

First Quarter Ended Report
September 30, 2017
(Un-audited)

DADEX

Dadex Eternit Limited

Contents

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

DADEX

COMPANY INFORMATION

BOARD OF DIRECTORS

Non - Executive Directors

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

Independent Director

- Syed Shahid Ali Bukhari

Executive Director

- Qazi Sajid Ali
- Danish Dada

CHIEF EXECUTIVE OFFICER

- Qazi Sajid Ali

CHIEF FINANCIAL OFFICER

- Muhammad Yousuf

COMPANY SECRETARY

- Umar Rasheed

HEAD OF INTERNAL AUDIT & SECRETARY AUDIT COMMITTEE

- Muhammad Ahsan

BOARD AUDIT COMMITTEE

- Shahzad M Husain - Chairman
- Maqbool H.H. Rahimtoola
- 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
- Danish Dada - C.E.O (International Division)
- Tanveer Saleem - Chief Operating Officer (Technical & Operations)
- Muhammad Yousuf - Chief Financial Officer
- Munawar Abbas - General Manager (Operations)
- Syed Waseem Ahmed - General Manager Finance
- Lt. Cdr. (Retd.) Saeed Ahmed Khan - General Manager Admin & HR

AUDITORS

- BDO Ebrahim, 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

DADEX

DIRECTORS' REVIEW

The Directors are pleased to present their review together with the financial statements of the Company for three months ended September 30, 2017.

Fiscal year 2017/18 started with a positive note, the Company achieved a growth of 30.6% in turnover during the first quarter. Gross profit margin increased by 28.7%, and operating profit increased by 40.7% over the last year, resulting in a net profit after tax of Rs. 10.021 million (September 2016: 0.303 million). This has resulted in earning per share of Rs. 0.93 (September 2016: Earning per share of Re. 0.03).

Better cost controls, more aggressive sales and marketing, broadening of customer base, entering new markets, improvement in productivity, better inventory management of raw materials and finished products have all been the reasons for this achievement.

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.

Karachi: October 25, 2017

On behalf of the Board

Qazi Sajid Ali
Chief Executive

Maqbool H.H.Rahimtoola
Director

**CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2017**

	Note	September 30, 2017 (Un-audited) ----- (Rupees in `000) -----	June 30, 2017 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	4	1,771,150	1,788,130
Intangible assets		396	431
		<u>1,771,546</u>	<u>1,788,561</u>
Investment property	4.3	41,244	41,877
Long-term investment	5	-	-
Long-term loans		2,013	1,243
Long-term security deposits		27,471	27,471
Deferred tax assets		<u>53,392</u>	<u>54,617</u>
		<u>1,895,666</u>	<u>1,913,769</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		41,531	36,541
Stock-in-trade	6	740,025	714,275
Trade debts	7	169,045	137,409
Loans and advances	8	54,246	80,549
Trade deposits and short-term prepayments	9	26,242	31,239
Other receivables	10	9,634	6,827
Taxation – net		245,189	228,103
Cash and bank balances	11	42,825	36,668
		<u>1,328,737</u>	<u>1,271,611</u>
TOTAL ASSETS		<u>3,224,403</u>	<u>3,185,380</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		107,640	107,640
Reserves		124,465	108,358
		<u>232,105</u>	<u>215,998</u>
SURPLUS ON REVALUATION OF FIXED ASSETS		1,058,144	1,064,230
NON-CURRENT LIABILITIES			
Deferred income		12,154	12,154
Liabilities against assets subject to finance lease		73,932	81,102
		<u>86,086</u>	<u>93,256</u>
CURRENT LIABILITIES			
Trade and other payables	13	588,157	538,937
Accrued mark-up		39,741	21,614
Short-term borrowings	14	1,076,850	1,110,300
Current portion of long-term financing		98,519	102,222
Current portion of liabilities against assets subject to finance lease		30,128	30,128
Current portion of deferred income		4,860	4,860
Sales tax and excise duty payable		9,813	3,835
		<u>1,848,068</u>	<u>1,811,896</u>
CONTINGENCIES AND COMMITMENTS	15		
TOTAL EQUITY AND LIABILITIES		<u>3,224,403</u>	<u>3,185,380</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

