

# **FINANCIAL STATEMENTS**

**FOR THE SIX (6)  
MONTHS ENDED  
DECEMBER 31, 2022  
(UNAUDITED)**

[www.dadex.com](http://www.dadex.com)

**DADEX**

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**COMPANY INFORMATION**

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Board of Directors	Mr. Shahzad M. Husain - Chairman Mr. Sikander Dada Mr. Abu Talib H.K. Dada Mr. Maqbool H.H. Rahimtoola Syed Shahid Ali Bukhari Mrs. Amber Ahmed Motiwala Mrs. Ayesha Tariq Allawala	(Non - Executive Director) (Chief Executive / Director) (Non - Executive Director) (Non - Executive Director) (Independent Director) (Independent Director) (Independent Director)
Chief Financial Officer Company Secretary Head of Internal Audit	Mr. Muhammad Yousuf Mr. Faisal Saeed Khan Mr. Irfan Aziz	
Board Audit Committee	Syed Shahid Ali Bukhari Mr. Shahzad M. Husain Mr. Maqbool H.H. Rahimtoola Mrs. Amber Ahmed Motiwala	- Chairman - Member - Member - Member
Human Resource and Remuneration Committee	Mrs. Ayesha Tariq Allawala Mr. Abu Talib H.K. Dada Mr. Maqbool H.H. Rahimtoola	- Chairperson - Member - Member
Management Team	Mr. Sikander Dada Mr. Muhammad Hanif Idrees Mr. Tanveer Saleem  Mr. Muhammad Yousuf Mr. Asim M. Khan Lt. Cdr. (Retd.) Saeed Ahmed Khan	- Chief Executive Officer - Director Finance - Chief Operating Officer (Technical & Operations) - Chief Financial Officer - Director Sales and Marketing - General Manager Admin & HR
Auditors	BDO Ebrahim & Co., Chartered Accountants	
Bankers	National Bank of Pakistan Bank Islami Pakistan Limited Habib Metropolitan Bank Limited Bank AlBaraka 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	

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Legal Advisor

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

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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](mailto:info@dadex.com.pk)

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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](mailto:jwaffs@live.com)  
[info@jwaffs.com](mailto:info@jwaffs.com)

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Website

[www.dadex.com](http://www.dadex.com)

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## DIRECTORS' REVIEW

The Directors are pleased to present their review together with the financial statements of the Company for six months ended December 31, 2022.

The present economic situation of the country, including high inflation, high interest rates, and a large trade deficit, can contribute to economic instability and make it more difficult for businesses to succeed.

The Company posted a gross profit of Rs. 69.85 million for the period under review (July - December 2022) as compared to Rs. 139.96 million for the corresponding period of last year. The gross profitability for the period under review was on the backdrop of elevated raw material and fuel prices coupled with upward movement of the exchange rate resulting in a severe under pressure in the cost of production.

The persistent increase in key input costs has already put pressure on product margins, making it difficult for the business to operate in a competitive environment. Recent State Bank measures to manage the Current Account Deficit by increasing interest rates will make the situation even more difficult for the Company, as they will for every other industrial enterprise in the nation.

The board's leadership is making every effort to steer the organization in the right direction. Rest assured that management is taking every precaution to protect the company's profits, however, we are unable to control the macroeconomic environment, as it is beyond our control to address all of these factors, but management is doing all that it can to handle the situation in a responsible manner. Unfortunately, we do not foresee any improvement in the economic situation of the country in the near future, however, we will do our best to navigate these troubled waters in the most effective manner.

We would like to express our gratitude for our employees' continued commitment and the patronage of our customers and all stakeholders who have supported the company during these trying times.

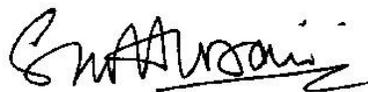
**Karachi: February 27, 2023,**

**On Behalf of the Board of Directors**



**Director**

**Abu Talib H. K. Dada**



**Director**

**Shahzad M. Husain**

**INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS 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, 2022 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 statements for the six-month period then ended (here-in-after referred as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of this condensed interim financial statement in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial statements 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.

