

Three Months Period Ended Report

September 30, 2016

(Un-audited)

DADEX

Dadex Eternit Limited

CONTENTS

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

COMPANY INFORMATION

BOARD OF DIRECTORS

Non - Executive Directors

- Sikander Dada - Chairman
- Abu Talib H.K. Dada
- Maqbool H.H. Rahimtoola
- Shahzad M. Husain
- Danish Dada

Independent Director

- Syed Shahid Ali Bukhari

Executive Director

- Qazi Sajid Ali

CHIEF EXECUTIVE OFFICER

- Qazi Sajid Ali

CHIEF FINANCIAL OFFICER

- Muhammad Yousuf

COMPANY SECRETARY

- Umar Rasheed

HEAD OF INTERNAL AUDIT & SECRETARY AUDIT COMMITTEE

- Mustafa Kamal Khan

BOARD AUDIT COMMITTEE

- Shahzad M. Husain - Chairman
- Danish Dada
- Syed Shahid Ali Bukhari

HUMAN RESOURCE AND REMUNERATION COMMITTEE

- Maqbool H.H. Rahimtoola - Chairman
- Abu Talib H.K. Dada
- Qazi Sajid Ali

MANAGEMENT TEAM

- Qazi Sajid Ali - Chief Executive Officer
- Tanveer Saleem - Chief Operating Officer (Technical & Operation)
- Syed Ashar Hussain - Chief Operating Officer (Commercial Services)
- Muhammad Yousuf - Chief Financial Officer
- Munawar Abbas - Director Operations
- Syed Wasim Ahmed - General Manager Finance
- Lt. Cdr. (Retd.) Saeed Ahmed Khan - General Manager Admin & HR

AUDITORS

- EY Ford Rhodes, Chartered Accountants

BANKERS

- National Bank of Pakistan
- Bank Islami Pakistan Limited
- Sindh Bank Limited
- The Bank of Punjab
- United Bank Limited (UBL Ameen)
- Standard Chartered Bank (Pakistan) Limited
- Habib Metropolitan Bank Limited
- Askari Bank Limited
- Habib Bank Limited
- MCB Bank Limited
- Meezan Bank Limited
- Dubai Islamic Bank Pakistan Limited

LEGAL ADVISOR

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

REGISTERED OFFICE

- Dadex House, 34-A/1, Block-6, P.E.C.H.S.,
Shahrah-e-Faisal, Karachi - 75400
Tel: (92-21) 111000789
Fax: (92-21) 34315716 - 34315725
Email: info@dadex.com.pk

SHARE REGISTRAR

- JWAFS Registrar Services (Private) Limited
407 - 408, Al-Ameera Centre, Shahrah-e-Iraq,
Saddar, Karachi
Tel: (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 three months ended September 30, 2016.

During the period under review, the Company achieved a net turnover of Rs. 491.27 million (September 2015: Rs. 522.12 million), being 5.91% lower than the turnover achieved during the corresponding period last year. Sales of Roofing Segment and Plastics Division both witnessed negative growth as compared to last year. Cost of sales during the period decreased by 8.55% which has resulted in a gross profit margin of 17.95%.

During the period, Company achieved Operating profit of Rs. 35.28 million (September 2015: Operating profit of Rs. 39.77 million). Finance cost reduced by 5.66% as compared to corresponding period which has resulted in a net profit after tax of Rs. 0.303 million (September 2015: Net profit after tax of Rs. 3.12 million), resulting in earning per share of Re. 0.03 (September 2015: Earning per share of Re. 0.29).

The sales outlook for the second quarter is strong. Our focus areas for coming periods will be to obtain large Government orders for PE pipes for water supply schemes, maximize the potential of huge construction activities undertaken by the entities working in the CPEC projects, regain our lost market in the industrial segment, as well as strengthen our sales of premium products.

The Directors would like to place on record their sincere appreciation for the hard work and dedication shown by the Management and Employees of the Company. On behalf of the Board of Directors and Employees of the Company, we express our gratitude and appreciation to all our valued customers, distributors, dealers and bankers for the trust and confidence reposed in the Company and look forward to their continued support and participation in sustaining the growth of the Company and achieving a profitable year.