Maqbool H.H.Rahimtoola
Director

DADEX

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017
(UN-AUDITED)**

	Note	Three months ended	
		September 30, 2017	September 30, 2016
----- (Rupees in `000) -----			
Turnover – net	16	641,749	491,272
Cost of sales	17	(528,313)	(403,099)
Gross profit		113,436	88,173
Distribution cost		(34,185)	(29,195)
Administrative expenses		(36,790)	(32,841)
Other operating expenses		(3,448)	(1,243)
Other operating income	18	10,619	10,383
Operating profit		49,632	35,277
Finance cost	19	(28,887)	(27,837)
Share of profit / (loss) on investment in an associate	5.2	-	-
Profit before taxation		20,745	7,440
Taxation	20	(10,724)	(7,137)
Profit for the period		10,021	303
 Earnings per share - Basic and diluted		 Re. 0.93	 Re. 0.03

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

Maqbool H.H.Rahimtoola
Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017
(UN-AUDITED)**

	<u>Three months ended</u>	
	<u>September 30, 2017</u>	<u>September 30, 2016</u>
	----- (Rupees in `000) -----	
Profit for the period	10,021	303
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>10,021</u>	<u>303</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

Maqbool H.H.Rahimtoola
Director

**CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017
(UN-AUDITED)**

	Note	Three months ended	
		September 30, 2017	September 30, 2016
----- (Rupees in `000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	22	94,394	31,004
Taxes paid		(26,585)	924
Long-term loans and advances – net		(770)	(458)
Long-term Deposits – net		-	-
Net cash flows generated from operating activities		67,039	31,470
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(5,795)	(1,563)
Net cash flows used in investing activities		(5,795)	(1,563)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short-term borrowing obtained (net of repayments)		(12,638)	50,000
Interest / mark-up paid		(10,760)	(32,243)
Long term financing		(3,703)	(49,925)
Finance lease		(7,170)	(3,914)
Dividend paid		(4)	-
Net cash flows (used in) / generated from financing activities		(34,275)	(36,082)
Net (decrease) increase in cash and cash equivalents		26,969	(6,175)
Cash and cash equivalents at the beginning of the period		(643,150)	(603,468)
Cash and cash equivalents at the end of the period		(616,181)	(609,643)
CASH AND CASH EQUIVALENTS COMPRISE			
Cash and bank balances		42,825	18,414
Short-term borrowings		(659,006)	(628,057)
		(616,181)	(609,643)

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

Maqbool H.H.Rahimtoola
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017
(UN-AUDITED)**

	Issued, subscribed and paid-up capital	Reserves			Total	Grand Total
		Capital reserves - share premium	Revenue reserves			
			General	Unappr- opriated profit / (loss)		
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>
Balance as at July 1, 2017	107,640	5,655	160,000	(57,297)	108,358	215,998
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	-	-	-	10,021	10,021	10,021
Balance as at September 30, 2017	<u>107,640</u>	<u>5,655</u>	<u>160,000</u>	<u>(41,190)</u>	<u>124,465</u>	<u>232,105</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

Maqbool H.H.Rahimtoola
Director

DADEX

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017**

1. NATURE AND STATUS OF BUSINESS

Dadex Eternit Limited (the Company) was incorporated in Pakistan on April 13, 1959 as a public limited company and is quoted on the 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 (2016: 6,800,648) ordinary shares of Rs.10/- each of the Company representing 63.18 percent (2016: 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 237 of Companies Act 2017 (Section 245 of the Repealed Companies Ordinance, 1984). 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, 2017.

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, 2017.

