

Three Months Ended Report

September 30, 2018
(Un-audited)

DADEX

Dadex Eternit Limited

Contents

Company Information	2
Directors' Review	4
Condensed Interim Statement of Financial Position	5
Condensed Interim Profit and Loss Account	6
Condensed Interim Comprehensive Income	7
Condensed Interim Cash Flow Statement	8
Condensed Interim Statement of Changes in Equity	9
Notes to the Condensed Interim Financial Statements	10

Company Information

Board of Directors	Sikander Dada - Chairman Abu Talib H.K. Dada Maqbool H.H. Rahimtoola Shahzad M. Husain Syed Shahid Ali Bukhari Qazi Sajid Ali Danish Dada	(Non - Executive Director) (Non - Executive Director) (Non - Executive Director) (Non - Executive Director) (Independent Director) (Executive Director) (Executive Director)
Chief Executive Officer	Qazi Sajid Ali	
Chief Financial Officer	Muhammad Yousuf	
Company Secretary	Umar Rasheed	
Head of Internal Audit/ Secretary Board Audit Committee	Muhammad Ahsan	
Board Audit Committee	Syed Shahid Ali Bukhari - Chairman Maqbool H.H. Rahimtoola Shahzad M. Husain	
Human Resource and Remuneration Committee	Syed Shahid Ali Bukhari - Chairman Abu Talib H.K. Dada Maqbool H.H. Rahimtoola Qazi Sajid Ali	
Management Team	Qazi Sajid Ali Danish Dada Tanveer Saleem Muhammad Yousuf Munawar Abbas Syed Wasim Ahmed Lt. Cdr. (Retd.) Saeed Ahmed Khan-	- Chief Executive Officer - CEO (International Division) - Chief Operating Officer (Technical & Operations) - Chief Financial Officer - Director Operations - General Manager Finance General Manager Admin & HR
Auditors	BDO Ebrahim & Co., Chartered Accountants	
Bankers	National Bank of Pakistan The Bank of Punjab Bank Islami Pakistan Limited Sindh Bank Limited Al Baraka Bank (Pakistan) Limited Habib Metropolitan Bank Limited Standard Chartered Bank (Pakistan) Limited MCB Bank Limited United Bank Limited (UBL Ameen) Faysal Bank Limited Habib Bank Limited Askari Bank Limited Meezan Bank Limited Dubai Islamic Bank Pakistan Limited Silk Bank Limited	

Legal Advisor

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

Registered Office

Dadex House, 34-A/1, Block 6, P.E.C.H.S.,
Shahrah-e-Faisal, Karachi- 75400
Tel: (92-21) 111000789
Fax: (92-21) 34315716
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
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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 three months ended September 30, 2018.

The period under review has been very challenging, the country continued to suffer from current account deficit, weakening of the Rupee against US Dollar and sharp decline in the foreign exchange reserve, have caused upward pressure on input costs, which have impacted our margins. Increasing energy prices have further negatively impacted the margins of the Company as imported raw material and power constitute a substantial part of cost of production.

The Company achieved a gross Sales of Rs. 750.894 (September 2017: Rs. 759.625) million during the first quarter. Net Sales achieved during the period was Rs. 631.959 million being 1.53% lower than the net Sales achieved last year. Cost of sales increased by 4.42%, gross profit margin decreased by 29.93%. Resulting in operating loss of Rs. 3.634 million. Finance charges increased by 27.59%, resulting in a net loss after tax of Rs. 51.857 million (September 2017: net profit after tax of 10.021 million). This has resulted in loss per share of Rs. 4.82 (September 2017: Earning per share of Re. 0.93).

The Company foresee a little improvement in the coming quarters. It is expected that sales and margins will improve as the Federal and Provincial Governments have announced budgets for respective provinces for remaining financial year, it is expected that funds for infrastructure projects will be released soon. Expected launch of Government Housing scheme also offers business opportunities for Company to benefit from. The management will continue to explore new sources of raw material and strict control on working capital. The management team will continue to focus on broadening customer base and exploring new markets to achieve positive results.