**Material Uncertainty relating to Going Concern**

We draw attention to note 1.3 of notes to the condensed interim financial statements, which indicates that the Company incurred net loss after tax for the six-month period ended December 31, 2022 amounting to Rs. 145.552 million and its accumulated losses as at December 31, 2022 amounted to Rs. 500.109 million. The Company's current liabilities aggregating to Rs. 2,049.403 million exceeded the current assets by Rs. 321.143 million. Moreover, during the previous year, the Company received demand notice from National Bank of Pakistan (NBP) for repayment / settlement of their liabilities / credit facility. To manage its liquidity position and availability of funds for operations, the Company is depending on successful negotiation/renewal/repayment of credit facility with NBP besides, the firm commitment by directors for any required financial support. Hence, these conditions as set forth in note 1.3 indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as going concern. Our conclusion is not modified in respect of this matter.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statement as at and for the six month's period ended December 31, 2022 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, 2022 and December 31, 2021 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 FEB 2023

UDIN: RR2022100677HGNgQ1eJ



CHARTERED ACCOUNTANTS  
Engagement Partner: Zulfikar Ali Causer

**DADEX ETERNIT LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2022**

		December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
	Note	(Rupees in thousands)	
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment			
Operating fixed assets	7	733,081	760,674
Capital work in progress	8	1,932	1,932
		735,013	762,606
Intangible assets		73	117
Investment property		27,917	29,186
Long-term loans and advances		1,102	915
Long-term security deposits		13,670	20,081
Deferred tax asset		199,053	199,053
		976,828	1,011,958
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		41,935	42,966
Stock-in-trade	9	266,369	386,121
Trade debts	10	107,796	113,407
Loans and advances		173,295	97,232
Trade deposits and short term prepayments		79,773	58,620
Other receivables		7,591	198,452
Sales Tax receivable		10,944	-
Income tax refund due from Government		218,405	129,838
Taxation - net		18,545	84,308
Cash and bank balances		80,403	60,450
Non-current assets held for sale		723,204	723,205
		1,728,260	1,894,599
		2,705,088	2,906,557
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital			
12,000,000 (June 30, 2022: 12,000,000) ordinary shares of Rs. 10 each		120,000	120,000
8,000,000 (June 30, 2022: 8,000,000) 'B' class ordinary shares of Rs. 10 each		80,000	80,000
		200,000	200,000
Issued, subscribed and paid-up capital	11	107,640	107,640
Reserves		(494,454)	(361,295)
Surplus on revaluation of property, plant and equipment		1,042,499	1,054,892
		655,685	801,237
<b>NON - CURRENT LIABILITIES</b>			
Long term financing		-	-
Lease liabilities		-	2,915
Deferred income		-	-
GIDC payable		-	-
		-	2,915
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	1,174,856	1,072,486
Short-term borrowings	13	801,158	925,567
Loan from directors		25,000	25,000
Accrued markup		28,153	26,375
Current portion of deferred income		-	421
Current portion of long-term financing		-	22,965
Current portion of lease liabilities		3,548	12,899
Dividend payable		16,688	16,692
		2,049,403	2,102,405
		2,705,088	2,906,557
<b>TOTAL EQUITY AND LIABILITIES</b>			
<b>CONTINGENCIES AND COMMITMENTS</b>			
	14		

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



**DIRECTOR**  
**ABU TALIB H.K. DADA**



**DIRECTOR**  
**SHAHZAD M. HUSAIN**



**CHIEF FINANCIAL OFFICER**  
**MUHAMMAD YOUSUF**

**DADEX ETERNIT LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS**  
**FOR THE PERIOD ENDED DECEMBER 31, 2022 (UN-AUDITED)**

	Note	Half year ended		Quarter ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
		(Rupees in thousands)			
Sales - gross		862,629	982,012	419,288	577,098
Sales tax		(129,496)	(153,618)	(62,864)	(90,022)
Sales - net	15	733,132	828,394	356,424	487,076
Cost of sales	16	(663,273)	(688,430)	(353,782)	(394,192)
Gross profit		69,859	139,964	2,642	92,884
Distribution cost		(63,424)	(44,611)	(31,809)	(22,495)
Administrative expenses		(78,154)	(62,296)	(38,755)	(32,602)
Other expenses	12.1	(28,836)	(60,207)	(2,246)	(39,043)
Other income	17	44,941	27,106	29,244	14,417
Operating (loss) / profit		(55,614)	(44)	(40,924)	13,161
Finance costs		(76,686)	(58,902)	(39,283)	(29,677)
(Loss) / profit before taxation		(132,300)	(58,946)	(80,207)	(16,516)
Taxation					
Current		(13,252)	(14,129)	(6,801)	(8,138)
Deferred		-	0	-	-
		(13,252)	(14,129)	(6,801)	(8,138)
Net (loss) / profit for the period		(145,552)	(73,075)	(87,008)	(24,654)
(Loss) / earnings per share - basic and diluted (Rupees)	18	(13.52)	(6.79)	(8.08)	(2.29)

