

# HALF YEARLY REPORT DEC 2017



**DADABHOJ  
GROUP**

**DADABHOJ SACK LIMITED**

**COMPANY INFORMATION**

**BOARD OF DIRECTORS**

Mr. Muhammad Hussain Dadabhoy	Chairman
Mr. Muhammad Amin Dadabhoy	
Mr. Fazal Karim Dadabhoy	Chief Executive
Mrs. Humaira Dadabhoy	
Mrs. Yasmeen Dadabhoy	
Mrs. Noor Bakht Dadabhoy	
Mr. Danish Dadabhoy	

**CHIEF FINANCIAL OFFICER**

Mr. Muhammad Rashid

**COMPANY SECRETARY**

Mr. Muhammad Rashid.

**AUDITORS**

M/s Reanda Haroon Zakaria & Company, Chartered Accountants

**LEGAL ADVISOR**

Mr. Salim Thepdawala & Company

**BANKER**

Summit Bank Limited

**REGISTERED OFFICE**

Noor Centre Office NO.4, 2<sup>nd</sup> Floor  
Plot No.30-C Ittehad Lane 12 Phase  
VII D.O.H.A., Karachi.

**SHARE REGISTRAR**

M/s. Technology Trade (Pvt) Ltd.  
Dagia House, 241-C, Block 2, P.E.C.H.S. Off  
Shahrah-e-Quaideen, Karachi.  
Telephone No. 34391316-17  
Fax No. 34391318

**FACTORY**

Nooriabad Deh Kalu Kohar, District Dadu (Sindh)

**HUMAN RESOURCE & REMUNERATION COMMITTEE**

Mr. Syed Nasim Ahmed  
Mr. Mohammad Amin Sheikh  
Mr. Muhammad Amin Dadabhoy

**AUDIT COMMITTEE**

Mr. Muhammad Hussain Dadabhoy	Chairman
Mr. Muhammad Amin Dadabhoy	Member
Mr. Fazal Karim Dadabhoy	Member

## DIRECTORS REPORT

As you are aware that the main activity of the Company is to produce Paper Sack for Cement Industry.


Dadabhoy Sack limited main customer was Dadabhoy Cement Industries Limited and since the said company was not in operation, Dadabhoy Sack Limited could not supply the bags resultantly was also not in Production.

Nevertheless during this period the minimum fixed cost for keeping the company alive were being met through contribution from it's sponsors under Director's Loan.

However following steps are now being taken by sponsors, mentioned herein below:

1. The sponsor director has decided to restart the production of Dadabhoy Sack Limited and market its Paper Bags to already existing Cement Plants operating in Pakistan, in particularly Sind.
2. In this context the sponsors will inject an amount of PKR 30 Million as Directors loan for Repair, Maintenance and Up-gradation of existing Plant in order for its smooth functioning. The said Loan would be repaid in 24 months.
3. That simultaneously the sponsor director are also in Process of Securing it's orders from Cement Plants in South Region.

The steps taken above along with injection of Capital will help revive this company into a Profit making company.



Fazal Karim Dadabhoy  
Chief Executive

February 27, 2018



**AUDITORS' REPORT TO THE MEMBERS ON  
REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION**

***Introduction***

We have reviewed the accompanying condensed interim statement of financial position of **DADABHOY SACK LIMITED** (“the Company”) as at December 31, 2017 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof [here-in-after referred to as “condensed interim financial information”] for the half year then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of these condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2017 have not been reviewed as we are required to review only the cumulative figures for the half year ended December 31, 2017.

***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 condensed 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.


***Basis for adverse conclusion***

- a) During the half year ended December 31, 2017, the Company has incurred after tax loss amounting to Rs. 5.938 (December 31, 2016: Rs. 6.220) million rising its accumulated losses to Rs. 21.098 (June 30, 2017: Rs. 20.564) million. The operations of the Company are closed since financial year 2009 due to which the Company is facing financial and operational difficulties and is unable to discharge its liabilities in due course of business. The Company is fully dependent upon the financial support of Directors and Sponsors to fulfill its operational and financial obligations.

