0.65

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information.

Qazi Sajid Ali
Chief Executive

Sikander Dada
Chairman

Muhammad Yousuf
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED DECEMBER 31, 2017
(UN-AUDITED)**

	Half year ended		Quarter ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	(Rupees in '000')			
Profit for the period	12,870	7,280	2,849	6,977
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>12,870</u>	<u>7,280</u>	<u>2,849</u>	<u>6,977</u>

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information.

Qazi Sajid Ali
Chief Executive

Sikander Dada
Chairman

Muhammad Yousuf
Chief Financial Officer

**CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE PERIOD ENDED DECEMBER 31, 2017
(UN-AUDITED)**

		Half Year ended December 31, 2017 December 31, 2016 (Rupees in '000')	
	Note		
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	17	290,625	127,706
Finance cost paid		(59,032)	(59,455)
Taxes paid		(48,066)	(23,885)
Net cash generated from operating activities		183,527	44,366
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(25,509)	(5,658)
Proceeds from sale of property, plant and equipment		64	251
Long term security deposits		-	(232)
Interest received		-	3
Net cash used in investing activities		(25,445)	(5,636)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of liabilities against assets subject to finance lease		(14,846)	(7,948)
Long-term financing - net		(31,111)	(99,851)
Short term borrowings - net		(88,634)	50,000
Dividend paid		-	(47)
Net cash used in financing activities		(134,591)	(57,846)
Net increase / (decrease) in cash and cash equivalents		23,491	(19,116)
Cash and cash equivalents at the beginning of the period		(643,150)	(603,468)
Cash and cash equivalents at the end of the period		(619,659)	(622,584)
CASH AND CASH EQUIVALENTS			
Cash and bank balances		78,227	10,466
Short-term borrowings		(697,886)	(633,050)
		(619,659)	(622,584)

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information.

Qazi Sajid Ali
Chief Executive

Sikander Dada
Chairman

Muhammad Yousuf
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED DECEMBER 31, 2017
(UN-AUDITED)**

	Issued, subscribed and paid-up capital	Reserves			Grand total	
		Capital reserve - share premium	General reserve	Unappropriated profit / (accumulated loss)		Total
(Rupees in '000')						
Balance as at July 1, 2016	107,640	5,655	160,000	(98,486)	67,169	174,809
Total comprehensive income for the half year ended December 31, 2016						
Net profit for the period	-	-	-	7,280	7,280	7,280
Other comprehensive income	-	-	-	-	-	-
	-	-	-	7,280	7,280	7,280
Surplus on revaluation of fixed assets realised on account of incremental depreciation net of deferred tax	-	-	-	12,172	12,172	12,172
Balance as at December 31, 2016	107,640	5,655	160,000	(79,034)	86,621	194,261
Balance as at July 1, 2017	107,640	5,655	160,000	(57,297)	108,358	215,998
Total comprehensive income for the half year ended December 31, 2016						
Net profit for the period	-	-	-	12,870	12,870	12,870
Other comprehensive income	-	-	-	-	-	-
	-	-	-	12,870	12,870	12,870
Surplus on revaluation of fixed assets realised on account of incremental depreciation net of deferred tax	-	-	-	12,172	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	160,000	(39,036)	126,619	234,259

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information.

Qazi Sajid Ali
Chief Executive

Sikander Dada
Chairman

Muhammad Yousuf
Chief Financial Officer

DADEX

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2017
(UN-AUDITED)**

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 Companies Ordinance, 1984 and its ordinary shares are 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, Sharah-e-Faisal, Karachi. The Company has three factories situated at Karachi, Hyderabad and Lahore. 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, Sikandar (Private) Limited (the Holding Company) holds 6,800,648 ordinary shares representing 63.18% shareholding.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information is unaudited but subject to the limited scope review by the auditors and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange.

This condensed interim financial information of the Company for the half year ended December 31, 2017 has been prepared in accordance with requirement of the International Accounting Standard 34- Interim Financial Reporting and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984 have been followed.

This condensed interim financial information of the Company have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984 as per the directives of Securities and Exchange Commission of Pakistan (SECP) issued vide Circular No. 23 dated October 04, 2017 and subsequently clarified by Institute of Chartered Accountants of Pakistan through their Circular No. 17 dated October 6, 2017.

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, 2017 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 annual financial statements.