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



**DIRECTOR**  
 ABU TALIB H.K. DADA



**DIRECTOR**  
 SHAHZAD M. HUSAIN



**CHIEF FINANCIAL OFFICER**  
 MUHAMMAD YOUSUF

**DADEX ETERNIT LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED DECEMBER 31, 2022 (UN-AUDITED)**

	Half year ended		Quarter ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	(Rupees in thousands)			
Net (loss) / profit for the period	(145,552)	(73,075)	(87,008)	(24,654)
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income for the period	<u>(145,552)</u>	<u>(73,075)</u>	<u>(87,008)</u>	<u>(24,654)</u>

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



**DIRECTOR**  
 ABU TALIB H.K. DADA



**DIRECTOR**  
 SHAHZAD M. HUSAIN



**CHIEF FINANCIAL OFFICER**  
 MUHAMMAD YOUSUF

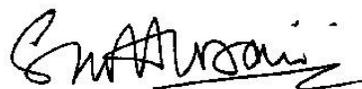
**DADEX ETERNIT LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED DECEMBER 31, 2022 (UN-AUDITED)**

Issued, subscribed and paid-up capital	Reserves					Total	Grand total
	Capital reserve		Revenue reserve				
	Share premium	Revaluation surplus	General reserve	Accumulated losses			
<b>(Rupees in thousands)</b>							
Balance as at July 1, 2021	107,640	5,655	1,169,490	-	(398,744)	776,401	884,041
Total comprehensive loss for the half year ended December 31, 2021							
Net profit for the period	-	-	-	-	(73,075)	(73,075)	(73,075)
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	-	(73,075)	(73,075)	(73,075)
Transferred from surplus on revaluation of fixed asset on account of incremental depreciation	-	-	(12,393)	-	12,393	-	-
Balance as at December 31, 2021	107,640	5,655	1,157,097	-	(459,426)	703,326	810,966
Balance as at July 1, 2022	107,640	5,655	1,054,892	-	(366,950)	693,597	801,237
Total comprehensive loss for the half year ended December 31, 2022							
Net loss for the period	-	-	-	-	(145,552)	(145,552)	(145,552)
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	-	(145,552)	(145,552)	(145,552)
Transferred from surplus on revaluation of fixed asset on account of incremental depreciation	-	-	(12,393)	-	12,393	-	-
Balance as at December 31, 2022	107,640	5,655	1,042,499	-	(500,109)	548,045	655,685

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



**DIRECTOR**  
 ABU TALIB H.K. DADA



**DIRECTOR**  
 SHAHZAD M. HUSAIN



**CHIEF FINANCIAL OFFICER**  
 MUHAMMAD YOUSUF

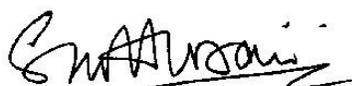
**DADEX ETERNIT LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED DECEMBER 31, 2022 (UN-AUDITED)**

		<b>Half year ended</b>	
		<b>December 31,</b>	<b>December 31,</b>
		<b>2022</b>	<b>2021</b>
	<b>Note</b>	<b>(Rupees in thousands)</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	19	270,057	31,642
Finance cost paid - net		(74,908)	(89,486)
Taxes paid		(36,056)	(22,202)
Net cash (used in) / generated from operating activities		159,093	(80,046)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(1,784)	1,026
Proceeds from disposal of fixed assets		15,872	117
Long term security deposits		6,411	541
Net cash generated from investing activities		20,499	1,684
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Lease payments		(12,266)	(14,004)
Long term financing		(22,965)	(6,244)
Interest income received		4	28
Short term borrowings - net		(74,409)	137,943
Dividend paid		(4)	(65)
Net cash generated from / (used in) financing activities		(109,640)	117,658
Net increase / (decrease) in cash and cash equivalents		69,953	39,296
Cash and cash equivalents at the beginning of the period		(439,310)	(659,827)
Cash and cash equivalents at the end of the period		(369,357)	(620,531)
<b>CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		80,403	21,418
Short-term borrowings		(449,760)	(641,949)
		(369,357)	(620,531)