The Directors would like to extend their thanks to the management team and appreciate the continued support and commitment of all the stakeholders and all cadres of employees of the Company for their continued hard and sincere work and expect them to put in extra efforts in coming quarters to help the Company to achieve a profitable year.

Karachi: October 29, 2018

On Behalf of the Board of Directors

Qazi Sajid Ali
Chief Executive Officer

Syed Shahid Ali Bukhari
Director

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**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
(UN-AUDITED)
AS AT SEPTEMBER 30, 2018**

ASSETS	Note	September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
(Rupees in '000')			
NON - CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	5	1,762,367	1,755,395
Capital work in progress	6	10,795	9,229
		<u>1,773,162</u>	<u>1,764,624</u>
Intangible assets		296	334
Investment property		38,706	39,338
Long-term investment	7	-	-
Long-term loans and advances		10,778	5,396
Long-term security deposits		24,431	29,245
Deferred tax asset		35,959	37,959
		<u>1,883,332</u>	<u>1,876,896</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		42,123	36,511
Stock in trade	8	803,883	815,537
Trade debts	9	217,968	184,711
Loans and advances		84,288	58,358
Trade deposits and short term prepayments		31,543	34,775
Other receivables		24,433	21,349
Taxation - net		188,595	278,447
Cash and bank balances		28,476	23,935
		<u>1,421,309</u>	<u>1,453,623</u>
		<u>3,304,641</u>	<u>3,330,519</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
12,000,000 (June 30, 2018: 12000,000)		120,000	120,000
ordinary shares of Rs. 10 each		80,000	80,000
8,000,000 (June 30, 2018: 8000,000) 'B' class		200,000	200,000
ordinary shares of Rs. 10 each		<u>200,000</u>	<u>200,000</u>
Issued, subscribed and paid-up capital	10	107,640	107,640
Reserves		85,433	131,205
Surplus on revaluation of property, plant and equipment		1,033,799	1,039,885
		<u>1,226,872</u>	<u>1,278,730</u>
NON - CURRENT LIABILITIES			
Deferred income		6,079	7,294
Liabilities against assets subject to finance lease		47,841	57,430
		<u>53,920</u>	<u>64,724</u>
CURRENT LIABILITIES			
Trade and other payables	11	680,921	633,870
Accrued markup		32,719	22,316
Short-term borrowings	12	1,251,944	1,272,612
Current portion of deferred income		4,860	4,860
Current portion of liabilities against assets subject to finance lease		36,359	36,359
		17,046	17,048
		<u>2,023,849</u>	<u>1,987,065</u>
CONTINGENCIES AND COMMITMENTS			
	13	<u>3,304,641</u>	<u>3,330,519</u>
TOTAL EQUITY AND LIABILITIES			

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

Qazi Sajid Ali
Chief Executive Officer

Syed Shahid Ali Bukhari
Director

Muhammad Yousuf
Chief Financial Officer

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
(UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2018**

	Note	Three months ended	
		September 30, 2018	September 30, 2017
----- (Rupees in '000) -----			
Sales - gross		750,894	759,625
Sales tax		(118,935)	(117,876)
Sales - net	14	631,959	641,749
Cost of sales	15	(551,683)	(528,313)
Gross profit		80,276	113,436
Distribution cost		(52,830)	(34,185)
Administrative expenses		(36,960)	(36,790)
Other expenses		(6,556)	(3,448)
Other income		12,435	10,619
Operating (loss) / profit		(3,635)	49,632
Finance costs		(36,858)	(28,887)
(Loss) / profit before taxation		(40,493)	20,745
Taxation			
Current		(9,365)	(9,499)
Deferred		(2,000)	(1,225)
		(11,365)	(10,724)
Net (loss) / profit for the period		(51,858)	10,021
----- (Rupees) -----			
(Loss) / earnings per share - basic and diluted	16	(4.82)	0.93

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

Qazi Sajid Ali
Chief Executive Officer

Syed Shahid Ali Bukhari
Director

Muhammad Yousuf
Chief Financial Officer

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**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2018**

	Three months ended	
	September 30, 2018	September 30, 2017
Note	----- (Rupees in '000) -----	
(Loss) / Profit for the period	(51,858)	10,021
Other comprehensive income	-	-
Total comprehensive (loss) / income for the period	<u>(51,858)</u>	<u>10,021</u>