These factors indicate the existence of material uncertainty that may cast doubts regarding the company's ability to continue as a going concern and accordingly, Company may not be able to realize its assets and settle its liabilities at stated amounts in the normal course of business. This condensed interim financial information does not disclose this fact. Further, the mitigating factors disclosed by the management in this condensed interim financial information in note 1.2 reflect only initial steps taken by the management for restarting the operational activities of the Company which have not been materialized till the issue of this condensed interim financial information.

***Adverse conclusion***

Our review indicates that, owing to the significance of the matters stated in above paragraph (a) and the possible adjustments that may require but are not determined, the accompanying condensed interim financial information as of and for the half year ended December 31, 2017, is not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

  
**Reanda Haroon Zakaria & Company**  
**Chartered Accountants**

**Engagement Partner:**  
**Muhammad Haroon**

**Place:** Karachi

**Dated:** 27 FEB 2018



**DADABHOY SACK LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2017**

<u>ASSETS</u>	<i>Note</i>	<i>December 31, 2017 (Un-audited) Rupees</i>	<i>June 30, 2017 (Audited) Rupees</i>
<b>Non-Current Assets</b>			
Property, plant and equipment	5	159,838,375	167,777,237
<b>Current Assets</b>			
Trade debts	6	20,841,679	20,841,679
Bank balance		698	733
<b>Total Assets</b>		<u>20,842,377</u>	<u>20,842,412</u>
		<u>180,680,752</u>	<u>188,619,649</u>
 <u><b>EQUITY AND LIABILITIES</b></u>			
<b>Authorized Capital</b>			
10,000,000 Ordinary shares of Rs. 10 each		<u>100,000,000</u>	<u>100,000,000</u>
<b>Issued, subscribed and paid up capital</b>			
Surplus on revaluation of fixed assets	7	40,000,000	40,000,000
Accumulated losses		111,425,987	116,830,180
		<u>(21,097,627)</u>	<u>(20,563,520)</u>
		130,328,360	136,266,660
<b>Non Current Liabilities</b>			
Deferred tax liability	8	39,585,026	42,130,011
<b>Current Liabilities</b>			
Trade and other payables	9	5,372,994	5,258,895
Unclaimed dividend		415,650	415,650
Short term borrowings	10	4,228,993	3,798,703
Provision for taxation		749,730	749,730
		10,767,367	10,222,978
<b>Contingencies and commitments</b>			
<b>Total Equity and Liabilities</b>	11	<u>180,680,752</u>	<u>188,619,649</u>

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

  
 Chief Executive


  
 Chief Financial Officer

  
 Director

**DADABHOY SACK LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

		<i>Half year ended</i>		<i>Quarter ended</i>	
		<i>December 31, 2017</i>	<i>December 31, 2016</i>	<i>December 31, 2017</i>	<i>December 31, 2016</i>
<i>Note</i>		----- <i>(In Rupees)</i> -----			
Sales		-	-	-	-
Cost of sales		-	-	-	-
<b>Gross profit</b>		-	-	-	-
Administrative expenses	12	<b>(8,430,622)</b>	(8,964,778)	<b>(4,276,781)</b>	(4,521,359)
Other operating expense	13	<b>(27,500)</b>	(27,500)	<b>(27,500)</b>	(27,500)
<b>Operating loss</b>		<b>(8,458,122)</b>	(8,992,278)	<b>(4,304,281)</b>	(4,548,859)
Finance cost		<b>(25,164)</b>	(22,691)	<b>(12,565)</b>	(22,691)
<b>Loss before taxation</b>		<b>(8,483,286)</b>	(9,014,969)	<b>(4,316,846)</b>	(4,571,550)
Taxation	14	2,544,986	2,794,640	2,537,447	2,794,640
<b>Loss after taxation</b>		<b>(5,938,300)</b>	(6,220,329)	<b>(1,779,399)</b>	(1,776,910)
<b>Loss per share</b>		<b>(1.48)</b>	(1.56)	<b>(0.44)</b>	(0.44)

