

Financial Statements

FOR THE SIX
(6) MONTHS ENDED
DECEMBER 31, 2019

(UNAUDITED)

DADEX

Dadex Eternit Limited

Contents

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

Company Information

Board of Directors	Sikander Dada - Chairman Abu Talib H.K. Dada Maqbool H.H. Rahimtoola Shahzad M. Husain 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/ Head of Internal Audit	Umar Rasheed	
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 Danish Dada Tanveer Saleem Syed Wasim Ahmed Muhammad Yousuf Munawar Abbas Lt. Cdr. (Retd.) Saeed Ahmed Khan Syed Shahrukh Mehdi	- Chief Executive Officer - CEO (International Division) - Chief Operating Officer (Technical & Operations) - Director Finance and Corporate Affairs - Chief Financial Officer - Director Operations - General Manager Admin & HR - General Manager Sales
Auditors	BDO Ebrahim & Co., Chartered Accountants	
Bankers	National Bank of Pakistan Bank Islami Pakistan Limited Habib Metropolitan Bank Limited MCB Bank Limited Sindh Bank Limited The Bank of Punjab United Bank Limited (UBL Ameen) Standard Chartered Bank (Pakistan) Limited Faysal Bank Limited Habib Bank Limited Askari Bank Limited Meezan Bank Limited Dubai Islamic Bank Pakistan Limited	
Legal Advisor	Abrar Hasan & Co. 9 Mezzanine Floor, Beaumont Plaza, near PIDC House, Karachi.	
Registered Office	Dadex House, 34-A/1, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi- 75400 Tel: (92-21) 111000789 Fax: (92-21) 34315716 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, 2019.

The period under review remained challenging for the Country, Government have released very limited funds for public development projects which has continued to affect sales of the Company. Private sector is carrying out construction activities, but the pace is still quite slow. In addition to curtailed business opportunities and high cost of doing business, FBR is trying to encourage businesses to move towards documented sector. In order to discourage sales to unregistered customers, FBR have set a threshold of Rs. 10 million sales per month to an unregistered person has affected our LSC sales. In addition to this, the requirement of providing CNIC by unregistered persons continues to affect overall sales of the Company as majority of businesses involved in construction sector are unregistered in sales tax.

The Company achieved a gross sales of Rs. 1,601.17 million (December 2018: Rs. 1,681.71 million) during the six months. Net sales achieved during the period was Rs. 1,353.87 million (December 2018: Rs. 1,415.54 million) being 4.36% lower than the last year. Cost of sales decreased by 6.67%. Distribution expenses also decreased by 25.54%, Administrative costs decreased slightly by 1.63% as compared to last year. Company earned operating profit of Rs. 88.17 million (December 2018: Operating Profit of Rs. 20.25 million). Due to increased markup rate, finance charges increased by 42.38%, resulting in a net loss after tax of Rs. 47.38 million (December 2018: net loss after tax of 79.25 million). This has resulted in loss per share of Rs. 4.40 (December 2018: Loss per share of Rs. 7.36).

The Company continues to face challenges due to inflation caused by the devaluation of Pak rupees. Interest rate, fuel and energy prices continued to remain at higher side and in near future no significant relief is expected due to pressure from IMF. In the given circumstances, the management will try its best to control the cost of doing business, increase customer base, make necessary adjustments in the product pricing to achieve positive results in the coming quarters.

The Directors and Management deeply appreciate the continued support and commitment of all our stakeholders in this challenging period.

Karachi: February 27, 2020

On Behalf of the Board of Directors

Qazi Sajid Ali
Chief Executive

Abu Talib H.K. Dada
Director



Tel: +92 21 3568 3030
Fax: +92 21 3568 4239
www.bdo.com.pk

2nd Floor, Block-C
Lakson Square, Building No.1
Sarwar Shaheed Road
Karachi-74200
Pakistan

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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **DADEX ETERNIT LIMITED** ("the Company") as at December 31, 2019 and the related condensed interim statement of profit or loss, 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 "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed 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 condensed interim financial information as at and for the six months period ended December 31, 2019 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, 2019 and December 31, 2018 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

KARACHI

DATED: 27 February 2020

CHARTERED ACCOUNTANTS

Engagement Partner: Raheel Shah Nawaz

Condensed Interim Statement of Financial Position

AS AT DECEMBER 31, 2019 (Un-audited)

