



FINANCIAL STATEMENTS

Q2

FOR THE SIX(6) MONTHS
ENDED DECEMBER 31, 2023
(UNAUDITED)

DADEX



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Company Information

Board of Directors	Mr. Shahzad M. Husain - Chairman	(Non - Executive Director)
	Mr. Sikander Dada	(Chief Executive I Director)
	Mr. Abu Talib H.K. Dada	(Non - Executive Director)
	Mr. Maqbool H.H. Rahimtoola	(Non - Executive Director)
	Syed Shahid Ali Bukhari	(Independent Director)
	Mrs. Ayesha Tariq Allawala	(Independent Director)
	Mrs. Amber Ahmed Motiwala	(Female Director)

Chief Financial Officer & Company Secretary	Mr. Muhammad Yousuf
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Board Audit Committee	Syed Shahid Ali Bukhari	- Chairman
	Mr. Shahzad M. Husain	- Member
	Mr. Maqbool H.H. Rahimtoola	- Member
	Mrs. Amber Ahmed Motiwala	- Member

Human Resource Remuneration Committee	Mrs. Ayesha Tariq Allawala	- Chairperson
	Mr. Maqbool H.H. Rahimtoola	- Member
	Mr. Abu Talib H.K. Dada	- Member

Management Team	Mr. Sikander Dada	- Chief Executive Officer
	Mr. Tanveer Saleem	- Chief Operating Officer (Technical, Sales & Operations)
	Mr. Muhammad Hanif Idrees	- Chief Operating Officer (Finance, IT, SCM, & Corporate)
	Mr. Muhammad Yousuf	- Chief Financial Officer
	Lt. Cdr. (Retd.) Saeed Ahmed Khan	- General Manager Admin & HR
	Syed Munawwar Abbas Rizvi	- General Manager Hyd. Factory

Auditors	BDO Ebrahim & Co., Chartered Accountants
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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



DADEX

Legal Advisor

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

Registered Office

Dadex House, 34-AI1, 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, 2023.

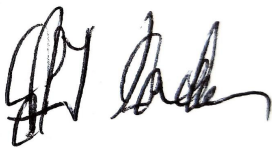
The period under review has presented a countless significant challenge, with Pakistan coping with formidable macroeconomic headwinds such as a fragile balance-of-payments, sluggish growth, and escalating prices. These macroeconomic challenges have had a profound impact on our Company's financial performance, stemming from a combination of both domestic and external factors.

The notable devaluation of the Pak Rupee has driven up import costs, consequently inflating production expenses and compressing profit margins. Furthermore, Pakistan's economic slowdown, exacerbated by the tightening of monetary policy, has curtailed consumer spending and constrained investment opportunities. Adding to the complexity, political instability in Pakistan has engendered an environment of uncertainty, hindering long-term strategic planning efforts and undermining investor confidence.

In the face of the aforementioned challenges, the company witnessed a decrease in sales performance for the current reporting period compared to the preceding year. The Company recorded gross sales of Rs. 515.645 million, a decline from Rs. 862.628 million in December 2022, over the span of six months. Net sales for the review period amounted to Rs. 432.213 million, reflecting a 41.04% decrease from the corresponding period in the prior year. Notably, the cost of sales decreased by 37.58%, while distribution expenses also experienced a reduction of 9.33%. However, administrative costs saw an increase of 3.65% compared to the previous year. The Company incurred an operating loss of Rs. 80.096 million, marking an increase from the operating loss of Rs. 55.613 million reported in December 2022. Additionally, financial charges escalated by 12.67%, resulting in a net loss after tax of Rs. 176.330 million, in contrast to the net loss after tax of Rs. 145.551 million recorded in December 2022. Consequently, the loss per share stood at Rs. 16.38, compared to a profit per share of Rs. 13.52 in December 2022.

In response to the complex business environment, our focus is on adapting through strategic measures such as expanding our market reach, identifying cost-saving opportunities, and closely monitoring economic trends; however, the broader macroeconomic environment remains beyond our control.

