

Financial Statements

FOR THE THREE
(3) MONTHS ENDED
SEPTEMBER 30, 2019

(UNAUDITED)

DADEX

Dadex Eternit Limited

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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 Shahzad M. Husain Maqbool H.H. Rahimtoola	
Human Resource and Remuneration Committee	Syed Shahid Ali Bukhari – Chairman Maqbool H.H. Rahimtoola Abu Talib H.K. Dada 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 Syed Shahrukh Mehdi	- Chief Executive Officer - CEO (International Division) - Chief Operating Officer (Technical & Operations) - Chief Financial Officer - Director Operations - General Manager Finance - General Manager Admin & HR - General Manager Sales
Auditors	BDO Ebrahim & Co., Chartered Accountants	
Bankers	National Bank of Pakistan Bank Islami Pakistan Limited Habib Metropolitan Bank Limited MCB Bank Limited Sindh Bank Limited The Bank of Punjab United Bank Limited (UBL Ameen) Standard Chartered Bank (Pakistan) Limited Faysal Bank Limited Habib Bank Limited Askari Bank Limited Meezan Bank Limited Dubai Islamic Bank Pakistan Limited	
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 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, 2019.

The period under review continued to be challenging, the construction industry in particular and the overall economy in general have suffered due to limited spending by the Government on development funding, very limited construction activities carried out by the investors and private housing sector. Additionally, during the quarter, the reduced number of available working days because of Eid-ul-Adha and Muharram holidays and resistance from the traders to comply with the requirement introduced by FBR for submitting CNIC on the sales made to unregistered person have also added to the difficult business climate.

The Company achieved a gross Sales of Rs. 787.725 million (September 2018: Rs. 750.894 million) during the first quarter. Net Sales achieved during the period was Rs. 665.385 million (September 2018: Rs. 631.959 million) being 5.29% higher than the last year. Cost of sales decreased by 4.04%. Distribution expenses also decreased by 31.57%, there was a slight increase in Administrative costs as compared to last year. Company earned operating profit of Rs. 47.826 million (September 2018: Operating loss of Rs. 3.635 million). Due to recent increase in markup rate, finance charges increased by 51.03%, resulting in a net loss after tax of Rs. 22.650 million (September 2018: net loss after tax of 51.858 million). This has resulted in loss per share of Rs. 2.10 (September 2018: Loss per share of Rs. 4.82).

The business environment in coming days seems to be challenging as a whole. High inflation, devaluation of Pak rupees, increased interest rates, high fuel and energy prices prevailing in the country may imbalance the equation thus posing significant challenges for the management. Under these circumstances, the management team is focusing on further improvements in working capital management, stringent control on all expenses and increasing market share to achieve positive results in coming periods.

The Directors and Management deeply appreciate the continued support and commitment of all our stakeholders in this challenging period.

Karachi: October 28, 2019

On Behalf of the Board of Directors

Qazi Sajid Ali
Chief Executive

Syed Shahid Ali Bukhari
Director

Condensed Interim Statement of Financial Position

AS AT SEPTEMBER 30, 2019 (Un-audited)