On behalf of the Board

Karachi: October 27, 2016

Sikander Dada
Chairman

CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2016

	Note	September 30, 2016 (Un-audited)	June 30, 2016 (Audited)
		(Rupees in '000)	
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	4	<u>1,805,079</u>	1,825,691
		1,805,079	1,825,691
Investment property	4.3	43,782	44,416
Long-term investment	5	-	-
Long-term loans		1,513	1,055
Long-term security deposits		21,646	21,646
Deferred tax assets		76,825	78,775
		1,948,845	1,971,583
CURRENT ASSETS			
Stores, spare parts and loose tools		34,773	35,461
Stock-in-trade	6	553,332	518,289
Trade debts	7	200,768	118,458
Loans and advances	8	45,227	80,160
Trade deposits and short-term prepayments	9	21,383	20,945
Other receivables	10	13,561	12,298
Taxation - net		177,749	183,860
Cash and bank balances	11	18,414	13,339
		1,065,207	982,810
TOTAL ASSETS		<u>3,014,052</u>	<u>2,954,393</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		107,640	107,640
Reserves		73,558	67,169
		181,198	174,809
SURPLUS ON REVALUATION OF FIXED ASSETS		1,082,489	1,088,575
NON-CURRENT LIABILITIES			
Long-term financing	12	76,668	102,222
Liabilities against assets subject to finance lease		54,184	58,098
		130,852	160,320
CURRENT LIABILITIES			
Trade and other payables	13	519,084	459,566
Accrued mark-up		23,492	27,898
Short-term borrowings	14	878,057	816,807
Current portion of long-term financing	12	150,961	175,332
Current portion of liabilities against assets subject to finance lease		16,361	16,361
Sales tax and excise duty payable		31,558	34,725
		1,619,513	1,530,689
CONTINGENCIES AND COMMITMENTS	15		
TOTAL EQUITY AND LIABILITIES		<u>3,014,052</u>	<u>2,954,393</u>

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.

Muhammad Yousuf
Chief Financial Officer

Qazi Sajid Ali
Chief Executive

Sikander Dada
Chairman

DADEX

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2016
(UN-AUDITED)**

	Note	Three months ended	
		September 30, 2016	September 30, 2015
(Rupees in '000)			
Turnover - net	16	491,272	522,117
Cost of sales	17	(403,099)	(440,802)
Gross profit		88,173	81,315
Distribution cost		(29,195)	(21,070)
Administrative expenses		(32,841)	(28,490)
Other operating expenses		(1,243)	(7,046)
Other operating income	18	10,383	15,064
Operating profit		35,277	39,773
Finance cost	19	(27,837)	(29,507)
Share of profit / (loss) on investment in an associate	5.2	-	-
Profit before taxation		7,440	10,266
Taxation	20	(7,137)	(7,151)
Profit for the period		303	3,115
Earnings per share - Basic and diluted		Re. 0.03	Re. 0.29

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.

Muhammad Yousuf
Chief Financial Officer

Qazi Sajid Ali
Chief Executive

Sikander Dada
Chairman

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2016
(UN-AUDITED)**

	<u>Three months ended</u>	
	<u>September 30,</u>	<u>September 30,</u>
	<u>2016</u>	<u>2015</u>
	<u>(Rupees in '000)</u>	
Profit for the period	303	3,115
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>303</u>	<u>3,115</u>

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.

Muhammad Yousuf
Chief Financial Officer

Qazi Sajid Ali
Chief Executive

Sikander Dada
Chairman

DADEX

**CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2016
(UN-AUDITED)**

		Three months ended	
Note	September 30, 2016	September 30, 2015	(Rupees in '000)
CASH FLOWS FROM OPERATING ACTIVITIES			
	22	31,004	15,109
Cash generated from operations		924	33,622
Taxes paid		(458)	(381)
Long-term loans and advances - net		-	(5,000)
Long-term Deposits - net		31,470	43,350
Net cash flows generated operating activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
		(1,563)	(2,362)
Capital expenditure		(1,563)	(2,362)
Net cash flows used in investing activities			
CASH FLOWS FROM FINANCING ACTIVITIES			
		50,000	200,000
Short-term borrowing obtained (net of repayments)		(32,243)	(31,229)
Interest / mark-up paid		(49,925)	(29,925)
Long term financing		(3,914)	-
Finance lease		(36,082)	138,846
Net cash flows (used in) / generated from financing activities			
Net (decrease) / increase in cash and cash equivalents		(6,175)	179,834
Cash and cash equivalents at the beginning of the period		(603,468)	(825,931)
Cash and cash equivalents at the end of the period		(609,643)	(646,097)
CASH AND CASH EQUIVALENTS COMPRISE			
		18,414	10,519
Cash and bank balances		(628,057)	(656,616)
Short-term borrowings		(609,643)	(646,097)

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.