Despite facing financial setbacks, we remain resolutely committed to navigating these challenges and pursuing profitability in the forthcoming period. It is through the collective efforts of our workforce and management team that we maintain an optimistic outlook, believing in our ability to overcome adversity and chart a course toward success. We also thank our shareholders and stakeholders for standing by us during these challenging times.



DIRECTOR
ABU TALIB H.K. DADA
Karachi: February 28, 2024



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 statements of financial position of DADEX ETERNIT LIMITED ("the Company") as at December 31, 2023 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the financial statements for the half year 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 statements 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 loss after tax for the half year ended December 31, 2023 amounting to Rs. 176.330 million and its accumulated losses as at December 31, 2023 amounted to Rs. 946.903 million. The Company's current liabilities aggregating to Rs. 2,445.335 million exceeded the current assets by Rs. 1,457.221 million. Moreover, during the previous years, 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 half year ended December 31, 2023 are not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.



Other matters

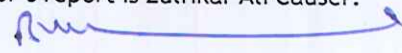
The figures for the quarters ended December 31, 2023 and December 31, 2022 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditor's report is Zulfikar Ali Causer.

KARACHI

DATED: 28 FEB 2024


UDIN: RR202310067TrJInB4by


BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

DADEX ETERNIT LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
ASSETS	(Rupees in thousands)	
NON - CURRENT ASSETS		
Property, plant and equipment		
Operating fixed assets	7	451,480
Capital work in progress	8	13,525
	472,108	465,005
Intangible assets	-	40
Long-term loans and advances	1,193	701
Long-term security deposits	16,459	16,459
Deferred tax asset	9	162,504
	652,264	644,709
CURRENT ASSETS		
Stores, spare parts and loose tools	47,105	43,930
Stock-in-trade	10	198,998
Trade debts	11	60,626
Loans and advances	138,941	88,340
Trade deposits and short term prepayments	118,552	111,480
Other receivables	33,816	14,312
Income tax refund due from Government	255,759	218,405
Taxation - net	17,983	37,354
Cash and bank balances	46,070	56,200
	988,113	829,646
Non-current assets held for sale	1,496,162	1,496,162
TOTAL ASSETS	3,136,539	2,970,517
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital		
12,000,000 (June 30, 2023: 12,000,000) ordinary shares of Rs. 10 each	120,000	120,000
8,000,000 (June 30, 2023: 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	12	107,640
Share premium	5,655	5,655
Reserves	(952,188)	(776,884)
Surplus on revaluation of property, plant and equipment	1,524,856	1,525,882
	685,963	862,293
NON - CURRENT LIABILITIES		
Lease liabilities	5,241	6,772
CURRENT LIABILITIES		
Trade and other payables	13	1,308,029
Short-term borrowings	14	711,034
Loan from directors	25,000	25,000
Accrued markup	38,128	39,644
Current portion of lease liabilities	1,057	1,057
Unclaimed Dividend	16,217	16,688
	2,445,335	2,101,452
TOTAL EQUITY AND LIABILITIES	3,136,539	2,970,517
CONTINGENCIES AND COMMITMENTS		
	15	

The annexed notes from 1 to 28 form an integral part of this condensed interim financial statement.



DIRECTOR
ABU TALIB H.K. DADA



DIRECTOR
MUHAMMAD M. HUSSAIN



CHIEF FINANCIAL OFFICER
MUHAMMAD YOUSUF

DADEX ETERNIT LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE HALF YEAR ENDED DECEMBER 31, 2023 (UN-AUDITED)

	Half year ended		Quarter ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	(Rupees in thousands)			
Sales - gross	515,644	862,629	345,089	419,288
Sales tax	(83,431)	(129,496)	(57,641)	(62,864)
Sales - net	432,213	733,133	287,448	356,424
Cost of sales	(413,961)	(663,273)	(292,632)	(353,782)
Gross profit	18,252	69,860	(5,184)	2,642
Distribution cost	(57,502)	(63,424)	(25,015)	(31,809)
Administrative expenses	(81,014)	(78,154)	(40,995)	(38,755)
Other expenses	(300)	(28,836)	(150)	(2,246)
Other income	40,468	44,941	52,882	29,244
Operating loss	(80,096)	(55,613)	(18,462)	(40,924)
Finance costs	(86,409)	(76,686)	(40,912)	(39,283)
Loss before taxation	(166,505)	(132,299)	(59,374)	(80,207)
Taxation				
Current	(9,825)	(13,252)	(5,853)	(6,801)
Deferred	-	-	-	-
Loss for the period	(176,330)	(145,551)	(65,227)	(87,008)
Loss per share - basic and diluted (Rupees)	(16.38)	(13.52)	(6.06)	(8.08)

The annexed notes from 1 to 28 form an integral part of this condensed interim financial statement.