	Note	September 30, 2019 (Un-audited)	June 30, 2019 (Audited)
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	5	1,786,263	1,805,036
Capital work in progress	6	7,043	4,226
		<u>1,793,306</u>	<u>1,809,262</u>
Intangible assets		225	204
Investment property		36,168	36,799
Long-term investment	7	-	-
Long-term loans and advances		2,685	3,070
Long-term security deposits		36,812	36,812
Deferred tax asset		75,387	78,386
		<u>1,944,583</u>	<u>1,964,533</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		47,165	45,491
Stock in trade	8	729,894	654,276
Trade debts	9	439,222	348,689
Loans and advances		143,255	80,851
Trade deposits and short term prepayments		44,549	41,371
Other receivables		6,839	5,104
Taxation - net		202,193	205,629
Cash and bank balances		16,662	30,310
		<u>1,629,779</u>	<u>1,411,721</u>
		<u><u>3,574,362</u></u>	<u><u>3,376,254</u></u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
12,000,000 (June 30, 2018: 12,000,000) ordinary shares of Rs. 10 each		120,000	120,000
8,000,000 (June 30, 2018: 8,000,000) 'B' class ordinary shares of Rs. 10 each		80,000	80,000
		<u>200,000</u>	<u>200,000</u>
Issued, subscribed and paid-up capital	10	107,640	107,640
Reserves		(58,585)	(42,131)
Surplus on revaluation of property, plant and equipment		1,035,186	1,041,382
		<u>1,084,241</u>	<u>1,106,891</u>
NON - CURRENT LIABILITIES			
Deferred income		1,219	2,432
Liabilities against assets subject to finance lease		60,998	72,574
		<u>62,217</u>	<u>75,006</u>
CURRENT LIABILITIES			
Trade and other payables	11	1,092,282	734,705
Accrued markup		55,372	40,231
Short-term borrowings	12	1,207,147	1,346,272
Current portion of deferred income		4,860	4,862
Current portion of liabilities against assets subject to finance lease		51,412	51,412
Unclaimed dividend		16,831	16,875
		<u>2,427,904</u>	<u>2,194,357</u>
CONTINGENCIES AND COMMITMENTS			
	13		
TOTAL EQUITY AND LIABILITIES		<u><u>3,574,362</u></u>	<u><u>3,376,254</u></u>

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

Qazi Sajid Ali
Chief Executive

Syed Shahid Ali Bukhari
Director

Muhammad Yousuf
Chief Financial Officer

Condensed Interim Statement of Profit or Loss

FOR THE PERIOD ENDED SEPTEMBER 30, 2019 (Un-audited)

	Note	September 30, 2019	September 30, 2018
..... (Rupees in '000)			
Sales - gross		787,725	750,894
Sales tax		<u>(122,340)</u>	<u>(118,935)</u>
Sales - net	14	665,385	631,959
Cost of sales	15	<u>(573,952)</u>	<u>(551,683)</u>
Gross profit		91,433	80,276
Distribution cost		<u>(36,153)</u>	<u>(52,830)</u>
Administrative expenses		<u>(38,157)</u>	<u>(36,960)</u>
Other expenses		<u>(8,959)</u>	<u>(6,556)</u>
Other income		<u>39,662</u>	<u>12,435</u>
Operating profit / (loss)		47,826	(3,635)
Finance costs		<u>(55,668)</u>	<u>(36,858)</u>
(Loss) before taxation		(7,842)	(40,493)
Taxation			
Current		<u>(11,808)</u>	<u>(9,365)</u>
Deferred		<u>(3,000)</u>	<u>(2,000)</u>
		<u>(14,808)</u>	<u>(11,365)</u>
Net (loss) for the period		(22,650)	(51,858)
Earnings per share - basic and diluted (Rupees)	16	(2.10)	(4.82)

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

Qazi Sajid Ali
Chief Executive

Syed Shahid Ali Bukhari
Director

Muhammad Yousuf
Chief Financial Officer

Condensed Interim Statement of Comprehensive Income

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2019 (Un-audited)

	September 30, 2019	September 30, 2018
 (Rupees in '000)	
(Loss) for the period	(22,650)	(51,858)
Other comprehensive income	-	-
Total comprehensive income / (Loss) for the period	<u>(22,650)</u>	<u>(51,858)</u>

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

Qazi Sajid Ali
Chief Executive

Syed Shahid Ali Bukhari
Director

Muhammad Yousuf
Chief Financial Officer

Condensed Interim Statement of Cash Flows

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2019 (Un-audited)