The comparative balance sheet 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, 2017, 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 half year ended December 31, 2016.

2.2 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

2.3 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.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted and methods of computation followed in the preparation of this condensed interim financial information are same as those for the preceding annual financial statements for the year ended June 30, 2017.

The Company has adopted all the new standards and amendments to standards, including any consequential amendments to other standards which are applicable for the financial year beginning on July 1, 2017. The adoption of these new and amended standards did not have material impact on the Company's condensed interim financial information.

The following new standards have been issued by the International Accounting Standards Board (IASB), which have been adopted locally by the Securities and Exchange Commission of Pakistan effective from the dates mentioned below against the respective standard:

		Effective date (annual periods beginning on or after)
IFRS 9	Financial Instruments	July 01, 2018
IFRS 15	Revenue from Contracts with Customers	July 01, 2018

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

IFRS 1	First Time Adoption of International Financial Reporting
IFRS 14	Regulatory Deferral Accounts
IFRS 16	Leases
IFRS 17	Insurance Contracts

The effects of IFRS 15 - Revenues from Contracts with Customers, IFRS 16 - Leases and IFRS 9 - Financial Instruments are still being assessed, as these new standards may have a significant effect on the Company's future financial statements.

The Company expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Company's financial statements in the period of initial application.

4 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, 2017.

		December 31, 2017 (Un-audited)	June 30, 2017 (Audited)	
	Note	(Rupees in '000')		
5	PROPERTY, PLANT AND EQUIPMENT			
	Operating fixed assets	5.1	1,739,629	1,778,065
	Capital work-in-progress		28,315	10,065
			<u>1,767,944</u>	<u>1,788,130</u>
5.1	Operating fixed assets			
	Opening net book value (NBV)		1,778,065	1,820,110
	Additions / transfers during the period			
	year at cost	5.1.1	7,259	78,732
			<u>1,785,324</u>	<u>1,898,842</u>
	Disposals during the period / year at NBV	5.1.2	(58)	(31,845)
	Depreciation charge for the period / year		<u>(45,637)</u>	<u>(88,932)</u>
			<u>(45,695)</u>	<u>(120,777)</u>
	Closing net book value NBV		<u>1,739,629</u>	<u>1,778,065</u>

December 31,	June 30,
2017	2017
(Un-audited)	(Audited)
(Rupees in '000')	

5.1.1 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	3,410	24,396
Vehicles and transportation equipment	54	1,270
Office and factory equipment	513	1,776
Leased		
Plant and machinery	-	51,290
Vehicles and transportation equipment	2,319	-
	<u>7,259</u>	<u>78,732</u>

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

Owned		
Plant and machinery	-	31,845
Vehicles and transportation equipment	58	-
	<u>58</u>	<u>31,845</u>

5.2 Capital work in progress

Buildings on leasehold land	1,006	1,007
Plant and machinery	21,838	6,739
Vehicles and transportation equipment	5,471	2,319
	<u>28,315</u>	<u>10,065</u>

5.2.1 Movement of carrying amount is as follows:

Opening balance	10,065	5,581
Additions (at cost) during the period / year	25,509	32,820
	35,574	38,401
Transfer to operating fixed assets during the period / year	(7,259)	(26,536)
Written off	-	(1,800)
Closing balance	<u>28,315</u>	<u>10,065</u>

		December 31, 2017 (Un-audited) (Rupees in '000')	June 30, 2017 (Audited) (Rupees in '000')
6	LONG-TERM INVESTMENT		
	Investment in associate	5,000	5,000
	Less: Impairment in value	(5,000)	(5,000)
	6.1	<u>-</u>	<u>-</u>
6.1	The Company has 48.04 percent (June 30 2017: 48.04 percent) shareholding i.e 625,000 (June 30, 2017: 625,000) ordinary shares of Rs.10/- each of Berdex Construction Chemicals (Private) Limited.		
7	STOCK-IN-TRADE		
	Raw material		
	in hand	176,061	241,296
	in transit	<u>104,809</u>	<u>138,256</u>
		280,870	379,552
	Work-in-process	119,393	122,179
	Finished goods		
	Manufactured	<u>212,062</u>	<u>190,736</u>
	Trading	<u>21,650</u>	<u>21,808</u>
		233,712	212,544
		<u>633,975</u>	<u>714,275</u>
7.1	Finished goods are net off provision of Rs. 82.316 million (June 30, 2017: Rs.86.433 million).		
8	TRADE DEBTS		
	Considered good	245,456	137,409
	Considered doubtful	<u>141,459</u>	<u>140,730</u>
		386,915	278,139
	Provision for doubtful debts	<u>(141,459)</u>	<u>(140,730)</u>
		<u>245,456</u>	<u>137,409</u>
8.1	This includes amount due from Siemens Pakistan Engineering Company Limited, a related party amounting to Rs. 4.93 million (June 30, 2017: Rs. 0.927 million).		