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

Qazi Sajid Ali
Chief Executive Officer

Syed Shahid Ali Bukhari
Director

Muhammad Yousuf
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CASH FLOWS
(UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2018**

	Note	Three months ended	
		September 30, 2018	September 30, 2017
----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	17	3,589	93,624
Finance cost paid		(26,455)	(10,760)
Taxes paid		80,487	(26,585)
Net cash generated from operating activities		57,621	56,279
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(27,653)	(5,795)
Proceeds from sale of property, plant and equipment		-	-
Long term security deposits		4,814	-
Interest received		18	-
Net cash used in investing activities		(22,821)	(5,795)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of liabilities against assets subject to finance lease		(9,589)	(7,170)
Long-term financing - net		-	(3,703)
Short term borrowings - net		(47,011)	(12,638)
Dividend paid		(2)	(4)
Net cash used in financing activities		(56,602)	(23,515)
Net increase / (decrease) in cash and cash equivalents		(21,802)	26,969
Cash and cash equivalents at the beginning of the period		(647,240)	(643,150)
Cash and cash equivalents at the end of the period		(669,042)	(616,181)
CASH AND CASH EQUIVALENTS			
Cash and bank balances		28,476	42,825
Short-term borrowings		(697,518)	(659,006)
		(669,042)	(616,181)

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

Qazi Sajid Ali
Chief Executive Officer

Syed Shahid Ali Bukhari
Director

Muhammad Yousuf
Chief Financial Officer

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**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2018
(UN-AUDITED)**

Issued, subscribed and paid-up capital	Reserves				Total	Grand Total
	Capital reserve		Revenue reserves			
	General reserve	Revaluation surplus	General	Unappropriated profit / (accumulated losses)		

----- (Rupees in `000) -----

Balance as at July 1, 2017	107,640	5,655	1,064,230	160,000	(57,297)	1,172,588	1,280,228
Total comprehensive income for the three months ended September 30, 2017							
Net profit for the period	-	-	-	-	10,021	10,021	10,021
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	-	10,021	10,021	10,021
Transferred from Surplus on revaluation of fixed assets on account of incremental depreciation	-	-	(6,086)	-	6,086	-	-
Balance as at September 30, 2017	<u>107,640</u>	<u>5,655</u>	<u>1,058,144</u>	<u>160,000</u>	<u>(41,190)</u>	<u>1,182,609</u>	<u>1,290,249</u>
Balance as at July 1, 2018	107,640	5,655	1,039,885	160,000	(34,450)	1,171,090	1,278,730
Total comprehensive income for the three months ended September 30, 2018							
Net (loss) for the period	-	-	-	-	(51,858)	(51,858)	(51,858)
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	-	(51,858)	(51,858)	(51,858)
Transferred from Surplus on revaluation of fixed assets on account of incremental depreciation	-	-	(6,086)	-	6,086	-	-
Balance as at September 30, 2018	<u>107,640</u>	<u>5,655</u>	<u>1,033,799</u>	<u>160,000</u>	<u>(80,222)</u>	<u>1,119,232</u>	<u>1,226,872</u>

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

Qazi Sajid Ali
Chief Executive Officer

Syed Shahid Ali Bukhari
Director

Muhammad Yousuf
Chief Financial Officer

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
(UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2018**

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 balance sheet date, Sikandar (Private) Limited (the Holding Company) holds 6,800,648 ordinary shares representing 63.18% shareholding.

2 GEOGRAPHICAL LOCATION AND ADDRESS OF BUSINESS UNITS

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

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

3 BASIS OF PREPARATION

3.1 Statement of compliance

These interim condensed financial statements are un-audited and are being submitted to the shareholders as required under section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange. These accounts have been prepared in accordance with the requirements of the Companies Act, 2017, directives issued by the Securities & Exchange Commission of Pakistan (SECP) and International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan. These should be read in conjunction with the financial statements of the Company for the year ended June 30, 2018.