DIRECTOR
ABU TALIB H.K. DADA



DIRECTOR
SHAHZAD M. HUSAIN



CHIEFFINANCIAL OFFICER
MUHAMMAD YOUSUF

DADEX ETERNIT LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2023 (UN-AUDITED)

	Half year ended		Quarter ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	(Rupees in thousands)			
Loss for the period	(176,330)	(145,552)	(65,227)	(87,008)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	<u>(176,330)</u>	<u>(145,552)</u>	<u>(65,227)</u>	<u>(87,008)</u>

The annexed notes from 1 to 28 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 HALF YEAR ENDED DECEMBER 31, 2023 (UN-AUDITED)

	Issued, subscribed and paid-up capital	Reserves				Total	Grand total
		Capital reserve		Revenue reserve			
		Share premium	Revaluation surplus	General reserve	Accumulated losses		
(Rupees in thousands)							
Balance as at July 1, 2022	107,640	5,655	1,054,892	-	(366,950)	693,597	801,237
Total comprehensive loss							
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
Balance as at July 1, 2023	107,640	5,655	1,525,882	-	(776,884)	754,653	862,293
Total comprehensive loss							
Loss for the period	-	-	-	-	(176,330)	(176,330)	(176,330)
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	-	(176,330)	(176,330)	(176,330)
Transferred from surplus on revaluation of fixed asset on account of incremental depreciation	-	-	(1,026)	-	1,026	-	-
Balance as at December 31, 2023	107,640	5,655	1,524,856	-	(952,188)	578,323	685,963

The annexed notes from 1 to 28 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 HALF YEAR ENDED DECEMBER 31, 2023 (UN-AUDITED)

	Note	Half year ended	
		December 31, 2023	December 31, 2022
(Rupees in thousands)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	20	158,426	270,057
Finance cost paid - net		(87,925)	(74,908)
Taxes paid		(27,808)	(36,056)
Net cash generated from operating activities		42,693	159,093
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(26,777)	(1,784)
Proceeds from disposal of fixed assets		-	15,872
Long term security deposits		-	6,411
Net cash generated from investing activities		(26,777)	20,499
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease payments		(1,531)	(12,266)
Long term financing		-	(22,965)
Interest income received		7,882	4
Short term borrowings - net		(31,926)	(74,409)
Dividend paid		(471)	(4)
Net cash used in financing activities		(26,046)	(109,640)
Net increase / (decrease) in cash and cash equivalents		(10,130)	69,953
Cash and cash equivalents at the beginning of the period		(393,560)	(439,310)
Cash and cash equivalents at the end of the period		(403,690)	(369,357)
CASH AND CASH EQUIVALENTS			
Cash and bank balances		46,070	80,403
Running finance		(449,760)	(449,760)
		(403,690)	(369,357)

The annexed notes from 1 to 28 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 HALF YEAR ENDED DECEMBER 31, 2023

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 At the reporting date, Sikandar (Private) Limited (the Holding Company) holds 6,800,648 (June 30,2023) ordinary shares representing 63.18% (June 30,2023) shareholding.
- 1.3 The Company incurred net loss after tax for the half year ended December 31, 2023 amounting to Rs. 176.330 million (June 30, 2023: Rs. 420.029 million) and its accumulated losses as at December 31, 2023 amounted to Rs. 946.533 million (June 30, 2023: Rs. 771.229 million). The Company's current liabilities aggregating to Rs. 2,445.335 million (June 30, 2023: Rs. 2,101.452 million) exceeded the current assets by Rs. 1,457.221 million (June 30, 2023: Rs. 1,271.806) million. Due to these indicators, there is a material uncertainty about the Company's ability to continue as going concern in the foreseeable future. However, the Company's condensed interim financial statements for the half year ended December 31, 2023 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 2022 to settle the demand of NBP loan repayment and to meet the working capital requirements.