	Note	September 30, 2019	September 30, 2018
.....(Rupees in '000).....			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	17	190,601	3,589
Finance cost paid		(40,527)	(26,455)
Taxes paid		(8,373)	80,487
Net cash generated from operating activities		141,701	57,621
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(4,939)	(27,653)
Addition to intangible assets		(59)	-
Long term security deposits		385	4,814
Interest received		9	18
Net cash used in investing activities		(4,604)	(22,821)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of liabilities against assets subject to finance lease		(11,576)	(9,589)
Long-term financing - net		-	-
Short term borrowings - net		(135,674)	(47,011)
Dividend paid		(44)	(2)
Net cash used in financing activities		(147,294)	(56,602)
Net increase / (decrease) in cash and cash equivalents		(10,197)	(21,802)
Cash and cash equivalents at the beginning of the period		(667,685)	(647,240)
Cash and cash equivalents at the end of the period		(677,882)	(669,042)
CASH AND CASH EQUIVALENTS			
Cash and bank balances		16,662	28,476
Short-term borrowings		(694,544)	(697,518)
		(677,882)	(669,042)

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

Condensed Interim Statement of Changes in Equity

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2019

	Issued, subscribed and paid-up capital	Reserves				Total	Grand total
		Capital reserve		Revenue reserve			
		General reserve	Revaluation surplus	General	Unappropriated profit / (accumulated losses)		
----- (Rupees in '000) -----							
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	107,640	5,655	1,033,799	160,000	(80,222)	1,119,232	1,226,872
Balance as at July 1, 2019	107,640	5,655	1,041,382	160,000	(207,786)	999,251	1,106,891
Transferred from general reserve to unappropriated profit	-	-	-	(160,000)	160,000	-	-
Total comprehensive income for the three months ended September 30, 2019							
Net (loss) for the period	-	-	-	-	(22,650)	(22,650)	(22,650)
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	-	(22,650)	(22,650)	(22,650)
Transferred from Surplus on revaluation of fixed assets on account of incremental depreciation	-	-	(6,196)	-	6,196	-	-
Balance as at September 30, 2019	107,640	5,655	1,035,186	-	(64,240)	976,601	1,084,241

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

Qazi Sajid Ali
Chief Executive

Syed Shahid Ali Bukhari
Director

Muhammad Yousuf
Chief Financial Officer

Notes to The Condensed Interim Financial Statements

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2019 – Un-audited

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 Limited. 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, Sikander (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, 2019.

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, 2019.

5	PROPERTY, PLANT AND EQUIPMENT		September 30, 2019 (Un-audited)	June 30, 2019 (Audited)
		Note	(Rupees in '000)	
	Operating fixed assets	5.1	1,786,263	1,805,036
	Capital work-in-progress	6	7,043	4,226
			<u>1,793,306</u>	<u>1,809,262</u>
5.1	Operating fixed assets			
	Opening net book value (NBV)		1,805,036	1,755,394
	Revaluation surplus			25,842
	Additions / transfers during the period at cost	5.1.1	2,118	103,773
			<u>1,807,154</u>	<u>1,885,009</u>
	Disposals during the period / year at NBV	5.1.2	-	(85)
	Depreciation charge for the period / year		<u>(20,891)</u>	<u>(79,888)</u>
			<u>(20,891)</u>	<u>(79,973)</u>
	Closing net book value NBV		<u>1,786,263</u>	<u>1,805,036</u>
5.1.1	Detail of additions (at cost) during the period / year are as follows:			
	Owned			
	Plant and machinery		2,021	23,416
	Vehicles and transportation equipment		-	131
	Office and factory equipment		97	697
	Furniture & fixture		-	229
	Leased			
	Plant and machinery		-	79,300
			<u>2,118</u>	<u>103,773</u>
5.1.2	Detail of disposals (at NBV) during the period / year are as follows:			
	Owned			
	Office & factory equipment		-	85
			<u>-</u>	<u>85</u>
6	Capital work in progress			
	Buildings on leasehold land		892	2,885
	Plant and machinery		6,120	1,341
	Office & factory equipment		31	0
			<u>7,043</u>	<u>4,226</u>
6.1	Movement of carrying amount is as follows:			
	Opening balance		4,226	9,229
	Additions (at cost) during the period / year		4,994	98,795
			<u>9,220</u>	<u>108,024</u>
	Transfer to operating fixed assets during the period / year		(2,177)	(103,798)
	Written off		-	-
	Closing balance		<u>7,043</u>	<u>4,226</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>

7.1 The Company has 48.04 percent (June 30 2019: 48.04 percent) shareholding i.e 625,000 (June 30, 2019: 625,000) ordinary shares of Rs.10/- each of Berdex Construction Chemicals (Private) Limited.