	Note	December 31, 2019 (Un-audited)	June 30, 2019 (Audited)
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	7	1,782,057	1,805,036
Capital work in progress	8	7,009	4,226
Intangible assets		177	204
Investment property		35,533	36,799
Long-term investment	9	-	-
Long-term loans and advances		2,202	3,070
Long-term security deposits		32,081	36,812
Deferred tax asset		75,387	78,386
		<u>1,934,446</u>	<u>1,964,533</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		45,966	45,491
Stock in trade	10	704,524	654,276
Trade debts	11	324,545	348,689
Loans and advances		117,197	80,851
Trade deposits and short term prepayments		39,536	41,371
Other receivables		8,287	5,104
Tax refund due from Government		173,946	178,927
Taxation - net		27,975	26,702
Cash and bank balances		38,793	30,310
		<u>1,480,769</u>	<u>1,411,721</u>
		<u><u>3,415,215</u></u>	<u><u>3,376,254</u></u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
12,000,000 (June 30, 2019: 12,000,000) ordinary shares of Rs. 10 each		120,000	120,000
8,000,000 (June 30, 2019: 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	12	107,640	107,640
Reserves		(77,121)	(42,131)
Surplus on revaluation of property, plant and equipment		1,028,991	1,041,382
		<u>1,059,510</u>	<u>1,106,891</u>
NON - CURRENT LIABILITIES			
Deferred income		-	2,432
Lease liabilities		50,136	72,574
		<u>50,136</u>	<u>75,006</u>
CURRENT LIABILITIES			
Trade and other payables	13	1,090,390	734,705
Short-term borrowings	14	1,114,961	1,346,272
Accrued markup		33,168	40,231
Current portion of deferred income		4,865	4,862
Current portion of lease liabilities		45,397	51,412
Unclaimed dividend		16,788	16,875
		<u>2,305,569</u>	<u>2,194,357</u>
		<u><u>3,415,215</u></u>	<u><u>3,376,254</u></u>
TOTAL EQUITY AND LIABILITIES			
CONTINGENCIES AND COMMITMENTS			
	15		

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

Qazi Sajid Ali
Chief Executive

Abu Talib H.K. Dada
Director

Muhammad Yousuf
Chief Financial Officer

Condensed Interim Statement of Profit or Loss

FOR THE PERIOD ENDED DECEMBER 31, 2019 (Un-audited)

	Note	Half-year ended		Quarter-ended	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
(Rupees in '000)					
Sales - gross		1,601,170	1,681,706	813,445	930,812
Sales tax		(247,305)	(266,170)	(124,965)	(147,235)
Sales - net	16	1,353,865	1,415,536	688,480	783,577
Cost of sales	17	(1,168,017)	(1,251,482)	(594,065)	(699,799)
Gross profit		185,848	164,054	94,415	83,778
Distribution cost		(70,327)	(94,448)	(34,174)	(41,618)
Administrative expenses		(74,935)	(76,173)	(36,778)	(39,213)
Other expenses		(17,124)	(28,288)	(8,165)	(21,732)
Other income		64,710	55,114	25,048	42,679
Operating profit		88,172	20,259	40,346	23,894
Finance costs		(108,546)	(76,238)	(52,878)	(39,380)
Loss before taxation		(20,374)	(55,979)	(12,532)	(15,486)
Taxation					
Current		(24,007)	(21,043)	(12,199)	(11,678)
Deferred		(3,000)	(2,228)	-	(228)
		(27,007)	(23,271)	(12,199)	(11,906)
Net loss for the period		(47,381)	(79,250)	(24,731)	(27,392)
Loss per share - basic and diluted					
(Rupees)	18	(4.40)	(7.36)	(2.30)	(2.54)

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

Qazi Sajid Ali
Chief Executive

Abu Talib H.K. Dada
Director

Muhammad Yousuf
Chief Financial Officer

Condensed Interim Statement of Comprehensive Income

FOR THE PERIOD ENDED DECEMBER 31, 2019 (Un-audited)

	Half-year ended		Quarter-ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
(Rupees in '000).....			
Loss for the period	(47,381)	(79,250)	(24,731)	(27,392)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	(47,381)	(79,250)	(24,731)	(27,392)