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

  
 Chief Executive

  
 Chief Financial Officer

  
 Director

**DADABHOY SACK LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

	<i>Half year ended</i>		<i>Quarter ended</i>	
	<i>December 31, 2017</i>	<i>December 31, 2016</i>	<i>December 31, 2017</i>	<i>December 31, 2016</i>
	<i>(In Rupees)</i>			
<b>Loss after taxation</b>	<b>(5,938,300)</b>	(6,220,329)	<b>(1,779,399)</b>	(1,776,910)
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive loss for the period</b>	<b>(5,938,300)</b>	(6,220,329)	<b>(1,779,399)</b>	(1,776,910)

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

  
 Chief Executive

  
 Chief Financial Officer

  
 Director



**DADABHOY SACK LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

<i>Half year ended</i>	
<i>December 31,</i>	<i>December 31,</i>
<i>2017</i>	<i>2016</i>
<i>-----In Rupees-----</i>	

**A. CASH FLOW FROM OPERATING ACTIVITIES**

Loss before taxation	(8,483,286)	(9,014,969)
Adjustments for:		
Depreciation	7,938,862	8,820,958
Finance cost	25,164	22,691
Cash outflow before working capital changes	(519,260)	(171,320)
Working capital changes:		
Increase in current liabilities		
Trade and other payables	114,099	88,970
Cash used in operations	(405,161)	(82,350)
Finance cost paid	(25,164)	-
Net cash used in operating activities	(430,325)	(82,350)

**B. CASH FLOW FROM FINANCING ACTIVITIES**

Short term borrowings obtained	430,290	82,350
Net cash generated from financing activities	430,290	82,350
Net decrease in cash and cash equivalents	(35)	-
Cash and cash equivalents at beginning of the period	733	923
Cash and cash equivalents at end of the period	698	923

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

  
 Chief Executive

  
 Chief Financial Officer

  
 Director

**DADABHOY SACK LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

	<i>Share Capital</i>	<i>Capital Reserve Surplus on revaluation of fixed assets</i>	<i>Accumulated Losses</i>	<i>Shareholders' equity</i>
	----- Rupees -----			
<b>Balance as at June 30, 2016</b>	40,000,000	127,295,443	(20,246,131)	147,049,312
Total comprehensive loss for the period	-	-	(6,220,329)	(6,220,329)
Transfer on account of incremental depreciation - net of deferred tax	-	(5,918,878)	5,918,878	-
<b>Balance as at December 31, 2016</b>	<u>40,000,000</u>	<u>121,376,565</u>	<u>(20,547,582)</u>	<u>140,828,983</u>
<b>Balance as at June 30, 2017</b>	<b>40,000,000</b>	<b>116,830,180</b>	<b>(20,563,520)</b>	<b>136,266,660</b>
Total comprehensive loss for the period	-	-	(5,938,300)	(5,938,300)
Transfer on account of incremental depreciation - net of deferred tax	-	(5,404,193)	5,404,193	-
<b>Balance as at December 31, 2017</b>	<u>40,000,000</u>	<u>111,425,987</u>	<u>(21,097,627)</u>	<u>130,328,360</u>

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

  
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 Chief Executive

  
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 Chief Financial Officer

  
 \_\_\_\_\_  
 Director

## **DADABHOY SACK LIMITED**

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

#### **1 STATUS AND NATURE OF BUSINESS**

**1.1** The Company was incorporated on September 27, 1983 as a Private Limited Company by the name of Paperpro Industries (Private) Limited. The Company was converted into Public Limited Company on October 27, 1994 and its name was changed to Dadabhoy Sack Limited on January 19, 1995. The principal activity of the Company is the manufacturing and sale of paper bags. In February 1996, the Company was listed at Pakistan Stock Exchange Limited - PSX. The Company's registered office is situated at Suite # 4, 2nd Floor, Plot no. 28-30 / C, Noor Centre, Khayaban-e-Ittehad, Lane no.12, Phase VII, D.H.A., Karachi.

Trading in shares of the Company was suspended by the Stock Exchanges on April 13, 2015 due to non compliances with respect to PSX regulations.