8 STOCK-IN-TRADE	September 30, 2019 (Un-audited)	June 30, 2019 (Audited)
	(Rupees in '000)	
Raw material		
in hand	123,299	113,565
in transit	159,470	101,400
	<u>282,769</u>	214,965
Work-in-process	145,465	141,342
Finished goods		
Manufactured	236,746	196,481
Trading	64,914	101,488
	<u>301,660</u>	297,969
	<u>729,894</u>	654,276

8.1 Finished goods are net off provision of Rs. 82.582 million (June 30, 2019: Rs.73.381 million).

9 TRADE DEBTS

Considered good	439,222	348,689
Considered doubtful	156,503	147,949
	<u>595,725</u>	496,638
Provision for doubtful debts	(156,503)	(147,949)
	<u>439,222</u>	348,689

These includes amount due from Siemens Pakistan Engineering Company Limited, a related party amounting to Rs. NIL million (June 30, 2019: Rs. NIL million).

10 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

September 30, 2019	June 30, 2019		September 30, 2019	June 30, 2019
Number of Shares			(Rupees in '000)	
1,714,264	1,714,264	Ordinary shares of Rs.10/-each issued for cash	17,143	17,143
476,386	476,386	Issued for consideration other than cash	4,764	4,764
<u>8,573,309</u>	<u>8,573,309</u>	Issued as fully paid bonus shares	<u>85,733</u>	85,733
<u>10,763,959</u>	<u>10,763,959</u>		<u>107,640</u>	<u>107,640</u>

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, 2019: 6,800,648) ordinary shares representing 63.18 percent (June 30, 2019: 63.18 percent) shareholding as at the balance sheet date.

11 TRADE AND OTHER PAYABLES	September 30, 2019 (Un-audited)	June 30, 2019 (Audited)
	(Rupees in '000)	
Trade creditors	888,854	447,863
Accrued liabilities	11,022	102,762
Advance from customers	81,000	100,832
Advance from tenants	11,746	3,093
Security deposits from distributors and others	13,860	13,860
Workers' Profit Participation Fund payable	883	883
Workers' Welfare Fund	6,369	6,369
Sales tax and excise duty payable	40,285	18,641
Others	1,602	1,613
Infrastructure cess payable	36,661	38,789
	<u>1,092,282</u>	<u>734,705</u>

12 SHORT TERM BORROWINGS

Secured

Karobar finance	12.1	250,000	250,000
Running finance	12.2	694,544	697,995
Finance against trust receipts	12.3	119,963	199,383
Tijarah finance	12.4	100,000	100,000
Murabaha finance	12.4	42,640	98,894
		<u>1,207,147</u>	<u>1,346,272</u>

12.1 This facility has been obtained from Bank Islami Pakistan Limited aggregating to Rs. 250 million (June 30, 2019: 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, 2019: Rs. 333.33 million) located at Karachi and Lahore. The facility carries mark-up rates ranging from 14.25 to 17.08 percent (June 30, 2019: 9.42 to 16.08 percent) per annum.

12.2 These facilities have been obtained from various commercial banks aggregating to Rs. 700 million (June 30, 2019: Rs. 700 million) out of which Rs. 5.456 million (June 30, 2019: Rs. 2.005 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, 2019: 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 15.22 to 16.47 percent (June 30, 2019: 9.17 to 14.49 percent) per annum.