		September 30, 2017 (Un-audited)	June 30, 2017 (Audited)
		----- (Rupees in `000) -----	
4. PROPERTY, PLANT AND EQUIPMENT	Note		
Operating fixed assets	4.1	1,758,724	1,778,065
Capital work-in-progress	4.2	<u>12,426</u>	<u>10,065</u>
		<u>1,771,150</u>	<u>1,788,130</u>
4.1	The following is the movement in operating fixed assets during the period/year:		
	Opening balance	1,778,065	1,820,110
	Add: Surplus on revaluation of fixed assets		-
	Add: Additions during the period/year	4.1.1 <u>3,432</u>	<u>78,732</u>
		1,781,497	1,898,842
	Less Disposals during the period / year (WDV)	4.1.2 -	(31,845)
	Depreciation charge for the period / year	4.1.3 <u>(22,773)</u>	<u>(88,932)</u>
	Operating fixed assets (WDV)	<u>1,758,724</u>	<u>1,778,065</u>
4.1.1	Additions including transfers during the period / year		
	Plant and machiner (owned)	1,070	24,396
	Vehicle and transportation equipment (owned)	-	1,270
	Office and factory equipment (owned)	43	1,776
	Plant and machinery (leased)	-	51,290
	Vehicle and transportation equipment (leased)	<u>2,319</u>	<u>-</u>
		<u>3,432</u>	<u>78,732</u>

	September 30, 2017 (Un-audited)	June 30, 2017 (Audited)
	----- (Rupees in `000) -----	
4.1.2 Disposals during the period / year – at WDV		
Plant & machinery costing Rs. NIL (June 30, 2017: Rs. 65.079 million)	-	31,845
Vehicle & transportation equipment costing Rs. NIL (June 30, 2017: Rs. 0.874 million)	-	-
	<u>-</u>	<u>31,845</u>
4.1.3 Depreciation charged during the period / year		
Cost of sales	15,440	59,596
Distribution cost	1,753	6,726
Administrative expenses	5,580	22,610
	<u>22,773</u>	<u>88,932</u>
4.2 Capital work-in-progress		
Plant and machinery— Green House Farming System	13,979	13,979
Impairment loss on plant and machinery	<u>(13,979)</u>	<u>(13,979)</u>
	-	-
Advance against purchase of operating fixed assets	12,426	10,065
	<u>12,426</u>	<u>10,065</u>
4.3 Investment Property		
Opening balance	41,877	44,416
Add: Additions during the period/year	-	-
	<u>41,877</u>	<u>44,416</u>
Less Depreciation charge for the period	<u>(633)</u>	<u>(2,539)</u>
	<u>41,244</u>	<u>41,877</u>

5. LONG-TERM INVESTMENT – Equity method

- 5.1 The Company has 48.04 percent (June 30, 2017: 48.04 percent) shareholding [i.e. 625,000 (June 30, 2017: 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, 2017, Berdex has reported a loss of Rs. NIL and accumulated losses of Rs.12.850 million (2016: reported a loss of Rs. NIL and accumulated losses of Rs. 12.850) million.

	September 30, 2017 (Un-audited)	June 30, 2017 (Audited)
	----- (Rupees in `000) -----	
6. STOCK-IN-TRADE		
Raw materials		
- in hand	243,188	241,296
- in transit	114,976	138,256
	<u>358,164</u>	<u>379,552</u>
Work-in-process	117,097	122,179
Finished goods		
- Manufactured	239,647	190,736
- Trading [including in transit of Rs. NIL (June 30, 2017: Rs. Nil)]	<u>25,117</u>	<u>21,808</u>
	<u>264,764</u>	<u>212,544</u>
	<u>740,025</u>	<u>714,275</u>

DADEX

7. TRADE DEBTS

The carrying value of the trade debts is adjusted after taking the effect of the provision of Rs. 140.730 million (June 30, 2017: Rs.143.730 million).

	September 30, 2017 (Un-audited)	June 30, 2017 (Audited)
	----- (Rupees in `000) -----	
8. LOANS AND ADVANCES		
Loans – secured, considered good		
Current portion of long-term loans	771	520
Employees	5,223	3,525
Suppliers	48,062	76,314
Others	190	190
	<u>53,475</u>	<u>80,029</u>
Advances – considered doubtful		
Suppliers / contractors	500	500
Provision for doubtful advances	(500)	(500)
	<u>-</u>	<u>-</u>
	<u>54,246</u>	<u>80,549</u>
9. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS		
Trade deposits	7,875	10,829
Provision for doubtful trade deposits	(5,182)	(5,182)
	<u>2,693</u>	<u>5,647</u>
Margin deposits	16,528	16,528
Other deposits	6,774	7,597
	<u>25,995</u>	<u>29,772</u>
Prepayments		
Rent & Others	247	1,467
	<u>26,242</u>	<u>31,239</u>

10. OTHER RECEIVABLES

Other receivable of Rs. 9,634 million (June 30, 2017: Rs. 6.827 million).