3.2 Basis of measurement

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

3.3 Functional and presentation currency

This condensed interim financial information has been presented in Pak Rupees, which is the functional and presentation currency of the Company.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted and methods of computation followed in the preparation of these condensed financial statements are the same as those for the preceding annual financial statements for the year ended June 30, 2018.

		September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
----- (Rupees in '000) -----			
5	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	5.1 1,762,367	1,755,395
	Capital work-in-progress	6 10,795	9,229
		<u>1,773,162</u>	<u>1,764,624</u>
5.1	Operating fixed assets		
	Opening net book value (NBV)	1,755,395	1,778,065
	Additions / transfers during the period year at cost	5.1.1 26,083	62,623
		<u>1,781,478</u>	<u>1,840,688</u>
	Disposals during the period / year at NBV	5.1.2 0	(1,926)
	Depreciation charge for the period / year	(19,111)	(83,367)
		<u>(19,111)</u>	<u>(85,293)</u>
	Closing net book value NBV	<u>1,762,367</u>	<u>1,755,395</u>
5.1.1	Detail of additions (at cost) during the period / year are as follows:		
	Owned		
	Freehold land	-	86
	Factory building on freehold and leasehold land	-	877
	Plant and machinery	25,892	37,961
	Vehicles and transportation equipment	-	181
	Office and factory equipment	37	1,942
	Furniture & fixture	154	511
	Leased		
	Plant and machinery	-	8,698
	Vehicles and transportation equipment	-	12,367
		<u>26,083</u>	<u>62,623</u>
5.1.2	Detail of disposals (at NBV) during the period / year are as follows:		
	Owned		
	Plant and machinery	-	1,869
	Vehicles and transportation equipment	-	57
		<u>-</u>	<u>1,926</u>
6	Capital work in progress		
	Buildings on leasehold land	1,006	1,006
	Plant and machinery	9,789	8,223
		<u>10,795</u>	<u>9,229</u>

	September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
	----- (Rupees in '000) -----	
6.1 Movement of carrying amount is as follows:		
Opening balance	9,229	10,065
Additions (at cost) during the period / year	<u>27,649</u>	<u>61,831</u>
	36,878	71,896
Transfer to operating fixed assets during the period / year	(26,083)	(62,667)
Written off	-	-
Closing balance	<u><u>10,795</u></u>	<u><u>9,229</u></u>

7 LONG-TERM INVESTMENT

Investment in associate	5,000	5,000
Less: Impairment in value	<u>(5,000)</u>	<u>(5,000)</u>
	7.1 -	-
	<u><u>-</u></u>	<u><u>-</u></u>

7.1 The Company has 48.04 percent (June 30 2018: 48.04 percent) shareholding i.e 625,000 (June 30, 2018: 625,000) ordinary shares of Rs.10/- each of Berdex Construction Chemicals (Private) Limited.

	September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
	----- (Rupees in '000) -----	
8 STOCK-IN-TRADE		
Raw material in hand	109,624	191,324
in transit	<u>191,350</u>	<u>182,746</u>
	300,974	374,070
Work-in-process	133,555	114,926
Finished goods		
Manufactured	<u>317,756</u>	<u>262,519</u>
Trading	<u>51,598</u>	<u>64,022</u>
	369,354	326,541
	<u><u>803,883</u></u>	<u><u>815,537</u></u>

8.1 Finished goods are net off provision of Rs. 81.835 million (June 30, 2018: Rs.81.835 million).

9 TRADE DEBTS

Considered good	217,968	184,711
Considered doubtful	<u>140,730</u>	<u>140,730</u>
	358,698	325,441
Provision for doubtful debts	<u>(140,730)</u>	<u>(140,730)</u>
	<u><u>217,968</u></u>	<u><u>184,711</u></u>

These includes amount due from Siemens Pakistan Engineering Company Limited, a related party amounting to Rs. NIL million (June 30, 2018: Rs. NIL million).

		September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
		----- (Rupees in '000) -----	
10	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
	September 30, 2018 (Un-audited)	June 30, 2018 (Audited)	
	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
	10,763,959	10,763,959	
		17,143	17,143
		4,764	4,764
		85,733	85,733
		107,640	107,640

- 10.1** 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.
- 10.2** The Holding Company holds 6,800,648 (June 30, 2018: 6,800,648) ordinary shares representing 63.18 percent (June 30, 2018: 63.18 percent) shareholding as at the balance sheet date.