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



**DIRECTOR**  
 ABU TALIB H.K. DADA



**DIRECTOR**  
 SHAHZAD M. HUSAIN



**CHIEF FINANCIAL OFFICER**  
 MUHAMMAD YOUSUF

**DADEX ETERNIT LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED DECEMBER 31, 2022**

**1 THE COMPANY AND ITS OPERATIONS**

- 1.1 Dadex Eternit Limited ("the Company") was incorporated in Pakistan as a public limited company on April 13, 1959 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and its ordinary shares are listed on Pakistan Stock Exchange. The principle business of the Company is to manufacture and sell construction material, which mainly includes piping systems and other allied products manufactured from chrysotile cement, rubber and plastics, merchandising of imported pipe fittings, accessories and other building product.
- 1.2 As at reporting date, Sikandar (Private) Limited (the Holding Company) holds 6,800,648 (June 30,2022) ordinary shares representing 63.18% (June 30,2022) shareholding.
- 1.3 The Company incurred net loss after tax for the period ended December 31, 2022 amounting to Rs. 145.552 million (June 30, 2022: Rs. 142.936 million) and its accumulated losses as at December 31, 2022 amounted to Rs. 500.109 million (June 30, 2022: Rs. 366.950 million). The Company's current liabilities aggregating to Rs. 2,049.403 million (June 30, 2022: Rs. 2,102.405 million) exceeded the current assets by Rs. 321.143 million (June 30, 2022: Rs. 207.806) million. The Company's financial statements for the year ended December 31, 2022 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.

During 2021, the Company received demand notices from National Bank of Pakistan (NBP) for repayment/settlement of their liabilities/credit facility. As per the above developments, the Company has classified the property as held for sale during the year to settle the demand of NBP loan repayment and to meet the working capital requirements.

During the reporting period, the Company entered into negotiations for these financing facilities and had several rounds of discussions with NBP and submitted various plans for enhancing product lines and improvement in business profitability. The Directors reported about positive intent of NBP for renewal/re-profiling of such financing facilities under the similar terms and conditions whereas in this regard the Company has yet to receive a formal offer letter while the Company has paid 50 million to NBP in line with undergoing discussions with NBP. Management has made us understand that there is no correspondence with NBP subsequent to the reporting date.

To manage its current assets/liability position and availability of funds for operations, the Company is depending on successful negotiation for renewal of credit facility with NBP.

During previous year, one of the Company's factories, which is located at Deh-22, Manghopir, Karachi, has been closed since March 30, 2021. The factory was closed down as dispute had arisen between management and labor union regarding retrenchment of some labor working at chrysotile cement roofing and pipe plant which was used to manufacture chrysotile cement roofing and pipes. The labor union went on strike as a result whole factory was closed down. The Company had created a provision amounted to Rs. 15.166 million in respect of compensation to the retrenched labor which might arise as a result of their Complaint to Directorate of Labor (West Division). Subject to some conditions of High Court Order, which resultantly led the Company to remove raw materials, moveable assets and finished goods lying at the factory to sell and the proceeds thereof shall be utilized for paying the legitimate dues of the workers. The management expects to get access to all other assets subsequently.

We had been notified that the management planned to sell the factory's property therefore, the Company had classified the leasehold land and building of "Karachi Factory" as held for sale in the previous year represented carrying amounts of Rs.659.866 million and 3.203 million respectively. Oceanic Surveyors Ltd assessed market value of leasehold land at amount of Rs.720 million.

The factory's property has not been sold off yet as the Company is still in the procedure of finding and negotiating with potential buyers. The management shows their commitment to sell the factory's property within the annual reporting period ending on June 30, 2022. We seek concurrence of the Board for intention and efforts of management in this regard.

## **2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS**

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

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

## **3 BASIS OF PREPARATION**

### **3.1 Statement of compliance**

This condensed interim financial statement 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.

These condensed interim financial statements have 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.

These condensed interim financial statements do not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual audited financial statements of the Company as at and for the year ended June 30, 2022, which have been prepared in accordance with accounting and reporting 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 audited financial statements.

The comparative statement of financial position presented in this condensed interim financial statements have been extracted from the annual audited financial statements of the Company for the year ended June 30, 2022, 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 statement for the period ended December 31, 2021.