	September 30, 2017 (Un-audited)	June 30, 2017 (Audited)
	----- (Rupees in `000) -----	
11. CASH AND BANK BALANCES		
Cash in hand	4,233	2,148
Cash at banks in:		
Islamic banks		
Current accounts	-	-
Conventional banks		
- Local currency	38,383	34,311
PLS saving account	209	209
	<u>42,825</u>	<u>36,668</u>

	September 30, 2017 (Un-audited) ----- (Rupees in `000) -----	June 30, 2017 (Audited)
12. LONG-TERM FINANCING - secured		
Conventional banks		
National Bank of Pakistan	-	80,000
Islamic banks		
United Bank Limited - Diminishing Musharika	-	22,222
	-	102,222
Less: Current portion of Long-term Financing		
Conventional banks		
National Bank of Pakistan	-	(80,000)
Islamic banks		
United Bank Limited - Diminishing Musharika	-	(22,222)
	-	(102,222)
	-	-

13. TRADE AND OTHER PAYABLES

Included herein advance from customers and unclaimed dividend amounting to Rs. 74.271 million and Rs. 16.964 million (June 30, 2017: Rs. 62.514 million and Rs. 16.968 million) respectively.

	September 30, 2017 (Un-audited) ----- (Rupees in `000) -----	June 30, 2017 (Audited)
14. SHORT-TERM BORROWINGS – secured		
Karobar finance	14.1	225,000
Running finance	14.2	659,006
Finance against trust receipts	14.3	192,844
	-	180,482
	-	1,110,300

14.1 This facility has been obtained from Islamic bank aggregating to Rs. 225 (June 30, 2017: Rs. 250) million. The facility is secured by creation of first pari-pasu charge against hypothecation of the Company's property, plant and equipment of Rs. 333.33 (June 30, 2017: Rs. 333.33) million located at Karachi and Lahore. The facility carries mark-up rates ranging from 9.15 to 9.06 percent (June 30, 2017: 9.15 to 9.06 percent) per annum.

14.2 These facilities have been obtained from various commercial banks aggregating to Rs.700 million (June 30, 2017: Rs.700 million) out of which Rs. 40.994 million (June 30, 2017: Rs. 20.182 million) remains unutilized as at the balance sheet date. These facilities are secured by the creation of a first pari-pasu charge against hypothecation of the Company's stock-in-trade, trade debts and property, plant and equipment of Rs. 1,562 (June 30, 2017: Rs. 1,562) million, equitable mortgage charge of Rs. 153 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 Road, Tapo Manghopir, Karachi. These facilities carry mark-up rates ranging from 8.330 to 9.62 percent (June 30, 2017: 8.60 to 9.85 percent) per annum.

14.3 Represent working capital facilities availed from a commercial bank carrying mark-up of 3 month KIBOR + 1.75% (June 30, 2017: 3 month 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.

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

15.1.1 During the year ended 30 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 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 above has been made in these condensed interim financial statements.