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

Qazi Sajid Ali
Chief Executive

Abu Talib H.K. Dada
Director

Muhammad Yousuf
Chief Financial Officer

Condensed Interim Statement of Changes in Equity

FOR THE PERIOD ENDED DECEMBER 31, 2019

	Issued, subscribed and paid-up capital	Reserves				Total	Grand total
		Capital reserve		Revenue reserve			
		Share premium	Revaluation surplus	General reserve	Accumulated losses		
----- (Rupees in '000) -----							
Balance as at July 1, 2018	107,640	5,655	1,039,885	160,000	(34,450)	1,171,090	1,278,730
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	-	-	-	-	-	-	-
Transferred from Surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	(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	<u>107,640</u>	<u>5,655</u>	<u>1,027,713</u>	<u>160,000</u>	<u>(103,681)</u>	<u>1,089,687</u>	<u>1,197,327</u>
Balance as at July 1, 2019	107,640	5,655	1,041,382	160,000	(207,786)	999,251	1,106,891
Transferred from general reserve to unappropriated profit	-	-	-	(160,000)	160,000	-	-
Total comprehensive loss for the half year ended December 31, 2019							
Net (loss) for the period	-	-	-	-	(47,381)	(47,381)	(47,381)
Other comprehensive income	-	-	-	-	-	-	-
Transferred from Surplus on revaluation of fixed assets on account of incremental depreciation- net of tax	-	-	(12,391)	-	12,391	-	-
Balance as at December 31, 2019	<u>107,640</u>	<u>5,655</u>	<u>1,028,991</u>	<u>-</u>	<u>(82,776)</u>	<u>951,870</u>	<u>1,059,510</u>

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

Qazi Sajid Ali
Chief Executive

Abu Talib H.K. Dada
Director

Muhammad Yousuf
Chief Financial Officer

Condensed Interim Statement of Cash Flows

FOR THE PERIOD ENDED DECEMBER 31, 2019 (Un-audited)

	Note	Half-year ended	
		December 31, 2019	December 31, 2018
..... (Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated / (used in) from operations	19	421,404	(43,837)
Finance cost paid - net		(115,915)	(70,990)
Taxes (paid) / refunded		(20,306)	61,084
Net cash generated from / (used in) operating activities		285,183	(53,743)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(20,142)	(80,127)
Proceeds from sale of property, plant and equipment		-	1,968
Long term security deposits		4,731	(4,527)
Net cash used in investing activities		(15,411)	(82,686)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liabilities		(29,891)	55,391
Short term borrowings - net		(232,502)	58,265
Dividend paid		(87)	(2,042)
Net cash (used in) / generated from financing activities		(262,480)	111,614
Net increase / (decrease) in cash and cash equivalents		7,292	(24,815)
Cash and cash equivalents at the beginning of the period		(667,685)	(647,240)
Cash and cash equivalents at the end of the period		(660,393)	(672,055)
CASH AND CASH EQUIVALENTS			
Cash and bank balances		38,793	24,290
Short-term borrowings		(699,186)	(696,345)
		(660,393)	(672,055)

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

Notes to The Condensed Interim Financial Statements

FOR THE PERIOD ENDED DECEMBER 31, 2019 – 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 repealed Companies Ordinance, 1984 (now Companies Act, 2017) and its ordinary shares are listed on Pakistan Stock Exchange Limited. 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 reporting date, Sikandar (Private) Limited (the Holding Company) holds 6,800,648 ordinary shares representing 63.18% shareholding.
- 1.3 The Company incurred net loss after tax for the half year ended December 31, 2019 amounting to Rs. 47.381 million (June 30, 2019: Rs. 195.528 million) and its accumulated losses as at December 31, 2019 amounted to Rs. 82.776 million (June 30, 2019: Rs. 207.786 million). The Company's current liabilities aggregating to Rs. 2,305.569 million (June 30, 2019: Rs. 2,194.357 million) exceeded the current assets by Rs. 824.8 million (June 30, 2019: Rs. 782.636 million). The Company's financial statements for the half year ended December 31, 2019 are being prepared on a going concern basis. Management has represented to us that they have plans to increase profitability by introducing new marketing strategies and cutting down operational expenses which will improve profitability and meet working capital requirements of the Company. The Company is also considering debt reprofiling and in the intervening period, the Company has access to Sponsor support to meet any liquidity constraints. In the opinion of the management, future profits shall wipe out the accumulated losses and the Company shall be able to meet all its obligations.