### **3.2 Basis of measurement**

These condensed interim financial statements have been prepared under the historical cost basis except for land which is stated at revalued amounts. These condensed interim financial statements have been prepared following accrual basis of accounting except for cash flows information.

### **3.3 Functional and presentation currency**

These condensed interim financial statements have been presented in Pakistani 'Rupees', which is the functional and presentation currency of the Company.

## **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted and methods of computation followed in the preparation of these condensed interim financial statements are same as those for the preceding annual audited financial statements for the year ended June 30, 2022.

#### 4.1 Initial application of standards, amendments or an interpretation to existing standards

##### a) Standards, amendments and interpretations to accounting standards that are effective in the current period

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on January 01, 2022, but are considered not to be relevant or expected to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.

##### b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2023, but are considered not to be relevant or expected to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

## 5 ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial statements 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 annual audited financial statements for the year ended June 30, 2022.

## 6 TAXATION

The provisions for taxation for the half year and quarter ended December 31, 2022, 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 2022 as stipulated through Finance Act 2020.

	Note	December 31, 2022 (Unaudited) (Rupees in thousands)	June 30, 2022 (Audited)
<b>7 OPERATING FIXED ASSETS</b>			
Fixed assets	7.1	673,412	698,259
Right-of-use assets	7.2	59,669	62,415
		<u>733,081</u>	<u>760,674</u>

		December 31, 2022 (Unaudited) (Rupees in thousands)	June 30, 2022 (Audited)
<b>7.1 Fixed assets</b>	<b>Note</b>		
Opening net book value (NBV)		698,259	1,407,877
Revaluation surplus		-	60,134
Additions during the period / year at cost	7.1.1	1,784	20,130
Transfers during the period / year		-	(723,205)
		700,043	764,936
Disposals during the period / year at NBV	7.1.2	(298)	(66)
Depreciation charge for the period / year		(26,333)	(66,611)
		(26,631)	(66,677)
Closing net book value (NBV)		673,412	698,259

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

<b>Owned</b>			
Plant and machinery		979	15,068
Vehicles and transportation equipments		-	1,874
Buildings on leasehold land other than factory		-	2,748
Office and factory equipments		172	440
IT Equipment		633	-
		1,784	20,130
		1,784	20,130

7.1.2 A vehicle was disposed during the period had Rs. 0.164 million NBV.

## 7.2 Right-of-use assets

Opening Balance		62,415	87,312
Additions		-	-
Transfers		-	(15,418)
Depreciation charge during the period / year		(2,746)	(9,479)
Closing Balance		59,669	62,415
		59,669	62,415

## 8 CAPITAL WORK IN PROGRESS

Intangibles		-	68
Plant and machinery		1,341	1,832
Office & factory equipment		591	32
		1,932	1,932
		1,932	1,932

		<b>December 31, 2022 (Unaudited)</b>	<b>June 30, 2022 (Audited)</b>
8.1	Movement of carrying amount is as follows:		
	Opening balance	1,932	6,778
	Additions (at cost) during the period / year	3,567	5,153
		5,499	11,931
	Transfers / reversal during the period / year	(3,567)	(9,999)
	Closing balance	1,932	1,932

## 9 STOCK-IN-TRADE

	Raw materials		
	in hand	112,574	120,238
	in transit	1	19,476
		112,575	139,714
	Work-in-process	19,782	25,728
	Finished goods		
	manufactured	110,872	179,474
	trading	23,140	41,205
		134,012	220,679
		266,369	386,121

9.1 Finished goods are net off provision of Rs. 108.402 million (June 30, 2022: Rs. 100.409 million).

## 10 TRADE DEBTS

	(Unsecured - considered good)		
	Export	244	244
	Local	107,552	113,163
		107,796	113,407
	(Unsecured - considered doubtful)		
	Due from Turnkey project	17,414	17,414
	Due from Others	155,969	155,969
		173,383	173,383
		281,179	286,790
	Provision for doubtful debts		
	Turnkey project	(17,414)	(17,414)
	Others	(155,969)	(155,969)
		(173,383)	(173,383)
		107,796	113,407

	Note	December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
		(Rupees in thousands)	
<b>10.1 Provision for doubtful debts - others</b>			
Opening balance		155,969	174,088
Charge during the period/year		-	-
Reversal during the period/year		-	(18,119)
Closing balance		155,969	155,969