		September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
		----- (Rupees in '000) -----	
11	TRADE AND OTHER PAYABLES		
	Trade creditors	413,677	397,234
	Accrued liabilities	72,251	84,756
	Advance from customers	97,378	75,887
	Advance from tenants	19,922	5,536
	Security deposits from distributors and others	14,678	10,766
	Workers' Profit Participation Fund payable	5,939	5,939
	Workers' Welfare Fund	4,005	4,005
	Sales tax and excise duty payable	11,742	-
	Others	1,516	9,934
	Infrastructure cess payable	39,813	39,813
		680,921	633,870
12	SHORT TERM BORROWINGS		
	Secured		
	Karobar finance	12.1 250,000	250,000
	Running finance	12.2 697,518	671,175
	Finance against trust receipts	12.3 159,834	187,694
	Tijarah finance	12.4 100,000	100,000
	Murabaha finance	12.4 44,592	63,743
		1,251,944	1,272,612

- 12.1** This facility has been obtained from Islamic bank aggregating to Rs.250 million (June 30, 2018: Rs. 250 million). The facility is secured by creation of first pari-passu charge against hypothecation of the Company's property, plant and equipment of Rs. 333.33 million (June 30, 2018: Rs. 333.33 million) located at Karachi and Lahore. The facility carries mark-up rates ranging from 9.42 to 11.05 percent (June 30, 2018: 9.13 to 9.16 percent) per annum.
- 12.2** These facilities have been obtained from various commercial banks aggregating to Rs. 700 million (June 30, 2018: Rs. 700 million) out of which Rs. 2.483 million (June 30, 2018: Rs. 29.825 million) remains unutilized as at the balance sheet date. These facilities are secured by creation of first pari-passu charge against hypothecation of the Company's stock in trade, trade debts and property, plant and equipment of Rs. 1,562 million (June 30, 2018: Rs. 1,562 million), equitable mortgage of Rs. 153 million over property No. 36 and 37 located in Gulberg, Lahore and first exclusive mortgage charge of Rs. 934 million over land and building of the Company situated at 21-22 Manghopir Road, Tapo Manghopir, Karachi. These facilities carry mark-up rates ranging from 9.17 to 10.42 percent (June 30, 2018: 8.30 to 9.62 percent) per annum.
- 12.3** This represent working capital facilities availed from a commercial bank carrying markup of 3 months KIBOR + 1.75% (June 30, 2018: 3 months KIBOR + 1.75% per annum). The facility is secured against first exclusive charge of Rs. 666.67 million by way of equitable mortgage on the Company's land, building and hypothecation over machinery and equipment.
- 12.4** An overall facility of Rs. 300 million has been obtained from Al-Baraka Bank of Rs. 100 million each under Tijarah finance, Murabaha financing and Istisna financing. The facility is secured by creation of first pari passu charge against hypothecation of the Company's property, plant and equipment (Sunder factory) located at Lahore and company's stock in trade. Both of the financing facility carries markup at 3 months KIBOR +2% (June 30, 2018: KIBOR + 2%). The Company has not utilized the amount of Rs. 55.408 million under Murabaha finance and Rs. 100 million under Istisna financing.

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

- 13.1.1** During the year ended June 30, 2015 the Government of Pakistan promulgated Gas Infrastructure Development Cess (GIDC) Act, 2015 and levied GIDC on gas bills at the rate of Rs.100 / MMBTU on all industrial consumers. The GIDC Act, 2015 was made applicable with immediate effect superseding the GIDC Act, 2011 and GIDC Ordinance, 2014. However, the Company filed a suit before the Honourable High Court of Sindh (HCS), challenging the vires of GIDC Act, 2015 which passed an order restraining the Sui Southern Gas Company Limited (SSGCL) from demanding and collecting GIDC as levied by the GIDC Act, 2015. During the last year, the case was decided by the Sindh High Court in favor of the Company. Subsequent to the judgment, on appeal filed by the SSGCL, the Sindh High Court suspended the aforesaid judgment till the disposal of appeal. The matter is still pending in Honorable Sindh High Court. The financial exposure of the Company up to September 30, 2018 is Rs. 51.827 million, however, no provision in the financial statements has been made as the Company believes based on legal advice that the amount shall not be payable.