2 GEOGRAPHICAL LOCATION AND ADDRESS 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 but subject to limited scope review by the auditors 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, 2019, 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 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, 2019, whereas the comparative condensed interim statement of profit or loss, 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, 2018.

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 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, 2019 except as disclosed in note 4.1 to this condensed interim financial information.

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, 2019. The adoption of these new and amended standards did not have material impact on the Company's condensed interim financial information, except as disclosed in note 4.1.

4.1 IFRS 16 - Leases

IFRS 16 'Leases' was issued on January 01, 2016. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective for accounting periods beginning on or after January 1, 2019. IFRS 16 replaced IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease' The Company applied IFRS 16 with a date of initial application of July 01, 2019.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Company does not have significant leasing activities acting as a lessor.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

On adoption of IFRS 16, the Company recognised a right-of-use asset and lease liability at the commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of cost to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company used its incremental borrowing rate as the discount rate as at July 01, 2019.

The right of use asset is subsequently depreciated using straight line method from the date of recognition to the earlier of the end of useful life of the right of use asset or the end of the lease term. The estimated useful lives of the right of use assets are determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by the impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

Subsequently, the lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in the rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Transition method and practical expedients utilised

The Company applied IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (July 01, 2019), without restatement of comparative figures.

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- applied a single discount rate to a portfolio of leases with similar characteristics.
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

On transition to IFRS 16, the Company recognised right-to-use assets and lease liabilities on the date of initial application as follows;

	July 01, 2019 (Rupees in '000)
Property, plant and equipment	
Right-of-use assets - Buildings	1,764
Lease liabilities	
Non-current	724
Current	1,040
	1,764

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, 2019.

6. TAXATION

The provisions for taxation for the half year and quarter ended December 31, 2019, have been made using the estimated effective tax rate applicable to expected total annual earnings. The applicable income tax rate is 29% for the Tax Year 2020 as stipulated through Finance Act, 2019.

7 OPERATING FIXED ASSETS	Note	December 31, 2019 (Un-audited)	June 30, 2019 (Audited)
	(Rupees in '000).....	
Fixed assets	7.1	1,629,278	1,639,723
Right-of-use assets	7.2	152,779	165,313
		<u>1,782,057</u>	<u>1,805,036</u>
7.1 Fixed assets			
Opening net book value (NBV)		1,639,723	1,643,419
Revaluation surplus		-	25,842
Additions / transfers during the period / year at cost	7.1.1	17,307	24,473
		<u>1,657,030</u>	<u>1,693,734</u>
Disposals during the period / year at NBV	7.1.2	-	(85)
Depreciation charge for the period / year		<u>(27,752)</u>	<u>(53,926)</u>
		<u>(27,752)</u>	<u>(54,011)</u>
Closing net book value (NBV)		<u>1,629,278</u>	<u>1,639,723</u>
7.1.1 Detail of additions (at cost) during the period / year are as follows:			
Owned			
Factory building on freehold and leasehold land		110	-
Plant and machinery		16,805	23,416
Vehicles and transportation equipments		-	131
Office and factory equipments		392	697
Furniture and fixtures		-	229
		<u>17,307</u>	<u>24,473</u>
7.1.2 Detail of disposals (at NBV) during the period / year are as follows:			
Office and factory equipment		-	85
7.2 Right-of-use assets			
Opening net book value		165,313	111,975
Addition during the period		1,764	79,300
Depreciation charge during the period / year		<u>(14,298)</u>	<u>(25,962)</u>
Closing net book value		<u>152,779</u>	<u>165,313</u>
8 CAPITAL WORK IN PROGRESS			
Buildings on leasehold land		6,695	2,885
Plant and machinery		-	1,341
Office and factory equipments		314	-
		<u>7,009</u>	<u>4,226</u>
8.1 Movement of carrying amount is as follows:			
Opening balance		4,226	9,229
Additions (at cost) during the period / year		20,142	98,795
		<u>24,368</u>	<u>108,024</u>
Transfer to operating fixed assets during the period / year		<u>(17,359)</u>	<u>(103,798)</u>
Closing balance		<u>7,009</u>	<u>4,226</u>
9 LONG-TERM INVESTMENT			
Investment in associate		5,000	5,000
Less: Impairment in value		<u>(5,000)</u>	<u>(5,000)</u>
	9.1	<u>-</u>	<u>-</u>