			December 31, 2017 (Un-audited) (Rupees in '000')	June 30, 2017 (Audited) (Rupees in '000')
	Note			
9 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL				
December 31, 2017		June 30, 2017		
Number of shares				
1,714,264		1,714,264	Ordinary shares of Rs.10/- each issued for cash	17,143
476,386		476,386	Issued for consideration other than cash	4,764
8,573,309		8,573,309	Issued as fully paid bonus shares	85,733
<u>10,763,959</u>		<u>10,763,959</u>		<u>107,640</u>

9.1 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.

9.2 The Holding Company holds 6,800,648 (June 30, 2017: 6,800,648) ordinary shares representing 63.18 percent (June 30, 2017: 63.18 percent) shareholding as at the balance sheet date.

10 LONG TERM FINANCING

From banking companies - secured

United Bank Limited	10.1	11,111	22,222
National Bank of Pakistan	10.2	60,000	80,000
		<u>71,111</u>	<u>102,222</u>
Less: Current portion of long term financing		<u>(71,111)</u>	<u>(102,222)</u>
		<u>-</u>	<u>-</u>

10.1 This represent financing obtained through creation of Shirkat-ul-Mulk (joint ownership) in the Musharaka property situated at plot No. 561 & 561-A, Sunder Industrial Estate, Raiwand road, Lahore, based on Diminishing Musharaka. The Musharaka units are to be repurchased during a period of 5 years' time with no grace period. All of the units comprising 91% of the bank's musharaka share will be purchased during this period. These carry rent / profit at the rate of 6 month KIBOR plus 2% (June 30, 2017: 6 month KIBOR plus 2%) per annum with a ceiling of 18% and a floor of 10%. These are secured by means of proportionate ownership and mortgage in respect of the Musharaka Property in favour of the bank to the extent of the Company's Musharaka share of 9% in the property.

- 10.2 The loan carries markup rate of three month KIBOR + 2% per annum, payable quarterly. The loan is repayable within 2.5 years in ten equal quarterly installments commencing from August 2015. The loan is secured against first Exclusive mortgage charge over factory land and building and hypothecation charge over all present and future stocks and book debts of the Company, ranking pari-passu charge.

		December 31, 2017 (Un-audited)	June 30, 2017 (Audited)
	Note	(Rupees in '000')	
11 TRADE AND OTHER PAYABLES			
Trade creditors		487,231	302,796
Accrued liabilities		101,061	97,353
Advance from customers		103,330	62,514
Advance from tenants		5,913	1,515
Security deposits from distributors and others		10,766	12,300
Workers' Profit Participation Fund payable		2,511	4,390
Workers' Welfare Fund		5,830	5,205
Unclaimed dividend		22,602	16,968
Sales tax and excise duty payable		22,614	3,835
Others		3,130	804
Infrastructure cess payable		-	35,092
		<u>764,988</u>	<u>542,772</u>
12 SHORT TERM BORROWINGS			
Secured			
Karobar finance	12.1	225,000	250,000
Running finance	12.2	697,886	679,818
Finance against trust receipts	12.3	42,587	180,482
Murabaha finance	12.1	24,262	-
Unsecured			
Loan from Director	12.4	<u>50,000</u>	<u>-</u>
		<u>1,039,735</u>	<u>1,110,300</u>

- 12.1 This facility has been obtained from Islamic bank aggregating to Rs.250 million (June 30, 2017: 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, 2017: Rs. 333.33 million) located at Karachi and Lahore. The facility carries mark-up rates ranging from 9.13 to 9.16 percent (June 30, 2017: 9.15 to 9.06 percent) per annum.