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/reprofiling 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 during the year ended June 30, 2023 the Company 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 years, 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 Rs. 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 extends their commitment to sell the factory's property within the annual reporting period ending on June 30, 2023.

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;
- Provisions of and directives issued under the Companies Act, 2017; and
- Islamic Financial Accounting Standards (IFAS) issued by Institute of Chartered Accountants of Pakistan as are notified 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, 2023, 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, 2023, 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 half year ended December 31, 2022.

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 (Rupees or Rs.) which is the functional and presentation currency of the Company.

4 MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies applied for the preparation of this unconsolidated condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2023.

The preparation of this unconsolidated condensed interim financial statements in conformity with the accounting and reporting standards requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets, liabilities and income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision, if any.

Significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended June 30, 2023.

The financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Company for the year ended June 30, 2023.

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, 2023.

6 TAXATION

The provisions for taxation for the half year and quarter ended December 31, 2023, 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 2023 as stipulated through Finance Act 2020.

	Note	December 31, 2023 (Unaudited) (Rupees in thousands)	June 30, 2023 (Audited)
7 OPERATING FIXED ASSETS			
Fixed assets	7.1	464,288	443,629
Right-of-use assets	7.2	5,893	7,851
		<u>470,181</u>	<u>451,480</u>
7.1 Fixed assets			
Opening net book value (NBV)		443,629	698,259
Revaluation surplus		-	481,085
Transfer from capital work in progress during the period / year at cost	7.1.1	39,025	64,916
Transfers during the period / year		-	(746,306)
		<u>482,654</u>	<u>497,954</u>
Disposals during the period / year at NBV		-	(315)
Depreciation charge for the period / year		(18,366)	(54,010)
		<u>(18,366)</u>	<u>(54,325)</u>
Closing net book value (NBV)		<u>464,288</u>	<u>443,629</u>
7.1.1 Detail of transfer from capital work in progress (at cost) during the period / year are as follows:			
Owned			
Plant and machinery		37,635	59,497
Factory buildings on freehold and leasehold land		213	-
Buildings on leasehold land other than factory		-	3,818
Office and factory equipments		1,177	1,601
		<u>39,025</u>	<u>64,916</u>
7.2 Right-of-use assets			
Opening Balance		7,851	62,415
Additions		-	8,468
Transfers/Termination		(1,135)	(58,518)
Depreciation charge during the period / year		(823)	(4,514)
Closing Balance		<u>5,893</u>	<u>7,851</u>
8 CAPITAL WORK IN PROGRESS			
Plant and machinery		1,341	13,525
Office & factory equipment		586	-
		<u>1,927</u>	<u>13,525</u>

	December 31, 2023 (Unaudited) (Rupees in thousands)	June 30, 2023 (Audited)
8.1 Movement of carrying amount is as follows:		
Opening balance	13,525	1,932
Additions (at cost) during the period / year	27,427	17,990
	40,952	19,922
Transfers / reversal during the period / year	(39,025)	(6,397)
Closing balance	1,927	13,525

Note

9 DEFERRED TAXATION

Tax effects of temporary differences relating to:

Accelerated tax depreciation

Lease liabilities

Provisions

Unabsorbed tax losses

Minimum tax

Less:

Deferred tax asset not expected to be recovered with reasonable certainty

(36,945)	(36,945)
(6)	(6)
19,029	19,029
199,454	199,454
181,533	181,533
69,605	69,605
251,138	251,138
(88,634)	(88,634)
162,504	162,504

10 STOCK-IN-TRADE

Raw materials

in hand

Work-in-process

Finished goods

manufactured

trading

136,288	110,864
16,274	11,565
107,236	58,272
19,136	18,297
126,372	76,569
278,934	198,998