13.1.2 During the year ended June 30, 2010, the Environmental Protection Tribunal (EPT) initiated proceedings against the Company, containing allegations of pollution, under the Pakistan Environmental Protection Act, 1997 based on a complaint filed by the brother of an ex-employee of the Company. The Company submitted a plea before the EPT raising the issue of the maintainability of the complaint and its lack of jurisdiction to hear the same which was dismissed vide an order dated June 29, 2010. The Company filed a constitutional petition before the Honourable High Court of Sindh (HCS) seeking reliefs that the proceedings before EPT vis-a-vis the compliant were taken coram non judge 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 financial statements.

13.1.3 The Company is defending various suits filed in various courts of Pakistan for sums aggregating to Rs. 14.117 million (June 30, 2018 : Rs. 14.117 million). However, in view of a legal advice, the Company's management is confident that these suits will be decided in its favor, and accordingly, no provision has been made in this respect.

13.2 Commitments

	September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
	----- (Rupees in '000) -----	
Outstanding letters of credit	<u>509,597</u>	350,308
Outstanding letter of guarantee	<u>97,053</u>	97,053
Postdated cheques	<u>100,091</u>	133,284
Outstanding contracts	<u>170,155</u>	238,539
Duties payable on goods in transit	<u>207,428</u>	299,565

14 SALES

	Three months ended	
	September 30, 2018	September 30, 2017
	----- (Rupees in '000) -----	
Manufactured goods	713,505	750,316
Trading goods	<u>37,389</u>	9,309
Gross sales	<u>750,894</u>	759,625
Less: Sales tax	<u>(118,935)</u>	(117,876)
	<u>631,959</u>	641,749

	Three months ended	
	September 30, 2018	September 30, 2017
	----- (Rupees in '000) -----	
15 COST OF SALES		
Manufactured goods		
Raw materials consumed		
Opening stock	374,070	379,552
Purchase	406,968	436,802
Closing stock	(300,974)	(358,164)
Raw materials consumed	480,064	458,190
Manufacturing overheads		
Stores and spares consumed	14,189	14,946
Salaries, wages and other benefits	33,086	27,351
Procured services	17,797	16,151
Fuel, water and power	28,905	28,624
Insurance	2,083	684
Travelling	11	42
Communication	317	258
Depreciation	11,089	15,440
Rent, rates and taxes	1,220	1,004
Repairs and maintenance	9,598	6,174
Technical assistance fee	-	-
Printing and stationary	207	116
Other expenses	533	556
	119,035	111,346
	599,099	569,536
Work-in-process		
Opening stock	114,926	122,179
Closing stock	(133,555)	(117,097)
Cost of goods manufactured	580,470	574,618
Finished goods		
Opening stock	262,520	190,736
Closing stock	(317,756)	(239,647)
	525,234	525,707
Trading goods		
Opening stock	64,021	21,808
Purchase	14,026	5,915
Closing stock	(51,598)	(25,117)
	26,449	2,606
	551,683	528,313

16 (LOSS) / EARNING PER SHARE - BASIC AND DILUTED

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

Net (loss) / profit for the period - in thousands (in thousands)	(51,858)	10,021
Weighted average number of ordinary shares (in thousands)	10,764	10,764
(Loss) / earning per share - basic and diluted	(4.82)	0.93