## 11 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	December 31, 2022	June 30, 2022			
			Number of shares		
1,714,264	1,714,264		Ordinary shares of Rs.10/- each issued for cash	17,143	17,143
476,386	476,386		Issued for consideration other than cash	4,764	4,764
8,573,309	8,573,309		Issued as fully paid bonus shares	85,733	85,733
10,763,959	10,763,959			107,640	107,640

- 11.1 Ordinary shares include 4,090,536 shares of B class of Rs.10/- each converted into and deemed to be ordinary shares on disposal by a foreign shareholder, in prior years, in accordance with the Articles of Association of the Company.
- 11.2 The Holding Company holds 6,800,648 (June 30, 2022: 6,800,648) ordinary shares representing 63.18 percent (June 30, 2022: 63.18 percent) shareholding as at the reporting date.

## 12 TRADE AND OTHER PAYABLES

Trade creditors		698,728	603,685
Accrued liabilities		96,185	109,367
Advance from customers		297,066	239,416
Advance from tenants		3,260	1,699
Infrastructure cess payable		-	40,913
Security deposits from distributors and others		15,854	14,090
Workers' Profit Participation Fund payable		932	932
Workers' Welfare Fund		7,557	7,557
Sales tax and excise duty			338
Withholding tax		24,279	24,279
Current portion of GIDC payable	12.1	29,344	29,614
Other payables		1,651	596
		1,174,856	1,072,486

- 12.1 During the reporting period, GIDC payment terms were revised resulting in loss of Rs. 4.695 million (June 30,2022) included in other expenses.

	Note	December 31, 2022 (Unaudited) (Rupees in thousands)	June 30, 2022 (Audited)
<b>13 SHORT TERM BORROWINGS</b>			
<b>Secured</b>			
Running finance	13.2	449,760	499,760
<b>Islamic mode</b>			
Karobar finance	13.1	176,711	214,160
Tijarah finance	13.3	82,537	100,000
Istisna finance	13.4	92,150	111,647
		801,158	925,567

- 13.1 This facility has been obtained from Bank Islami aggregating to Rs. 177 million (June 30, 2022: Rs. 214.16 million). The facility is secured by creation of first pari-passu charge against hypothecation of the Company's property, plant and equipment of Rs. 333.34 million (June 30, 2021: Rs. 333.33 million) located at Karachi and Lahore. The facility carries mark-up rates ranging from 16.50% to 18.93% (June 30, 2022: 10.59% to 16.50%) per annum.
- 13.2 These financing facilities have been obtained from National Bank of Pakistan amounting to Rs. 500 million (June 30, 2022: Rs. 500 million) . These financing facilities are secured by creation of first pari-passu charge against hypothecation of the Company's stock and trade debts of Rs. 1,448 million (June 30, 2022: Rs. 1,448 million), first exclusive mortgage charge of Rs. 934 (June 30, 2022: Rs, 934 million) over land and building of the Company situated at 21-22 Manghopir Road, Tapo Manghopir, Karachi. These facilities carry mark-up rate 3 months KIBOR+2.75 % (June 30, 2022: 3 months KIBOR+2.75%) per annum.

During reporting period, the Company entered into negotiations for these financing facilities and had several rounds of discussions with NBP and submitted various plans for enhancing product lines and improvement in business profitability. Subsequent to the year end, the Directors reported about positive intent of NBP for renewal/re-profiling of such financing facilities under the similar terms and conditions whereas in this regard the Company has yet to receive a formal offer letter. Subsequent to the reporting period the Company has paid 50 million to NBP as per the ongoing discussions with NBP.

- 13.3 An overall facility of Rs. 75 Million has been obtained from Al-Baraka Bank under Tijarah 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 6 months KIBOR+3% (June 30, 2022: 6 months KIBOR+3%).

- 13.4 An overall facility of Rs. 150 million (June 30, 2022: 150 million) has been obtained from Habib Metropolitan Bank under Istisna financing. The facility is secured by 100% cash collateralized in shape of Lien on Islamic Naya Pakistan Certificate (INPC) placed by three shareholders including Mr. Samad Dada, CEO of the Company, of equivalent amount as proposed. The financing facility carries markup at 6 months KIBOR+2% (June 30, 2022 6 months KIBOR+2% ).

## **14 CONTINGENCIES AND COMMITMENTS**

### **14.1 Contingencies**

- 14.1.1 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 these condensed interim financial statements.