9.1 The Company has 48.04 percent (June 30 2019: 48.04 percent) shareholding i.e 625,000 (June 30, 2019: 625,000) ordinary shares of Rs.10/- each of Berdex Construction Chemicals (Private) Limited.

10 STOCK-IN-TRADE	Note	December 31, 2019 (Un-audited)	June 30, 2019 (Audited)
	(Rupees in '000).....	
Raw materials		145,441	113,565
in hand		85,669	101,400
in transit		231,110	214,965
Work-in-process		174,092	141,342
Finished goods		232,333	196,481
manufactured		66,989	101,488
trading	10.1	299,322	297,969
		<u>704,524</u>	<u>654,276</u>
10.1 Finished goods are net off provision of Rs. 86.342 million (June 30, 2019: Rs.81.835 million).			
11 TRADE DEBTS	Note	December 31, 2019 (Un-audited)	June 30, 2019 (Audited)
	(Rupees in '000).....	
(Unsecured - considered good)			
Due from associated undertakings		31	-
Others			
Export		8,110	244
Local		316,404	348,445
		324,545	348,689
(Unsecured - considered doubtful)			
Due from Turnkey project		17,414	17,414
Due from Others		131,793	130,535
		149,207	147,949
		473,752	496,638
Provision for expected credit losses			
Turnkey project		(17,414)	(17,414)
Others	11.1	(131,793)	(130,535)
		(149,207)	(147,949)
		<u>324,545</u>	<u>348,689</u>
11.1 Provision for expected credit losses - others			
Opening balance		130,535	123,633
Charge during the period / year		16,339	44,031
Reversal during the period / year		(15,081)	-
Written off		-	(37,129)
Closing balance		131,793	130,535

12 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

December 31, 2019 (Un-audited)	June 30, 2019 (Audited)		December 31, 2019 (Un-audited)	June 30, 2019 (Audited)
Number of shares		(Rupees in '000).....	
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	85,733	85,733
10,763,959	10,763,959		107,640	107,640

12.1 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.

12.2 The Holding Company holds 6,800,648 (June 30, 2019: 6,800,648) ordinary shares representing 63.18 percent (June 30, 2019: 63.18 percent) shareholding as at the reporting date.

13 TRADE AND OTHER PAYABLES

	Note	December 31, 2019 (Un-audited)	June 30, 2019 (Audited)
.....(Rupees in '000).....			
Trade creditors		715,170	447,863
Accrued liabilities		87,461	102,762
Advance from customers		164,439	100,832
Advance from tenants		12,286	3,093
Security deposits from distributors and others		13,860	13,860
Workers' Profit Participation Fund payable		883	883
Workers' Welfare Fund		6,369	6,369
Infrastructure cess payable		38,707	38,789
Sales tax and excise duty		48,905	18,641
Others		2,310	1,613
		1,090,390	734,705

14 SHORT TERM BORROWINGS

Secured

Karobar finance	14.1	240,000	250,000
Running finance	14.2	699,186	697,995
Finance against trust receipts	14.3	75,775	199,383
Tijarah finance	14.4	100,000	100,000
Murabaha and Istisna finance	14.4	-	98,894
		1,114,961	1,346,272

14.1 This facility has been obtained from Islamic bank aggregating to Rs.250 million (June 30, 2019: Rs. 250 million) out of which Rs. 10 million (June 30, 2019: Nil) remains unutilized as at the date of statement of financial position. 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, 2019: Rs. 333.33 million) located at Karachi and Lahore. The facility carries mark-up rates ranging from 13.75 to 17.088 percent (June 30, 2019: 9.42 to 16.08 percent) per annum.

14.2 These facilities have been obtained from various commercial banks aggregating to Rs. 700 million (June 30, 2019: Rs. 700 million) out of which Rs. 0.814 million (June 30, 2019: Rs. 2.005 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, 2019: 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 15.22 to 17.35 percent (June 30, 2019: 9.17 to 14.49 percent) per annum.