15.1.2 During the year ended 30 June 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 Honorable High Court of Sindh (HHCS), challenging the vires of GIDC Act, 2015 which passed an order restraining the Sui Southern Gas Company Limited from demanding and collecting GIDC as levied by the GIDC Act, 2015. The financial exposure of the Company up to June 30, 2017 is Rs. 36.68 million. During the current year, the case was decided by the HHCS in favor of the Company. Accordingly, no provision has been made 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. 14.90 million (June 30, 2017: 14.90 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, 2017 (Un-audited) ----- (Rupees in '000) -----	June 30, 2017 (Audited)
15.2 Commitments		
Outstanding letter of credit	<u>307,074</u>	326,049
Outstanding letters of guarantee	<u>85,053</u>	85,053
Postdated cheques	<u>53,882</u>	33,775
Duties payable on goods in transit	<u>68,814</u>	105,526
Outstanding contracts	<u>20,249</u>	34,109
	Three months ended	
	September 30, 2017	September 30, 2016
	----- (Un-audited) ----- ----- (Rupees in '000) -----	
16. TURNOVER – NET		
LOCAL		
- manufactured	752,961	574,518
- trading	7,791	5,816
- others	1,518	1,249
	<u>762,270</u>	581,583
EXPORT	-	-
	<u>762,270</u>	581,583
Less:		
Returns	<u>2,645</u>	1,567
Sales Tax	<u>117,876</u>	88,744
	<u>120,521</u>	90,311
	<u>641,749</u>	491,272

		Three months ended	
		September 30, 2017	September 30, 2016
		----- (Un-audited) -----	
		----- (Rupees in `000) -----	
17. COST OF SALES			
Manufactured			
Raw materials consumed			
Opening stock		379,552	234,109
Purchases		436,802	334,609
Closing stock	6	<u>(358,164)</u>	<u>(259,571)</u>
		458,190	309,147
Net Stores, spare parts and loose tools consumed		14,946	11,095
Salaries, wages and benefits [including Rs. 1.050 million (September 30, 2016: Rs.1.291) in respect of bonus to workers]		27,351	25,443
Procured services		16,151	15,417
Fuel, water and power		28,624	24,884
Insurance		684	1,411
Traveling		42	6
Communication		258	306
Depreciation	4.1.3	15,440	14,797
Rent, rates and taxes		1,004	833
Repairs and maintenance		6,174	4,246
Technical Assistance Fee		-	2,061
Printing and stationery		116	148
Other expenses		556	493
		111,346	101,140
Opening stock of work-in-process		122,179	75,489
Closing stock of work-in-process	6	<u>(117,097)</u>	<u>(92,672)</u>
Cost of goods manufactured		574,618	393,104
Opening stock of finished goods		190,736	185,811
Closing stock of finished goods	6	<u>(239,647)</u>	<u>(178,386)</u>
		525,707	400,529
Trading			
Opening stock		21,808	22,880
Purchases		5,915	2,393
		27,723	25,273
Closing stock	6	<u>(25,117)</u>	<u>(22,703)</u>
		2,606	2,570
Sale of scrap		-	-
		<u>528,313</u>	<u>403,099</u>
18. OTHER OPERATING INCOME			
Income from financial assets			
Income from bank deposits		-	2
Reversal of Provision against doubtful debt		-	370
Income from non-financial assets			
Rental income – investment property		9,622	8,553
Sale of Raw Material		-	1,091
Sundry Income/Receipts		-	360
Product Installation revenue		997	7
		<u>10,619</u>	<u>10,383</u>

Three months ended
September 30, 2017 **September 30, 2016**
----- (Un-audited) -----
----- (Rupees in `000) -----

19. FINANCE COST

Mark-up / interest

Islamic Banks

Long Term financing	356	1,073
Short term borrowing	5,549	5,549
	<u>5,905</u>	<u>6,622</u>

Conventional banks

Long term financing	11,681	4,287
Short term borrowings	9,765	14,000
Finance Lease	1,528	1,912
	<u>22,974</u>	<u>20,199</u>
Bank and other charges	8	1,016
	<u>28,887</u>	<u>27,837</u>

20. TAXATION

Current – for the year	9,499	5,187
Deferred	1,225	1,950
	<u>10,724</u>	<u>7,137</u>

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, 2017 **September 30, 2016**
----- (Un-audited) -----
----- (Rupees in `000) -----