10.1 These are stated at cost less provision for slow moving stock.

10.2 Finished goods - manufactured

Manufactured goods - at cost

Provision for slow moving stock

125,259	77,258
(18,023)	(18,986)
107,236	58,272

		December 31, 2023 (Unaudited) (Rupees in thousands)	June 30, 2023 (Audited)
10.3	Finished goods - trading goods		
	Trading goods - at cost	84,668	90,313
	Provision for slow moving stock	(65,532)	(72,016)
		<u>19,136</u>	<u>18,297</u>
11	TRADE DEBTS		
	(Unsecured - considered good)		
	Export	244	244
	Local	50,709	234,770
		<u>50,953</u>	<u>235,014</u>
	(Unsecured - considered doubtful)		
	Due from Turnkey project	17,414	17,414
	Due from Others	174,419	31
		<u>191,833</u>	<u>17,445</u>
		242,786	252,459
	Provision for doubtful debts		
	Turnkey project	(17,414)	(17,414)
	Others	(174,419)	(174,419)
		<u>(191,833)</u>	<u>(191,833)</u>
		<u>50,953</u>	<u>60,626</u>
11.1	Provision for doubtful debts - others		
	Opening balance	174,419	155,969
	Charge during the period/year	-	18,450
	Closing balance	<u>174,419</u>	<u>174,419</u>
12	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
	December 31, 2023		
	June 30, 2023		
	Number of shares		
	1,714,264	1,714,264	Ordinary shares of Rs.10/- each issued for cash
	476,386	476,386	Issued for consideration other than cash
	8,573,309	8,573,309	Issued as fully paid bonus shares
	<u>10,763,959</u>	<u>10,763,959</u>	
		17,143	17,143
		4,764	4,764
		<u>85,733</u>	<u>85,733</u>
		<u>107,640</u>	<u>107,640</u>

- 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, 2023: 6,800,648) ordinary shares representing 63.18 percent (June 30, 2023: 63.18 percent) shareholding as at the reporting date.

	Note	December 31, 2023 (Unaudited) (Rupees in thousands)	June 30, 2023 (Audited)
13 TRADE AND OTHER PAYABLES			
Trade creditors		790,827	642,285
Accrued liabilities		84,210	87,781
Advance from customers		684,870	461,492
Advance from tenants		2,890	8,689
Infrastructure cess payable		40,913	40,913
Security deposits from distributors and others		19,003	16,903
Workers' Profit Participation Fund payable		932	932
Workers' Welfare Fund		7,557	7,557
Payables to employees		9,581	9,581
Withholding tax		452	452
Current portion of GIDC payable		29,344	29,344
Loan from others		11,700	-
Other payables		3,546	2,100
		<u>1,685,825</u>	<u>1,308,029</u>
14 SHORT TERM BORROWINGS			
Secured			
Running finance	14.2	449,760	449,760
Islamic mode			
Karobar finance	14.1	80,000	89,929
Tijarah finance	14.3	-	50,000
Istisna finance	14.4	149,347	121,345
		<u>679,108</u>	<u>711,034</u>

- 14.1 This facility has been obtained from Bank Islami aggregating to Rs. 80 million (June 30, 2023: Rs. 89.9 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, 2023: Rs. 333.33 million) located at Karachi and Lahore. The facility carries mark-up rates ranging from 16.50% to 18.93% (June 30, 2023: 19.50% to 24.09%) per annum.

- 14.2 These financing facilities have been obtained from National Bank of Pakistan amounting to Rs. 500 million (June 30, 2023: 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, 2023: Rs. 1,448 million), first exclusive mortgage charge of Rs. 934 (June 30, 2023: 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+3% (June 30, 2023: 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.

- 14.3 The facility of Rs. 100 million has been obtained from Al-Baraka Bank Limited under Tijarah financing which has fully paid and expired during reporting period. (June 30, 2023: 50 million). The facility was 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. Both of the financing facility carries markup at 6 months KIBOR+3% (June 30, 2023: 6 months KIBOR+3%).

- 14.4 An overall facility of Rs. 150 million (June 30, 2023: 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, 2023 6 months KIBOR+2%).

15 CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

- 15.1.1 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 corum 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 these condensed interim financial statements.