14.3 This represent working capital facilities availed from a Bank of Punjab of Rs. 200 million (June 30, 2019: Rs. 200 million) out of which Rs. 124.225 million (June 30, 2019: 0.617 million) remains unutilized as at the date of statement of financial position carrying markup of 6 months KIBOR + 1.75% (June 30, 2019: 6 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.

14.4 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, 2019: 3 months KIBOR plus 3%). The Company has not utilized the full facility against Murabaha and Istisna financing (June 30, 2019: Rs. 1.106 million).

15 CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

15.1.1 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 Honourable High Court of Sindh. The financial exposure of the Company up to December 31, 2019 amounts to Rs. 79.033 million, however, no provision in the condensed interim financial information has been made as the Company believes based on legal advice that the amount shall not be payable.

15.1.2 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 compliant 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 this condensed interim financial information.

15.1.3 The Company is defending various suits filed in various courts of Pakistan for sums aggregating to Rs. 20.583 million (June 30, 2019: Rs. 15.517 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.

15.2 Commitments	Note	December 31,	June 30,
		2019	2019
		(Un-audited)	(Audited)
..... (Rupees in '000)			
Outstanding letters of credit		356,053	285,836
Outstanding letter of guarantee		96,742	93,053
Postdated cheques		193,899	276,175
Outstanding contracts		440,802	349,789
Duties payable on goods in transit		82,021	82,651
		<u>1,169,517</u>	<u>1,087,504</u>

16 SALES

	Half year ended		Quarter ended	
	December 31,	December 31,	December 31,	December 31,
	2019	2018	2019	2018
..... (Rupees in thousands)				
(Un-audited)				
Local sales	1,587,045	1,679,222	806,382	928,444
Export sales	14,125	2,484	7,063	2,368
Gross sales	1,601,170	1,681,706	813,445	930,812
Less:				
Sales tax	(247,305)	(266,170)	(124,965)	(147,235)
	<u>1,353,865</u>	<u>1,415,536</u>	<u>688,480</u>	<u>783,577</u>

17 COST OF SALES

Manufactured goods

Raw materials consumed				
Opening stock	214,965	374,070	282,769	300,974
Purchase	946,732	893,492	412,372	486,524
Closing stock	(231,110)	(283,426)	(231,110)	(283,426)
Raw materials consumed	930,587	984,136	464,031	504,072

Manufacturing overheads

Stores and spares consumed	28,180	30,378	15,575	16,189
Salaries, wages and other benefits	60,773	65,923	31,032	32,837
Procured services	22,037	35,606	9,900	17,809
Fuel, water and power	79,882	53,709	38,083	24,804
Insurance	2,316	3,364	1,158	1,281
Travelling	137	448	129	437
Communication	670	598	368	281
Depreciation	25,901	23,044	13,024	11,954
Rent, rates and taxes	3,021	2,543	1,627	1,323
Repairs and maintenance	16,069	19,675	9,938	10,077
Printing and stationary	450	476	257	269
Other expenses	1,116	1,294	675	761
	240,552	237,058	121,766	118,022
	<u>1,171,139</u>	<u>1,221,194</u>	<u>585,797</u>	<u>622,094</u>

Work-in-process

Opening stock	141,342	114,925	145,465	133,555
Closing stock	(174,092)	(129,274)	(174,092)	(129,274)

Cost of goods manufactured

Finished goods				
Opening stock	196,480	262,520	236,746	317,756
Closing stock	(232,333)	(273,811)	(232,333)	(273,811)
	<u>1,102,536</u>	<u>1,195,554</u>	<u>561,583</u>	<u>670,320</u>

Trading goods

Opening stock	101,487	64,021	64,914	51,598
Purchase	30,983	41,003	34,557	26,977
Closing stock	(66,989)	(49,096)	(66,989)	(49,096)
	65,481	55,928	32,482	29,479
	<u>1,168,017</u>	<u>1,251,482</u>	<u>594,065</u>	<u>699,799</u>