#### **1.2 Going Concern Assumption:**

During the current period, the Company has incurred after tax loss amounting to Rs. 5.938 (December 31, 2016: 6.22) million rising its accumulated losses to Rs. 21.098 (June 30, 2017: Rs. 20.564) million. The operations of the Company are closed since financial year 2009 due to which the Company is facing financial and operational difficulties and is unable to discharge its liabilities in due course of business. The Company is fully dependent upon the financial support of Directors and Sponsors to fulfill its operational and financial obligations.

The management of the Company has prepared this condensed interim financial information on going concern basis due to the following reasons:

- a)** The Company has revaluation surplus on fixed assets amounting to Rs. 111.426 million as on the balance sheet date, which is far more than the accumulated losses of the Company as stated above.
- b)** During the current period, Company has been corresponding with the prospective investors to attract the investment in the Company and to refurbish its plant and to revive its overall operations. Management is confident that revival of operations would result in wiping off its accumulated losses and would improve the overall financial outlook of the Company.

#### **2 BASIS OF PREPARATION**

- 2.1** This condensed interim financial information of the Company for the half year ended December 31, 2017 is unaudited and have been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Act, 2017 (the Act). In case where requirements differ, the provisions of or directives issued under the Act have been followed.
- 2.2** The figures of this condensed interim profit and loss account for the quarter ended December 31, 2017 have not been reviewed by the auditors of the Company as they have reviewed the cumulative figures for the half year ended December 31, 2017. This condensed interim financial information does not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2017.
- 2.3** This condensed interim financial information have been prepared under 'historical cost convention'.

- 2.4 This condensed interim financial information are presented in Pakistani Rupees which is also the functional currency of the Company.
- 2.5 The comparative statement of financial position presented has been extracted from annual financial statements for the year ended June 30, 2017, whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity have been extracted from the unaudited condensed interim financial information for the half year ended December 31, 2016.

### **3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies, applied in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2017 except as follows:

#### ***Surplus on revaluation of fixed assets***

In pursuant of the promulgation of Companies Act, 2017, surplus on revaluation of fixed assets is classified as part of the equity in accordance with the requirements of IAS - 16 of the IFRS.

Further, the Company has adopted the following amended standards and interpretations of IFRSs which became effective during the current period:

- IFRS 7 Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)
- IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

The adoption of the above amendments and interpretation of the standards did not have any effect on this condensed interim financial information.

### **4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT**

- 4.1 The preparation of this condensed interim financial information in conformity with approved accounting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognized prospectively commencing from the period of revision.
- 4.2 In preparing this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key source of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2017.
- 4.3 The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended June 30, 2017.



		<i>(Un-audited)</i> <i>December 31,</i> <i>2017</i> <i>Rupees</i>	<i>(Audited)</i> <i>June 30,</i> <i>2017</i> <i>Rupees</i>
<b>5 PROPERTY, PLANT AND EQUIPMENT</b>			
<b>5.1 Opening WDV of operating fixed assets</b>		<b>167,777,237</b>	185,419,154
less: Depreciation for the period / year		<b>(7,938,862)</b>	(17,641,917)
		<b>159,838,375</b>	167,777,237

## 6 TRADE DEBTS

### - Considered good

From related party	6.1	<b>20,841,679</b>	20,841,679
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**6.1** This represents an amount due from Dadabhoy Cement Industries Limited (DCIL) - associated company and is considered to be good and recoverable due to the revival steps being taken by the associated company. Further, Forced Sale Value (FSV) of the fixed assets of DCIL, based on the fresh valuation carried by an independent valuer, in June 2016 amounted to Rs. 2,686 million.

## 7 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

<i>Number of shares</i>			<i>(Un-audited)</i> <i>December 31,</i> <i>2017</i> <i>Rupees</i>	<i>(Audited)</i> <i>June 30,</i> <i>2017</i> <i>Rupees</i>
<i>December</i> <i>2017</i>	<i>June</i> <i>2017</i>			
		Ordinary shares of Rs. 10 each		
<b>4,000,000</b>	4,000,000	fully paid in cash	<b>40,000,000</b>	40,000,000

**7.1** 1,739,370 (2016: 1,739,370), 276,000 (2016: 276,000) and 1,600,000 (2016: 1,600,000) Ordinary shares of Rs. 10 each are held by the associated companies - Dadabhoy Trading Corporation (Pvt.) Limited, Dadabhoy Cement Industries Limited and Dadabhoy Hydrocarbon Limited as at the year end, representing 43.48%, 6.90% and 40.00% of the total shareholding in the Company respectively.