- 14.1.2 The Company is defending various suits filed in various courts of Pakistan for sums aggregating to Rs. 15.666 million (June 30, 2022: Rs. 15.666 million). However, in view of a legal advice, the Company's management is confident that these suits will be decided in its favor, and accordingly, no provision has been made in this respect.
- 14.1.3 During the year ended June 30, 2022, The Company had created a provision amounted to Rs. 15.166 million in respect of compensation to the retrenched labor which might arise as a result of their Complaint to Directorate of Labor (West Division). Subject to some conditions of High Court Order, which resultantly led the Company to remove raw materials, moveable assets and finished goods lying at the factory to sell and the proceeds thereof shall be utilized for paying the legitimate dues of the workers. The management expects to get access to all other assets subsequently.

**December 31,      June 30,**  
**2022                      2022**  
**(Unaudited)        (Audited)**  
**(Rupees in thousands)**

## 14.2 Commitments

Outstanding letters of credit	14,886	78,516
Outstanding letter of guarantee	96,742	34,721
Postdated cheques	16,619	6,681
Outstanding contracts	527,489	478,149
Duties payable on goods in transit	40,605	12,416
	696,342	610,482

## 15 SALES

	Half year ended		Quarter ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	------(Rupees in thousands)----- (Unaudited)			
Local sales	806,589	982,012	394,655	577,098
Export sales	56,040	-	24,633	-
Gross sales	862,629	982,012	419,288	577,098
Less: Sales tax	(129,496)	(153,618)	(62,864)	(90,022)
	733,132	828,394	356,424	487,076

## 16 COST OF SALES

Manufactured goods				
Raw materials consumed				
Opening stock	139,714	122,561	81,204	107,272
Purchase	357,769	582,008	227,228	390,735
Closing stock	(112,574)	(191,087)	(112,574)	(191,087)
Raw materials consumed	384,909	513,482	195,858	306,920
Manufacturing overheads				
Stores and spares consumed	18,357	9,235	12,575	6,626
Salaries, wages and other benefits	33,443	26,037	20,734	11,818
Procured services	34,553	26,684	17,061	15,178
Fuel, water and power	38,076	32,524	16,228	17,989
Insurance	2,635	2,158	1,213	1,148
Travelling	177	57	127	26
Communication	292	370	139	110
Depreciation	17,485	26,291	8,660	13,105
Rent, rates and taxes	1,302	2,450	612	482
Repairs and maintenance	10,448	3,879	7,713	2,060
Printing and stationary	163	111	115	35
Provision for slow moving stores, spare parts & loose tools	4,856	-	4,856	-
Other expenses	740	626	371	236
	162,527	130,422	90,404	68,813
	547,436	643,904	286,262	375,733
Work-in-process				
Opening stock	25,728	97,816	28,373	84,055
Closing stock	(19,782)	(83,490)	(19,782)	(83,489)
Cost of goods manufactured	553,383	658,231	294,853	376,299

	Half year ended		Quarter ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	------(Rupees in thousands)-----			
Finished goods				
Opening stock	179,474	200,182	133,763	210,943
Closing stock	(110,873)	(190,624)	(110,873)	(190,625)
	621,983	667,788	317,743	396,617
Trading goods				
Opening stock	41,205	40,108	38,924	40,085
Purchase	23,224	39,555	20,254	16,511
Closing stock	(23,139)	(59,021)	(23,139)	(59,021)
	41,290	20,642	36,039	(2,425)
	663,273	688,430	353,782	394,192

## 17 OTHER INCOME

Rental income	27,187	25,156	12,962	13,692
Interest income	4	28	4	20
Net income from joint service	1,047	182	1,047	182
Amortisation of deferred income	421	1,623	-	406
Gain on disposal of fixed assets	15,760	117	14,709	117
Exchange gain	522	-	522	-
	44,941	27,106	29,244	14,417

## 18 (LOSS) / EARNING PER SHARE - BASIC AND DILUTED

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

Loss for the period	(145,552)	(73,075)	(87,008)	(24,654)
Weighted average number of ordinary shares	10,764	10,764	10,764	10,764
Loss per share - basic and diluted (Rupees)	(13.52)	(6.79)	(8.08)	(2.29)