18 LOSS PER SHARE - BASIC AND DILUTED

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

	Half year ended		Quarter ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(Rupees in thousands)			
	(Un-audited)			
Net loss for the period	(47,381)	(79,250)	(24,731)	(27,392)
Weighted average number of ordinary shares	10,764	10,764	10,764	10,764
Loss per share - basic and diluted (Rupees)	(4.40)	(7.36)	(2.30)	(2.54)

19 CASH GENERATED FROM OPERATIONS

	Note	Half year ended	
		December 31, 2019	December 31, 2018
		(Rupees in '000)	
		(Un-audited)	
Loss before taxation		(20,374)	(55,979)
Adjustment for non-cash and other items			
Depreciation on:			
Property, plant and equipment		27,752	39,096
Right of use asset		14,299	-
Investment property		1,266	1,269
Amortization		86	76
Gain on disposal of property, plant and equipment		-	(1,883)
Interest income		(20)	(28)
Finance costs		108,546	76,238
Amortization of deferred income		(2,430)	(2,430)
Provision against expected credit losses		16,339	6,000
Working capital changes	19.1	275,941	(106,196)
		421,404	(43,837)
19.1 Working capital changes			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(475)	(6,096)
Stock in trade		(50,248)	80,580
Trade debts		7,805	(125,404)
Loans and advances		(35,478)	(39,142)
Trade deposits and short-term prepayment		1,835	(8,735)
Other receivable		(3,183)	15,155
		(79,744)	(83,642)
Increase / (decrease) in current liabilities			
Trade and other payable		355,685	(22,554)
		275,941	(106,196)

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	
		Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
		(Rupees in thousands)			
		(Un-audited)			
Holding Company	Rent paid	1,024	931	93	-
Associated Companies / Undertakings	Sales of goods	-	751	-	751
	Purchase of goods	173	330	68	225
Provident fund	Contribution to staff retirement benefit plans	4,751	5,064	2,232	2,545
Key management personnel	Remuneration and other benefits	19,889	21,598	9,439	11,148

20.2 Period / year end balances	Note	December 31, 2019 (Un-audited)	June 30, 2019 (Audited)
	(Rupees in '000).....	
Receivable from associated companies / undertakings		104	104
Payable to related parties		173	-

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

21 OPERATING SEGMENTS

21.1 Segment Analysis

	Chrysolite Cement	Plastic	Others	Total
Half year ended December 31, 2019 (Unaudited)	(Rupees in thousands)			
Turnover	<u>439,693</u>	<u>914,173</u>	-	<u>1,353,865</u>
Segment result	<u>(3,234)</u>	<u>43,820</u>	-	<u>40,586</u>
Unallocated expenses				
Other operating expenses				(17,124)
Other income				64,710
Finance costs				(108,546)
Taxation				<u>(27,007)</u>
Loss for the period				<u>(47,381)</u>
Half year ended December 31, 2018 (Unaudited)				
Turnover	<u>460,098</u>	<u>955,438</u>	-	<u>1,415,536</u>
Segment result	<u>(29,430)</u>	<u>22,863</u>	-	<u>(6,567)</u>
Unallocated expenses				
Other operating expenses				(28,288)
Other income				55,114
Finance costs				(76,238)
Taxation				<u>(23,271)</u>
Net loss for the period				<u>(79,250)</u>

21.2 Segment assets and liabilities

December 31, 2019 (Un-audited)

Segment assets	<u>538,469</u>	<u>637,513</u>	<u>126,659</u>	<u>1,302,641</u>
Unallocated corporate assets				<u>2,112,573</u>
Total assets				<u>3,415,215</u>
Segment liabilities	<u>530,360</u>	<u>458,179</u>	<u>12,744</u>	<u>1,001,283</u>
Unallocated corporate liabilities				<u>1,354,422</u>
Total liabilities				<u>2,355,705</u>

June 30, 2019 (Audited)

Segment assets	<u>414,562</u>	<u>687,001</u>	<u>103,867</u>	1,205,430
Unallocated corporate assets				<u>2,170,824</u>
Total assets				<u>3,376,254</u>
Segment liabilities	<u>266,220</u>	<u>382,804</u>	<u>12,744</u>	661,768
Unallocated corporate liabilities				<u>1,607,595</u>
Total liabilities				<u>2,269,363</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, 2019.

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

24 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on February 27, 2020 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.

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