Related parties	Nature of transaction		
Transactions with associated companies due to common directorship:			
Berger Paints Pakistan Limited	Purchase	350	91
Siemens Pakistan Engineering Company Limited	Sales	2,940	-
Sikander (Private) Limited	Rent paid	745	514
Staff retirement benefits			
Dadex Eternit Limited - Provident Fund	Employer Contribution	2,203	2,017
Key management personnel			
Qazi Sajid Ali (Chief Executive)	Salary and other employment benefits	5,876	3,878
Sikander Dada (Chairman)	Remuneration & other benefits	2,260	1,260
Danish Dada (CEO International Division)	Remuneration & other benefits	1,606	900

	Note	Three months ended	
		September 30, 2017	September 30, 2016
		----- (Un-audited) -----	
		----- (Rupees in `000) -----	
22. CASH GENERATED FROM OPERATIONS			
Profit before taxation		20,745	7,440
Adjustments for non-cash and other items:			
Depreciation – operating fixed assets	4.1.3	16,689	16,088
Depreciation – investment property	4.3	633	635
Depreciation – revaluation of land	4.1.3	6,086	6,086
Amortization of intangible assets		35	-
Interest / mark-up expense		28,887	27,837
Working capital changes	22.1	21,319	(27,082)
		<u>94,394</u>	<u>31,004</u>
22.1 Working capital changes			
<i>Decrease / (increase) in current assets</i>			
Stores, spare and loose tools		(4,990)	688
Stock-in-trade		(25,750)	(35,043)
Trade debts		(31,636)	(82,310)
Loans and advances		26,303	34,933
Trade deposits and short-term prepayments		4,997	(438)
Other receivables		(2,807)	(1,263)
		<u>(33,883)</u>	<u>(83,433)</u>
<i>Decrease / (increase) in current liabilities</i>			
Trade and other payables		49,224	59,518
Sales tax and excise duty payable (net)		5,978	(3,167)
		<u>21,319</u>	<u>(27,082)</u>

23. INFORMATION ABOUT OPERATING SEGMENTS

	Chrysotile			Total
	Cement	Plastic	Others	
----- (Rupees in `000) -----				
Three months ended September 30, 2017				
TURNOVER – net	<u>232,063</u>	<u>409,686</u>	<u>-</u>	<u>641,749</u>
RESULT				
Segment result	<u>15,615</u>	<u>26,846</u>	<u>-</u>	<u>42,461</u>
Unallocated expense				
Other operating expenses				(3,448)
Other operating income				10,619
Finance cost				(28,887)
Taxation				(10,724)
Profit for the period				<u>10,021</u>
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>17,112</u>	<u>10,044</u>	<u>(1,019)</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>

	Chrysotile Cement	Plastic	Others	Total
	----- (Rupees in '000) -----			
Assets and Liabilities				
<u>September 30, 2017</u>				
Segment assets	<u>370,831</u>	<u>719,045</u>	<u>199,665</u>	1,289,541
Unallocated corporate assets				<u>1,934,862</u>
Total assets				<u>3,224,403</u>
Segment liabilities	<u>236,177</u>	<u>271,078</u>	<u>12,333</u>	519,588
Unallocated corporate liabilities				<u>1,414,566</u>
Total liabilities				<u>1,934,154</u>
<u>June 30, 2017</u>				
Segment assets	<u>269,365</u>	<u>756,469</u>	<u>129,049</u>	1,154,883
Unallocated corporate assets				<u>2,030,497</u>
Total assets				<u>3,185,380</u>
Segment liabilities	<u>168,851</u>	<u>298,836</u>	<u>9,940</u>	477,627
Unallocated corporate liabilities				<u>1,427,525</u>
Total liabilities				<u>1,905,152</u>

23.1 Geographical information

Turnover

The Company's turnover represents local and export sales of Rs. 641.749 million and Rs. Nil (September 30, 2016: Rs. 491.272 million and Rs. Nil) respectively.

	<u>Three months ended</u>	
	<u>September 30,</u>	<u>September 30,</u>
	<u>2017</u>	<u>2016</u>
	----- (Un-audited) -----	
Note	----- (Rupees in `000) -----	

Non-Current assets

Pakistan	<u>1,842,274</u>	<u>1,872,020</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 25, 2017 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

Maqbool H.H.Rahimtoola
Director

www.dadex.com