		Three months ended	
		September 30, 2018	September 30, 2017
		----- (Rupees in '000) -----	
17	CASH GENERATED FROM OPERATIONS		
	(Loss) / profit before taxation	(40,493)	20,745
	Adjustment for non-cash and other items		
	Depreciation		
	Property, plant and equipment	19,115	22,775
	Investment property	632	633
	Amortization	38	35
	Gain on disposal of property, plant and equipment	-	-
	Interest income	(18)	-
	Finance costs	36,858	28,887
	Amortization of deferred income	(1,215)	-
	Provision against doubtful debts	-	-
	Working capital changes	(11,328)	20,549
		3,589	93,624
17.1	Working capital changes		
	(Increase) / decrease in current assets		
	Stores, spare parts and loose tools	(5,612)	(4,990)
	Stock in trade	11,654	(25,750)
	Trade debts	(33,257)	(31,636)
	Loans and advances	(31,312)	25,533
	Trade deposits and short-term prepayment	3,232	4,997
	Other receivable	(3,084)	(2,807)
		(58,379)	(34,653)
	Increase / (decrease) in current liabilities		
	Trade and other payable	47,051	55,202
		(11,328)	20,549

18 TRANSACTIONS AND BALANCES WITH RELATED PARTIES.

18.1 The related parties comprise of Holding Company, group companies, other associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings are as under:

		Three months ended	
		September 30, 2018	September 30, 2017
		----- (Rupees in '000) -----	
Relation with the company	Nature of transaction		
Holding Company	Rent paid	(931)	(745)
Associated Companies / Undertakings	Sales of goods	-	(2,940)
	Purchase of goods	(300)	(350)
Provident fund	Contribution to staff retirement benefit plans	(2,519)	(2,203)
Key management personnel	Remuneration and other benefits	(10,255)	(9,742)

	September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
	----- (Rupees in '000) -----	
18.2 Period / year end balances		
Receivable from associated companies / undertakings	-	-
Payable to related parties	-	(164)

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

19 OPERATING SEGMENTS

19.1 Segment Analysis

	Chrysofile Cement	Plastic	Others	Total
	----- (Rupees in '000) -----			
Three months ended September 30, 2018				
Turnover	<u>195,025</u>	<u>436,262</u>	<u>672</u>	631,959
Segment result	<u>(6,305)</u>	<u>(3,301)</u>	<u>92</u>	(9,514)
Unallocated expenses				(6,556)
Other operating expenses				12,435
Other income				(36,858)
Finance costs				(11,365)
Taxation				<u>(51,858)</u>
Net (loss) for the period				<u>(51,858)</u>
Three months ended September 30, 2017 (Unaudited)				
Turnover	<u>232,063</u>	<u>409,686</u>	<u> </u>	641,749
Segment result	<u>15,615</u>	<u>26,846</u>	<u> </u>	42,461
Unallocated expenses				(3,448)
Other operating expenses				10,619
Other income				(28,887)
Finance costs				(10,724)
Taxation				<u>10,021</u>
Net profit for the period				<u>10,021</u>

	Chrysolite Cement	Plastic	Others	Total
	----- (Rupees in '000) -----			
19.2 Segment assets and liabilities				
September 30, 2018 (Un-audited)				
Segment assets	<u>393,024</u>	<u>810,625</u>	<u>224,127</u>	1,427,776
Unallocated corporate assets				<u>1,876,865</u>
Total assets				<u>3,304,641</u>
Segment liabilities	<u>244,241</u>	<u>315,690</u>	<u>53,976</u>	613,907
Unallocated corporate liabilities				<u>1,463,862</u>
Total liabilities				<u>2,077,769</u>
June 30, 2018 (Audited)				
Segment assets	<u>391,856</u>	<u>700,277</u>	<u>52,076</u>	1,144,209
Unallocated corporate assets				<u>2,186,310</u>
Total assets				<u>3,330,519</u>
Segment liabilities	<u>196,917</u>	<u>366,519</u>	<u>12,333</u>	575,769
Unallocated corporate liabilities				<u>1,476,021</u>
Total liabilities				<u>2,051,790</u>

20 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with that disclosed in the annual financial statements for the year ended June 30, 2018.

21 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arms-length transaction other than in a forced or liquidation sale. The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values. None of the financial instruments of the Company are carried at fair value as of the reporting date.

22 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on October 29, 2018 by the Board of Directors of the Company.

23 CORRESPONDING FIGURES

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

24 GENERAL

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

Qazi Sajid Ali
Chief Executive Officer

Syed Shahid Ali Bukhari
Director

Muhammad Yousuf
Chief Financial Officer

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