Muhammad Yousuf
Chief Financial Officer

Qazi Sajid Ali
Chief Executive

Sikander Dada
Chairman

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2016
(UN-AUDITED)**

	Issued, subscribed and paid-up capital	Reserves				Grand Total
		Capital reserves- shares premium	Revenue reserves		Total	
			General	Unappr- opriated profit / (loss)		
Balance as at July 1, 2015	107,640	5,655	160,000	(121,380)	44,275	151,915
Surplus on Revaluation of fixed assets realized on account of incremental depreciation charged on related assets for the period	-	-	-	3,613	3,613	3,613
Profit for the period	-	-	-	3,115	3,115	3,115
Balance as at September 30, 2015	<u>107,640</u>	<u>5,655</u>	<u>160,000</u>	<u>(114,652)</u>	<u>51,003</u>	<u>158,643</u>
Balance as at July 1, 2016	107,640	5,655	160,000	(98,486)	67,169	174,809
Surplus on Revaluation of fixed assets realized on account of incremental depreciation charged on related assets for the period	-	-	-	6,086	6,086	6,086
Profit for the period	-	-	-	303	303	303
Balance as at September 30, 2016	<u>107,640</u>	<u>5,655</u>	<u>160,000</u>	<u>(92,097)</u>	<u>73,558</u>	<u>181,198</u>

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.

Muhammad Yousuf
Chief Financial Officer

Qazi Sajid Ali
Chief Executive

Sikander Dada
Chairman

DADEX

**NOTES TO THE CONDENSED INTERIM FINANCIAL
STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2016**

1. NATURE AND STATUS OF BUSINESS

Dadex Eternit Limited (the Company) was incorporated in Pakistan on April 13, 1959 as a public limited company under the Companies Ordinance, 1984 and is quoted on Pakistan Stock Exchange Limited. 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 situated at Karachi, Hyderabad and Sunder (Lahore). The principal business of the Company is to manufacture and the 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 products.

Sikander (Private) Limited is the holding company, which held 6,800,648 (2015: 6,800,648) ordinary shares of Rs.10/- each of the Company representing 63.18 percent (2015: 63.18 percent) shareholding as of the balance sheet date.

2. BASIS OF PRESENTATION

These interim condensed financial statements are un-audited and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984. These accounts have been prepared in accordance with the requirements of the Companies Ordinance, 1984, 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, 2016.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these interim condensed financial statements are the same as those applied in the preparation of the preceding annual financial statements of the Company for the year ended June 30, 2016.

4. PROPERTY, PLANT AND EQUIPMENT

		September 30, 2016	June 30, 2016
	Note	(Un-audited)	(Audited)
		———— (Rupees in '000) ————	
Operating fixed assets	4.1	1,798,543	1,820,110
Capital work-in-progress	4.2	6,536	5,581
		<u>1,805,079</u>	<u>1,825,691</u>