- 12.2 These facilities have been obtained from various commercial banks aggregating to Rs. 700 million (June 30, 2017: Rs. 700 million) out of which Rs. 2.114 million (June 30, 2017: Rs. 20.182 million) remains unutilized as at the balance sheet date. 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, 2017: 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 8.30 to 9.62 percent (June 30, 2017: 8.30 to 9.62 percent) per annum.
- 12.3 This represent working capital facilities availed from a commercial bank carrying markup of 3 months KIBOR + 1.75% (June 30, 2017: 3 months KIBOR + 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.
- 12.4 The loan is interest free and there are no fixed terms of repayment.

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

- 13.1.1 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 Sindh High Court in favor of the Company. Subsequent to the judgment, on appeal filed by the SSGCL, the Sindh High Court suspended the aforesaid judgment till the disposal of appeal. The matter is still pending in Honourable Sindh High Court. The financial exposure of the Company up to December 31, 2017 is Rs. 45.657 million. The Company has not recorded provision in this condensed interim financial information in respect of GIDC levied under GIDC Act, 2015 as the management is of the opinion, based on advice of legal advisor that the decision is likely to be in favor of the Company.
- 13.1.2 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 complaint were taken coram non judice 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 this condensed interim financial information.

- 13.1.3 The Company is defending various suits filed in various courts of Pakistan for sums aggregating to Rs. 14.90 million (June 30, 2017 : Rs. 14.90 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.

13.2 Commitments

Outstanding letters of credit	130,488	326,049
Outstanding letter of guarantee	91,053	85,053
Postdated cheques	88,682	33,775
Outstanding contracts	1,140	34,109
Duties payable on goods in transit	-	105,526

14 SALES

	Half year ended		Quarter ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	(Rupees in '000')			
Manufactured goods	1,666,620	1,297,234	912,143	721,490
Trading goods	15,565	7,548	10,417	3,276
Gross sales	1,682,185	1,304,782	922,560	724,766
Sales tax	(259,773)	(198,706)	(141,897)	(109,962)
	1,422,412	1,106,076	780,663	614,804

15 COST OF SALES

Manufactured goods				
Raw materials consumed				
Opening stock	379,552	234,109	358,164	259,571
Purchase	854,907	681,975	418,106	347,366
Closing stock	(280,870)	(210,570)	(280,870)	(210,570)
Raw materials consumed	953,589	705,514	495,400	396,367

	Half year ended		Quarter ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	----- (Rupees in '000') -----			
Manufacturing overheads				
Stores and spares consumed	28,888	21,898	13,941	10,803
Salaries, wages and other benefits	64,711	54,007	37,360	28,564
Procured services	40,381	28,315	24,230	12,898
Fuel, water and power	57,674	52,304	29,050	27,420
Insurance	1,646	2,816	962	1,405
Travelling	87	36	45	30
Communication	643	1,102	385	796
Depreciation	30,943	29,630	15,503	14,833
Rent, rates and taxes	3,475	2,779	2,471	1,946
Repairs and maintenance	15,690	8,626	9,516	4,380
Technical assistance fee	-	2,061	-	-
Printing and stationary	336	313	220	165
Other expenses	1,556	971	1,000	478
	<u>246,030</u>	<u>204,858</u>	<u>134,683</u>	<u>103,718</u>
	1,199,619	910,372	630,083	500,085
Work-in-process				
Opening stock	122,179	75,489	117,097	92,672
Closing stock	(119,393)	(86,648)	(119,393)	(86,648)
Cost of goods manufactured	<u>1,202,405</u>	<u>899,213</u>	<u>627,787</u>	<u>506,109</u>
Finished goods				
Opening stock	190,736	185,811	239,647	178,386
Closing stock	(212,062)	(179,034)	(212,062)	(179,034)
	<u>1,181,079</u>	<u>905,990</u>	<u>655,372</u>	<u>505,461</u>
Trading goods				
Opening stock	21,808	22,880	25,117	22,703
Purchase	11,458	3,225	5,543	832
Closing stock	(21,650)	(19,006)	(21,651)	(19,006)
	<u>11,616</u>	<u>7,099</u>	<u>9,009</u>	<u>4,529</u>
	<u>1,192,695</u>	<u>913,089</u>	<u>664,381</u>	<u>509,990</u>

16 EARNING PER SHARE - BASIC AND DILUTED

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

Net profit for the year (in thousands)	<u>12,870</u>	<u>7,280</u>	<u>2,849</u>	<u>6,977</u>
Weighted average number of ordinary shares (in thousands)	<u>10,764</u>	<u>10,764</u>	<u>10,764</u>	<u>10,764</u>
Earnings per share - basic and diluted	<u>1.20</u>	<u>0.68</u>	<u>0.26</u>	<u>0.65</u>