		<i>(Un-audited)</i> <i>December 31,</i> <i>2017</i> <i>Rupees</i>	<i>(Audited)</i> <i>June 30,</i> <i>2017</i> <i>Rupees</i>
<b>8 DEFERRED TAX LIABILITY</b>			
Deferred tax liability	8.1	<b>39,585,026</b>	42,130,011

### 8.1 Deferred Tax Liability

*Deferred taxation comprises differences relating to:*

#### *Taxable temporary difference*

Accelerated depreciation for tax purposes	45,251,513	47,633,171
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#### *Deductible temporary difference*

Unused tax losses	<b>(5,666,487)</b>	(5,503,160)
	<b>39,585,026</b>	42,130,011

		<i>(Un-audited)</i> <i>December 31,</i> <i>2017</i> <i>Rupees</i>	<i>(Audited)</i> <i>June 30,</i> <i>2017</i> <i>Rupees</i>
<b>9 TRADE AND OTHER PAYABLES</b>			
Accrued liabilities		4,747,700	4,658,730
Workers' Profit Participation Fund	9.1	586,673	561,544
Workers' Welfare Fund		38,621	38,621
		<u>5,372,994</u>	<u>5,258,895</u>

**9.1 Workers' Profit Participation Fund**

Balance at beginning of year		561,544	511,052
Interest on balance		25,129	50,492
Less: payments during the period / year		-	-
Balance at the end of year		<u>586,673</u>	<u>561,544</u>

**10 SHORT TERM BORROWINGS**

**- From Related Parties**

Directors	10.1	<u>4,228,993</u>	<u>3,798,703</u>
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10.1 These loans are unsecured, interest free and payable on demand.

**11 CONTINGENCIES AND COMMITMENTS**

There are no contingencies and commitments binding on the Company as on the balance sheet date.

		<i>(Un-audited)</i>	
		<i>For the half year ended</i>	
		<i>December 31,</i> <i>2017</i> <i>Rupees</i>	<i>December 31,</i> <i>2016</i> <i>Rupees</i>
<b>12 ADMINISTRATIVE EXPENSES</b>			
Salaries and other benefits		491,760	143,820
Depreciation	5.1	7,938,862	8,820,958
		<u>8,430,622</u>	<u>8,964,778</u>

**13 OTHER OPERATING EXPENSE**

Auditor's remuneration	13.1	<u>27,500</u>	<u>27,500</u>
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**13.1 Auditors' remuneration**

Audit fee		25,000	25,000
Out of pocket		2,500	2,500
		<u>27,500</u>	<u>27,500</u>

		<i>(Un-audited)</i>	
		<i>For the half year ended</i>	
		<i>December 31,</i>	<i>December 31,</i>
		<i>2017</i>	<i>2016</i>
		<i>Rupees</i>	<i>Rupees</i>
	<i>Note</i>		
<b>14 TAXATION</b>			
Current	14.1	-	-
Deferred	8	<u>(2,544,986)</u>	<u>(2,794,640)</u>
		<u>(2,544,986)</u>	<u>(2,794,640)</u>

14.1 The Company is not liable to current tax, including minimum tax, on account of nil gross profit.

#### 15 TRANSACTIONS WITH RELATED PARTIES

15.1 The related parties comprise of group companies (associated companies), directors and their close family members, executives, major shareholders of the Company. The transactions with related parties are as follows:

		<i>(Un-audited)</i>	
		<i>For the half year ended</i>	
		<i>December 31,</i>	<i>December 31,</i>
		<i>2017</i>	<i>2016</i>
		<i>Rupees</i>	<i>Rupees</i>
Loan received from Director		<u>430,290</u>	<u>459,700</u>

#### 16 GENERAL

- Figures have been rounded off to the nearest Rupees.

#### 17 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information have been authorized for issue on 27 FEB 2018 by the Board of Directors of the Company.

  
 Chief Executive

  
 Chief Financial Officer

  
 Director