15.1.2 The Company is defending various suits filed in various courts of Pakistan for sums aggregating to Rs. 15.666 million (June 30, 2023: 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.

15.1.3 During the year ended June 30, 2023, The Company had created a provision amounted to Rs. 9.581 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, 2023 (Unaudited)	June 30, 2023 (Audited)
	(Rupees in thousands)	
15.2 Commitments		
Outstanding letter of guarantee	78,516	78,516
Postdated cheques	9,280	15,961
Outstanding contracts	739,778	546,308
Duties payable on goods in transit	800	-
	828,374	640,785

16 SALES

	Half year ended		Quarter ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	(Rupees in thousands)			
	(Unaudited)			
Local sales	505,432	806,589	345,089	394,655
Export sales	10,212	56,040	-	24,633
Gross sales	515,644	862,629	345,089	419,288
Less: Sales tax	(83,431)	(129,496)	(57,641)	(62,864)
	432,213	733,133	287,448	356,424

	Half year ended		Quarter ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
----- (Rupees in thousands) -----				
17 COST OF SALES				
Manufactured goods				
Raw materials consumed				
Opening stock	110,864	139,714	133,152	81,204
Purchase	319,791	357,769	207,519	227,228
Closing stock	(136,288)	(112,574)	(136,288)	(112,574)
Raw materials consumed	294,367	384,909	204,383	195,858
Manufacturing overheads				
Stores and spares consumed	7,210	18,357	6,418	12,575
Salaries, wages and other benefits	32,273	33,443	18,995	20,734
Procured services	14,591	34,553	5,912	17,061
Fuel, water and power	37,514	38,076	21,764	16,228
Insurance	2,316	2,635	1,130	1,213
Travelling	69	177	4	127
Communication	448	292	291	139
Depreciation	17,704	17,485	9,119	8,660
Rent, rates and taxes	91	1,302	477	612
Repairs and maintenance	16,526	10,448	6,184	7,713
Printing and stationary	259	163	38	115
Provision for slow moving stores, spare parts & loose tools	-	4,856	-	4,856
Other expenses	884	740	437	371
	129,885	162,527	70,769	90,404
	424,252	547,436	275,152	286,262
Work-in-process				
Opening stock	11,565	25,728	13,075	28,373
Closing stock	(16,274)	(19,782)	(16,274)	(19,782)
Cost of goods manufactured	419,544	553,383	271,953	294,853
Finished goods				
Opening stock	58,273	179,474	88,034	133,763
Closing stock	(107,236)	(110,873)	(107,236)	(110,873)
	370,580	621,983	252,751	317,743
Trading goods				
Opening stock	18,297	41,205	20,989	38,924
Purchase	44,220	23,224	38,028	20,254
Closing stock	(19,136)	(23,139)	(19,136)	(23,139)
	43,381	41,290	39,881	36,039
	413,961	663,273	292,632	353,782
18 OTHER INCOME				
Rental income	29,481	27,187	15,066	12,962
Interest income	7,882	4	2,901	4
Net income from joint service	-	1,047	-	1,047
Amortisation of deferred income	-	421	-	-
Gain on disposal of fixed assets	-	15,760	-	14,709
Exchange gain	3,105	522	34,915	522
	40,468	44,941	52,882	29,244

	Half year ended		Quarter ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
------(Rupees in thousands)-----				
19 (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	<u>(176,330)</u>	<u>(145,552)</u>	<u>(65,227)</u>	<u>(87,008)</u>
Weighted average number of ordinary shares	<u>10,764</u>	<u>10,764</u>	<u>10,764</u>	<u>10,764</u>
Loss per share - basic and diluted (Rupees)	<u>(16.38)</u>	<u>(13.52)</u>	<u>(6.06)</u>	<u>(8.08)</u>