4.1 The following is the movement in operating fixed assets during the period/year:

	September 30, 2016 (Un-audited)	June 30, 2016 (Audited)
Note	(Rupees in '000)	
Opening balance	1,820,110	1,450,827
Add: Surplus on revaluation of fixed assets		344,952
Add: Additions during the period/year	4.1.1 608	106,576
	1,820,718	1,902,355
Less: Disposals during the period / year (WDV)	4.1.2 -	(3,438)
Depreciation charge for the period / year	4.1.3 (22,175)	(78,807)
Operating fixed assets (WDV)	1,798,543	1,820,110
4.1.1 Additions including transfers during the period / year		
Plant and machinery (owned)	-	21,833
Vehicle and transportation equipment (owned)	163	-
Office and factory equipment (owned)	445	471
Plant and machinery (leased)	-	31,800
Vehicle and transportation equipment (leased)	-	52,472
	608	106,576
4.1.2 Disposals during the period / year - at WDV		
Vehicle & Transportation equipment costing Rs. NIL (June 30, 2016: Rs. 29.380 million)	-	3,438
	-	3,438
4.1.3 Depreciation charged during the period / year		
Cost of sales	14,797	54,491
Distribution cost	1,648	3,736
Administrative expenses	5,730	20,580
	22,175	78,807
4.2 Capital work-in-progress		
Plant and machinery - Green House Farming System	13,979	13,979
Impairment loss on plant and machinery	(12,179)	(12,179)
	1,800	1,800
Advance against purchase of operating fixed assets	4,736	3,781
	6,536	5,581

	September 30, 2016 (Un-audited)	June 30, 2016 (Audited)
	————— (Rupees in '000) —————	
4.3 Investment Property		
Opening balance	44,416	46,955
Add: Additions during the period/year	<u>-</u>	<u>-</u>
	44,416	46,955
Less Depreciation charge for the period	<u>(634)</u>	<u>(2,539)</u>
	<u>43,782</u>	<u>44,416</u>

5. LONG-TERM INVESTMENT - Equity method

5.1 The Company has 48.04 percent (June 30, 2016: 48.04 percent) shareholding [i.e. 625,000 (June 30, 2016: 625,000) in the ordinary shares of Rs.10/- each] of Berdex Construction Chemicals (Private) Limited (Berdex). Berdex is engaged in marketing and distribution of construction chemicals in Pakistan. The investment in Berdex amounted to Rs. 5 million.

5.2 Based on the un-audited financial statements of Berdex for the year ended June 30, 2016, Berdex has reported a loss of Rs. 0.030 million and accumulated losses of Rs.12.850 million (2015: reported a loss of Rs. 0.088 million and accumulated losses of Rs. 12.820) million.

	September 30, 2016 (Un-audited)	June 30, 2016 (Audited)
	————— (Rupees in '000) —————	
6. STOCK-IN-TRADE		
Raw materials		
- in hand	183,033	155,368
- in transit	<u>76,538</u>	<u>78,741</u>
	259,571	234,109
Work-in-process	92,672	75,489
Finished goods		
- Manufactured	178,386	185,811
- Trading [including in transit of Rs. NIL (June 30, 2016: Rs. Nil)]	<u>22,703</u>	<u>22,880</u>
	201,089	208,691
	<u>553,332</u>	<u>518,289</u>
7. TRADE DEBTS		

The carrying value of the trade debts is adjusted after taking the effect of the provision of Rs. 152.909 million (June 30, 2016: Rs.153.280 million). Such provision includes an amount of Rs.15.632 million (June 30, 2016: Rs.15.632 million) recoverable from an ex-employee who had reportedly collected the amount from customers and did not surrender the same to the Company. A law suit has been filed against the ex-employee to recover the above amount.

	September 30, 2016 (Un-audited)	June 30, 2016 (Audited)
	(Rupees in '000)	
Note		
8. LOANS AND ADVANCES		
Loans - secured, considered good		
Current portion of long-term loans	677	516
Employees	991	1,308
Suppliers	43,419	78,196
Others	140	140
	44,550	79,644
Advances - considered doubtful		
Suppliers / contractors	500	500
Provision for doubtful advances	(500)	(500)
	-	-
	45,227	80,160
9. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS		
Trade deposits	5,489	5,709
Provision for doubtful trade deposits	(5,059)	(4,970)
	430	739
Margin deposits	15,775	15,775
Other deposits	6,297	3,943
	22,502	20,457
Prepayments		
Rent & Others	(1,119)	488
	21,383	20,945
10. OTHER RECEIVABLES		

Included herein receivable of Rs. 10.227 million (June 30, 2016: Rs. 10.227 million) from K-Electric Limited (KE) on account of excess electricity charges billed by KE to the Company.