## 19 CASH GENERATED FROM OPERATIONS

Loss before taxation		(132,300)	(58,946)
Adjustment for non-cash and other items			
Depreciation on:			
- Property, plant and equipment		26,333	33,298
- Right of use asset		2,746	5,065
- Investment property		1,269	1,269
Amortization		43	50
Interest income		(4)	(28)
Finance costs		76,686	58,902
Amortization of deferred income		(421)	(1,469)
Gain on disposal of fixed assets - net		(15,760)	(117)
GIDC payable		-	(24,662)
Working capital changes	19.1	311,465	18,280
		270,057	31,642

	Note	Half year ended	
		December 31, 2022	December 31, 2021
<b>19.1 Working capital changes</b>			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		1,031	(1,384)
Stock in trade		119,752	(63,555)
Trade debts		5,611	(16,688)
Loans and advances		(76,063)	(39,285)
Trade deposits and short-term prepayment		(21,153)	27,075
Sales Tax receivable		(10,944)	-
Other receivable		190,861	(12,773)
		<u>209,095</u>	<u>(106,610)</u>
Increase in current liabilities			
Trade and other payable		102,370	124,890
		<u>311,465</u>	<u>18,280</u>

## 20 TRANSACTIONS AND BALANCES WITH RELATED PARTIES.

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:

20.1 Transaction during the reporting period:

Relation with the company	Nature of transaction	Note	Half year ended		Quarter ended	
			December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
			(Unaudited)			
			------(Rupees in thousands)-----			
Holding Company	Rent paid		1,425	1,296	-	-
Associated Companies / Undertakings	Purchase of goods		-	77	-	-
Provident fund	Contribution to staff retirement benefit plans		2,924	2,687	1,350	1,350
Key management personnel	Remuneration and other benefits		6,875	8,536	4,900	4,900
					<b>December 31, 2022</b>	<b>June 30, 2022</b>
					(Unaudited)	(Audited)
					(Rupees in thousands)	

20.2 Period / year end balances:

Payable to related parties	-	1,296
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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

	Chrysotile Cement	Plastic	Others	Total
------(Rupees in thousands)-----				
<b>Half year ended December 31, 2022</b>				
<b>(Unaudited)</b>				
Turnover	326,533	406,599	-	733,132
Segment result	(13,097)	(58,621)	-	(71,718)
Unallocated expenses				
Other operating expenses				(28,836)
Other income				44,941
Finance costs				(76,686)
Taxation				(13,252)
Loss for the period				<u>(145,551)</u>

### Half year ended December 31, 2021

**(Unaudited)**

Turnover	187,012	641,382	-	828,394
Segment result	(16,420)	49,477	-	33,057
Unallocated expenses				
Other operating expenses				(60,207)
Other income				27,106
Finance costs				(58,902)
Taxation				(14,129)
Loss for the period				<u>(73,075)</u>

### 21.2 Segment assets and liabilities

#### December 31, 2022 (Un-audited)

Segment assets	494,295	592,874	120,216	1,207,385
Unallocated corporate assets				1,522,814
Total assets				<u>2,730,199</u>
Segment liabilities	503,545	566,174	12,744	1,082,463
Unallocated corporate liabilities				966,950
Total liabilities				<u>2,049,413</u>

#### June 30, 2022 (Audited)

Segment assets	401,356	527,409	115,369	1,044,134
Unallocated corporate assets				1,862,423
				<u>2,906,557</u>
Segment liabilities	404,356	421,325	12,070	837,751
Unallocated corporate liabilities				1,267,569
Total liabilities				<u>2,105,320</u>

**22 FINANCIAL RISK MANAGEMENT**

The Company's financial risk management objective and policies are consistent with that disclosed in the annual audited financial statements for the year ended June 30, 2022.

**23 FAIR VALUE OF FINANCIAL INSTRUMENTS**

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

**Transfers during the period**

During the six month period ended December 31, 2022, there were no transfers between level 1 and level 2 fair value measurement and no transfer into or out of level 3 fair value measurement.

**24 DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements was authorized for issue on February 27, 2023 by the Board of Directors of the Company.

**25 CORRESPONDING FIGURES**

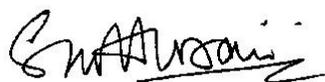
Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation. However, no significant reclassification has been made during the reporting period.

**26 GENERAL**

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

**DIRECTOR**

ABU TALIB H.K. DADA

**DIRECTOR**

SHAHZAD M. HUSAIN

**CHIEF FINANCIAL OFFICER**

MUHAMMAD YOUSUF

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