	Note	Half year ended	
		December 31, 2023	December 31, 2022
(Rupees in thousands)			
20 CASH GENERATED FROM OPERATIONS			
Loss before taxation		(166,505)	(132,300)
Adjustment for non-cash and other items:			
Depreciation on:			
- Property, plant and equipment		18,366	26,333
- Right of use asset		823	2,746
- Investment property		-	1,269
Amortization		34	43
Interest income		(7,882)	(4)
Finance costs		86,409	76,686
Amortization of deferred income		-	(421)
Gain on disposal of fixed assets - net		-	(15,760)
GIDC payable		-	-
Changes in current assets and liabilities	20.1	227,181	311,465
		<u>158,426</u>	<u>270,057</u>
20.1 Changes in current assets and liabilities			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(3,175)	1,031
Stock in trade		(79,936)	119,752
Trade debts		9,673	5,611
Loans and advances		(50,601)	(76,063)
Trade deposits and short-term prepayment		(7,072)	(21,153)
Sales Tax receivable		-	(10,944)
Other receivable		(19,504)	190,861
Increase in current liability			
Trade and other payable		377,796	102,370
		<u>227,181</u>	<u>311,465</u>

21 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:

21.1 Transaction during the reporting period:

Relation with the company	Nature of transaction	Note	Half year ended		Quarter ended	
			December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
			(Rupees in thousands)-----			
			(Unaudited)			
Holding Company	Rent paid		1,568	1,425	1,568	-
Provident fund	Contribution to staff retirement benefit plans		3,411	2,924	1,350	1,350
Key management personnel	Remuneration and other benefits		10,510	6,875	5,506	4,900
	Loan from Sikander Dada		5,000	-	-	-
	Loan from Ayesha Allahwala		20,000	-	-	-

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

22 OPERATING SEGMENTS

22.1 Segment Analysis

	Chrysotile Cement	Plastic	Others	Total
(Rupees in thousands)				
Half year ended December 31, 2023				
(Unaudited)				
Turnover	93,660	338,554	-	432,214
Segment result	(70,215)	(51,069)	-	(121,285)
Unallocated expenses				
Other operating expenses				(300)
Other income				40,468
Finance costs				(85,758)
Taxation				(9,825)
Loss for the period				(176,700)

Half year ended December 31, 2022

(Unaudited)

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				(145,551)

22.2 Segment assets and liabilities

December 31, 2023 (Un-audited)

Segment assets	467,588	551,660	120,982	1,140,230
Unallocated corporate assets				1,994,968
Total assets				3,135,198
Segment liabilities	522,161	418,965	18,890	960,016
Unallocated corporate liabilities				1,489,588
Total liabilities				2,449,604

June 30, 2023 (Audited)

Segment assets	397,588	514,066	119,686	1,031,340
Unallocated corporate assets				1,939,177
Total assets				2,970,517
Segment liabilities	403,886	421,169	18,890	843,945
Unallocated corporate liabilities				1,264,278
Total liabilities				2,108,223

23 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, 2023.

24 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 half year ended December 31, 2023, 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.

25 NUMBER OF EMPLOYEES

Number of employees as at December 31, 2023 was 138 (June 30, 2023: 151) and average number of employees during the period was 147 (June 30, 2023: 160).

26 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements was authorized for issue on February 28, 2024 by the Board of Directors of the Company.

27 CORRESPONDING FIGURES

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

28 GENERAL

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



DIRECTOR

ABU TALIB H.K. DADA



DIRECTOR

SHAHZAD M. HUSSAIN



CHIEF FINANCIAL OFFICER

MUHAMMAD YOUSUF

Dadex Eternit Limited

- **Head Office:**

Dadex House, 34-A/1, Block 6, P.E.C.H.S.,
Shahrah-e-Faisal, Karachi-75400.

Tel: (92-21) 111-000-789, 34313860-79

Fax: (92-21) 34315716

- **Dadex Karachi Factory:**

Deh-22, Mangopir, Karachi-75890

Tel: (92-21) 36770155-58,

Fax: (92-21) 36770161

- **Dadex Hyderabad Factory:**

P.O. Box No. 10, Badin Road Hyderabad.

Tel: (92-22) 3886534, 3886536

Fax: (92-22) 3883993

- **Sundar Factory Lahore:**

Plot No. 561-561/A Sundar Industrial Estate,
43-KM, Sundar Raiwind Road, Lahore.

Tel: (92-42) 38370386-90

Fax: (92-42) 38370367