	September 30, 2016 (Un-audited)	June 30, 2016 (Audited)
	(Rupees in '000)	
Note		
11. CASH AND BANK BALANCES		
Cash in hand	2,560	1,320
Cash at banks in:		
Islamic banks		
Current accounts	2,938	6,989
Conventional banks		
- Local currency	12,207	4,823
PLS saving account	709	207
	18,414	13,339

	September 30, 2016 (Un-audited)	June 30, 2016 (Audited)
	———— (Rupees in '000) ————	
12. LONG-TERM FINANCING - secured		
Conventional banks		
Bank of Punjab	48,739	73,110
National Bank of Pakistan	140,000	160,000
Islamic banks		
United Bank Limited - Diminishing Musharika	38,890	44,444
	227,629	277,554
Less: Current portion of Long term Financing		
Conventional banks		
Bank of Punjab	(48,739)	(73,110)
National Bank of Pakistan	(80,000)	(80,000)
Islamic banks		
United Bank Limited - Diminishing Musharika	(22,222)	(22,222)
	(150,961)	(175,332)
	76,668	102,222

13. TRADE AND OTHER PAYABLES

Included herein advance from customers and unclaimed dividend amounting to Rs. 97.107 million and Rs. 16.990 million (June 30, 2016: Rs. 60.570 million and Rs. 16.990 million) respectively.

	September 30, 2016 (Un-audited)	June 30, 2016 (Audited)
	———— (Rupees in '000) ————	

14. SHORT-TERM BORROWINGS - secured

Conventional banks

Term finance	14.1 & 14.2	250,000	200,000
Running finances utilized under mark-up arrangements	14.1 & 14.2	628,057	616,807
		878,057	816,807

14.1 These finance facilities have been obtained from various commercial banks aggregating to Rs.950 million (June 30, 2016: Rs.900 million) out of which Rs. 71.943 million (June 30, 2016: Rs. 83.193 million) remains unutilized as at the balance sheet date. These facilities are secured by the creation of a first pari passu charge against hypothecation of the Company's stock-in-trade and trade debts of Rs. 1,448 million and equitable mortgage charge of Rs. 135 million over property situated at plots # 36-37 N, Jinnah Park Industrial Area, Gulberg II, 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.

14.2 These facilities carry mark-up rate of 8.30 to 8.93 percent (June 30, 2016: 8.60 to 8.95 percent) per annum.

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

15.1.1 During the year ended June 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 HCS seeking reliefs that the proceedings before the EPT vis-à-vis the Complainant were taken coram non iudice and has maintained that the EPT has no jurisdiction of the subject matter. The said constitutional petition was dismissed by HCS vide its Judgment dated March 9, 2011. The Company filed petition for leave to appeal against the judgment of HCS before the Honorable Supreme Court of Pakistan (SCP) which granted leave to appeal to the Company vide its order dated June 23, 2011 and converted the petition into an appeal. Thereafter, after the partial hearing of the civil appeal, the SCP vide its order dated October 25, 2011 directed a commission constituted by the EPT to submit the report of environmental audit of the Company's factory and surrounding premises. Pursuant to the direction of SCP, a report was filed ostensibly on behalf of a commission constituted by the EPT to which objections have been filed by the Company before SCP. The hearing of civil appeal on merits is now pending.

Based on the opinion of the legal counsel of the Company, the management expects a favorable outcome of the case. Accordingly, no provision for any potential demand in respect of above has been made in these condensed interim financial statements.

15.1.2 In September 2014, the Federal Government promulgated Gas Infrastructure Development Cess (GIDC) Ordinance No. VI of 2014 to circumvent earlier decision of the SCP on the subject, where it upheld that the earlier introduction of GIDC Act of 2011 was unconstitutional and ultravires on the grounds that GIDC was a 'Fee' and not a 'Tax'. In May 2015, the Government passed the GIDC Act 2015.

The Company challenged GIDC Act, 2015 and filed writ petition in the HCS including retrospective treatment of the provision of the GIDC Act. HCS has granted stay against charging of the GIDC Act, 2015. The Company is hopeful, based on the advice of its legal consultant that the decision of the case will be in its favor. However, the Company on prudence basis has paid the full amount of GIDC at the relevant rate and has recorded as an expense in these condensed interim financial statements.

15.1.3 The Company is defending various suits filed in various courts of Pakistan for sums aggregating to Rs. 10.869 million (June 30, 2016: 10.869 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.