		Half year ended	
		December 31, 2017	December 31, 2016
		(Rupees in '000')	
17	CASH GENERATED FROM OPERATIONS		
	Profit before taxation	30,574	31,105
	Adjustment for non-cash and other items		
	Depreciation		
	Property, plant and equipment	45,637	44,373
	Investment property	1,269	1,268
	Amortization	70	-
	Gain on disposal of property, plant and equipment	(6)	(251)
	Interest income	-	(3)
	Finance costs	57,081	54,725
	Amortization of deferred income	(2,430)	
	Provision against doubtful debts	729	103
	Working capital changes	157,701	(3,614)
		<u>290,625</u>	<u>127,706</u>

		Half year ended	
		December 31, 2017	December 31, 2016
		(Rupees in '000')	
17.1	Working capital changes		
	(Increase) / decrease in current assets		
	Stores, spare parts and loose tools	(3,696)	404
	Stock in trade	80,300	23,031
	Trade debts	(108,777)	(152,340)
	Loans and advances	23,939	64,192
	Trade deposits and short-term prepayment	(40,346)	(908)
	Other receivable	(9,154)	173
		<u>(57,734)</u>	<u>(65,448)</u>
	Increase / (decrease) in current liabilities		
	Trade and other payable	215,435	61,834
		<u>157,701</u>	<u>(3,614)</u>

18 TRANSACTIONS AND BALANCES WITH RELATED PARTIES.

- 18.1 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	Note	Half year ended		Quarter ended	
			December 31,	December 31,	December 31,	December 31,
			2017	2016	2017	2016
----- (Rupees in '000') -----						
Holding Company	Rent paid		745	514	-	-
Associated Companies /	Sales of goods		7,871	-	4,931	-
Undertakings	Purchase of goods		831	604	481	513
Provident fund	Contribution to staff retirement benefit plans		4,417	4,047	2,214	2,030
Key management personnel	Remuneration and other benefits		19,441	13,046	9,699	7,008

**December 31,
2017
(Un-audited)
(Rupees in '000')**

**June 30,
2017
(Audited)**

- 18.2 Period / year end balances

Receivable from associated companies / undertakings	4,930	927
Payable to related parties	8	924
Short term borrowing from Director	50,000	-

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

19 OPERATING SEGMENTS

19.1 Segment Analysis

	Chrysotile Cement	Plastic	Others	Total
	(Rupees '000)			
Half year ended December 31, 2017 (Unaudited)				
Turnover	480,802	941,610	-	1,422,412
Segment result	34,008	43,479	-	77,487
Unallocated expenses				
Other operating expenses				(15,862)
Other income				26,029
Finance costs				(57,081)
Taxation				(17,704)
Net profit for the period				12,869
Half year ended December 31, 2016 (Unaudited)				
Turnover	430,203	675,545	328	1,106,076
Segment result	51,848	16,876	103	68,827
Unallocated expenses				
Other operating expenses				(7,424)
Other income				24,427
Finance costs				(54,725)
Taxation				(23,825)
Net profit for the period				7,280

19.2 Segment assets and liabilities

December 31, 2017 (Un-audited)				
Segment assets	355,170	719,415	119,367	1,193,952
Unallocated corporate assets				2,098,830
Total assets				3,292,782
Segment liabilities	220,164	397,922	12,333	630,419
Unallocated corporate liabilities				1,376,046
Total liabilities				2,006,465
June 30, 2017 (Audited)				
Segment assets	382,724	719,838	199,665	1,302,227
Unallocated corporate assets				1,883,153
				3,185,380
Segment liabilities	227,419	432,047	12,333	671,826
Unallocated corporate liabilities				1,233,326
Total liabilities				1,905,152

20 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, 2017.

21 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 balance sheet date, no financial instruments of the Company are carried at fair value.

Transfers during the period

During the six month period ended December 31, 2017, 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.

22 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on February 22, 2018 by the Board of Directors of the Company.

23 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 year.

24 GENERAL

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

Qazi Sajid Ali
Chief Executive

Sikander Dada
Chairman

Muhammad Yousuf
Chief Financial Officer

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