	September 30, 2016 (Un-audited)	June 30, 2016 (Audited)
	———— (Rupees in '000) ————	
15.1.4 Bonds and letters of guarantee issued by banks	80,053	80,053

These are secured by a first pari passu hypothecation charge as disclosed in note 13.1.

	September 30, 2016 (Un-audited)	June 30, 2016 (Audited)
	———— (Rupees in '000) ————	

15.2 Commitments

Commitments are as follows:

Letters of credit	79,105	24,812
Post dated cheques	30,797	30,797
Duties payable on goods in transit	18,065	15,351
Outstanding contracts	3,592	31,339
	131,559	102,299

	Three months ended	
	September 30, 2016 (Un-audited)	September 30, 2015
	———— (Rupees in '000) ————	

16. TURNOVER - NET LOCAL

- manufactured	574,518	590,018
- trading	5,816	26,466
- others	1,249	31
	581,583	616,515
EXPORT	-	-
	581,583	616,515
Less:		
Returns	1,567	-
Sales Tax	88,744	94,398
	90,311	94,398
	491,272	522,117

Three months ended
September 30, 2016 **September 30, 2015**
 (Un-audited)
 (Rupees in '000)

17. COST OF SALES

Manufactured

Raw materials consumed			
Opening stock		234,109	178,931
Purchases		334,609	332,381
Closing stock	6	(259,571)	(206,753)
		309,147	304,559
Net Stores, spare parts and loose tools consumed		11,095	13,655
Salaries, wages and benefits [including Rs. 1.219 (September 30, 2015: Rs.1.291) million in respect of bonus to workers]		25,443	26,122
Procured services		15,417	19,224
Fuel, water and power		24,884	24,438
Insurance		1,411	1,409
Traveling		6	47
Communication		306	263
Depreciation	4.1.3	14,797	12,758
Rent, rates and taxes		833	1,200
Repairs and maintenance		4,246	5,610
Technical Assistance Fee		2,061	2,035
Printing and stationery		148	150
Other expenses		493	496
		101,140	107,407
Opening stock of work-in-process		75,489	114,915
Closing stock of work-in-process	6	(92,672)	(98,029)
Cost of goods manufactured		393,104	428,852
Opening stock of finished goods		185,811	224,932
Closing stock of finished goods	6	(178,386)	(236,826)
		400,529	416,958
Trading			
Opening stock		22,880	42,736
Purchases		2,393	18,713
		25,273	61,449
Closing stock	6	(22,703)	(37,605)
		2,570	23,844
Sale of scrap		-	-
		403,099	440,802

18. OTHER OPERATING INCOME

Income from financial assets

Income from bank deposits	2	1
Reversal of Provision against doubtful debt	370	8,296

Income from non-financial assets

Rental income - investment property	8,553	6,560
Sale of Raw Material	1,091	-
Sundry Income/Receipts	360	-
Product Installation revenue	7	207
	10,383	15,064

	Three months ended	
	September 30,	September 30,
	2016	2015
	(Un-audited)	
	(Rupees in '000)	
19. FINANCE COST		
Mark-up / interest		
Islamic Banks		
Long Term financing	1,073	1,636
Short term borrowing	5,549	-
	6,622	1,636
Conventional banks		
Long term financing	4,287	3,795
Short term borrowings	14,000	19,877
Finance Lease	1,912	-
	20,119	23,672
Bank and other charges	1,016	4,199
	27,837	29,507
20. TAXATION		
Current - for the year	5,187	7,505
Deferred	1,950	(354)
	7,137	7,151

21. TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise of associated companies, group companies, staff retirement funds, chief executive, directors and key management personnel. The transactions and balances with related parties and associated undertakings are as follows:

		Three months ended	
		September 30,	September 30,
		2016	2015
		(Un-audited)	
		(Rupees in '000)	
Related parties	Nature of transaction		
Transactions with associated companies			
due to common directorship:			
Berger Paints Pakistan Limited	Purchase and sale of goods	91	119
Sikander (Private) Limited	Rent paid	514	468
Staff retirement benefits			
Dadex Eternit Limited	Employer Contribution	2,017	1,897
- Provident Fund			
Key management personnel			
Qazi Sajid Ali (Chief Executive)	Salary and other employment benefits	3,878	3,677
Sikander Dada (Chairman)	Remuneration & other benefits	1,260	1,871
	Loan Repaid	-	5,000
Danish Dada (Director)	Remuneration	900	-

Three months ended
September 30, 2016 **September 30,**
2015
(Un-audited)
(Rupees in '000)

22. CASH GENERATED FROM OPERATIONS

Profit before taxation		7,440	10,266
Adjustments for non cash charges and other items:			
Depreciation - operating fixed assets	4.1.3	16,088	12,362
Depreciation - investment property	4.3	635	635
Depreciation - revaluation of land	4.1.3	6,086	3,613
Interest / mark-up expense		27,837	29,507
Working capital changes	22.1	(27,082)	(41,274)
		31,004	15,109

22.1 Working capital changes

Decrease / (increase) in current assets

Stores, spare and loose tools		688	(5,177)
Stock-in-trade		(35,043)	(17,699)
Trade debts		(82,310)	(58,335)
Loans and advances		34,933	(27,862)
Trade deposits and short-term prepayments		(438)	(1,572)
Other receivables		(1,263)	5,770
		(83,433)	(104,875)

Decrease / (increase) in current liabilities

Trade and other payables		59,518	67,885
Sales tax and excise duty payable (net)		(3,167)	(4,284)
		(27,082)	(41,274)

23. INFORMATION ABOUT OPERATING SEGMENTS

	Chrysotile Cement	Plastic	Others	Total
Three months ended September 30, 2016				
TURNOVER - net	<u>191,944</u>	<u>299,047</u>	<u>281</u>	<u>491,272</u>
RESULT				
Segment result	<u>17,202</u>	<u>10,044</u>	<u>(1,109)</u>	<u>26,137</u>
Unallocated expense				
Other operating expenses				(1,243)
Other operating income				10,383
Finance cost				(27,837)
Taxation				(7,137)
Profit for the period				<u>303</u>
Three months ended September 30, 2015				
TURNOVER - net	<u>218,398</u>	<u>303,639</u>	<u>80</u>	<u>522,117</u>
RESULT				
Segment result	<u>30,884</u>	<u>858</u>	<u>13</u>	<u>31,755</u>
Unallocated expense				
Other operating expenses				(7,046)
Other operating income				15,064
Finance cost				(29,507)
Taxation				(7,151)
Profit for the period				<u>3,115</u>
Assets and Liabilities				
September 30, 2016				
Segment assets	<u>269,365</u>	<u>756,469</u>	<u>129,049</u>	<u>1,154,883</u>
Unallocated corporate assets				<u>1,859,169</u>
Total assets				<u>3,014,052</u>
Segment liabilities	<u>168,851</u>	<u>298,836</u>	<u>9,940</u>	<u>477,627</u>
Unallocated corporate liabilities				<u>1,272,738</u>
Total liabilities				<u>1,750,365</u>
June 30, 2016				
Segment assets	<u>214,001</u>	<u>460,474</u>	<u>128,067</u>	<u>802,542</u>
Unallocated corporate assets				<u>2,151,851</u>
Total assets				<u>2,954,393</u>
Segment liabilities	<u>109,448</u>	<u>316,196</u>	<u>6,377</u>	<u>432,021</u>
Unallocated corporate liabilities				<u>1,258,988</u>
Total liabilities				<u>1,691,009</u>

23.1 Geographical information

Turnover

The Company's turnover represents local and export sales of Rs. 491.272 million and Rs. Nil (September 30, 2015: Rs. 522.117 million and Rs. Nil) respectively.

	Three months ended	
	September 30, 2016	September 30, 2015
	(Un-audited)	
	(Rupees in '000)	
Non-Current assets		
Pakistan	<u>1,872,020</u>	<u>1,506,178</u>

All non-current assets of the Company are located in Pakistan.

24. DATE OF AUTHORISATION FOR ISSUE

24.1 These condensed interim financial statements have been authorised for issue on October 27, 2016 by the Board of Directors of the Company.

25. GENERAL

25.1 Certain prior period figures have been reclassified, wherever necessary. However, there are no material reclassifications to report.

25.2 All figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

Muhammad Yousuf
Chief Financial Officer

Qazi Sajid Ali
Chief Executive

Sikander Dada
Chairman

www.dadex.com