12.3 This represent working capital facilities availed from Bank of Punjab of Rs. 200 million (June 30, 2019: Rs. 200 million) carrying markup of 6 months KIBOR + 1.75% (June 30, 2019: 6 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 +3% (June 30, 2019: KIBOR + 3%). The Company has not utilized the amount of Rs. 57.36 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 Honourable Sindh High Court. The financial exposure of the Company up to September 30, 2019 is Rs. 72.502 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 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 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. 15.517 million (June 30, 2019 : Rs. 15.517 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, 2019 (Un-audited)	June 30, 2019 (Audited)
 (Rupees in '000)	
Outstanding letters of credit	459,025	285,836
Outstanding letter of guarantee	93,053	93,053
Postdated cheques	112,425	276,175
Outstanding contracts	467,855	349,789
Duties payable on goods in transit	110,240	82,651
	<u>1,242,598</u>	<u>1,087,504</u>
14 SALES		
Manufactured goods	745,654	713,505
Trading goods	42,071	37,389
Gross sales	787,725	750,894
Sales tax	(122,340)	(118,935)
	<u>665,385</u>	<u>631,959</u>

	Three months ended	
	September 30, 2019	September, 2018
(Rupees in '000)	
15 COST OF SALES		
Manufactured goods		
Raw materials consumed		
Opening stock	214,965	374,070
Purchase	534,360	406,968
Closing stock	<u>(282,769)</u>	<u>(300,974)</u>
Raw materials consumed	466,556	480,064
Manufacturing overheads		
Stores and spares consumed	12,605	14,189
Salaries, wages and other benefits	29,741	33,086
Procured services	12,137	17,797
Fuel, water and power	41,799	28,905
Insurance	1,158	2,083
Travelling	8	11
Communication	302	317
Depreciation	12,877	11,089
Rent, rates and taxes	1,394	1,220
Repairs and maintenance	6,131	9,598
Printing and stationary	193	207
Other expenses	441	533
	<u>118,786</u>	<u>119,035</u>
	585,342	599,099
Work-in-process		
Opening stock	141,342	114,926
Closing stock	<u>(145,465)</u>	<u>(133,555)</u>
Cost of goods manufactured	581,219	580,470
Finished goods		
Opening stock	196,480	262,520
Closing stock	<u>(236,746)</u>	<u>(317,756)</u>
	540,953	525,234
Trading goods		
Opening stock	101,487	64,021
Purchase	(3,574)	14,026
Closing stock	<u>(64,914)</u>	<u>(51,598)</u>
	<u>32,999</u>	<u>26,449</u>
	573,952	551,683

16 EARNING PER SHARE - BASIC AND DILUTED

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

Net profit / (Loss) for the period (in thousands)	<u>(22,650)</u>	<u>(51,858)</u>
Weighted average number of ordinary shares (in thousands)	<u>10,764</u>	<u>10,764</u>
Earnings per share - basic and diluted	<u>(2.10)</u>	<u>(4.82)</u>

	Note	Three months ended	
		September 30, 2019	September 30, 2018
.....(Rupees in '000).....			
17 CASH GENERATED FROM OPERATIONS			
Loss before taxation		(7,842)	(40,493)
Adjustment for non-cash and other items			
Depreciation			
Property, plant and equipment		20,891	19,115
Investment property		631	632
Amortization		42	38
Gain on disposal of property, plant and equipment		-	-
Interest income		(9)	(18)
Finance costs		55,668	36,858
Amortization of deferred income		(1,215)	(1,215)
Provision against doubtful debts		-	-
Working capital changes	17.1	122,435	(11,328)
		<u>190,601</u>	<u>3,589</u>
17.1 Working capital changes			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(1,674)	(5,612)
Stock in trade		(75,618)	11,654
Trade debts		(90,533)	(33,257)
Loans and advances		(62,404)	(31,312)
Trade deposits and short-term prepayment		(3,178)	3,232
Other receivable		(1,735)	(3,084)
		<u>(235,142)</u>	<u>(58,379)</u>
Increase / (decrease) in current liabilities			
Trade and other payable		357,577	47,051
		<u>122,435</u>	<u>(11,328)</u>

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:

Relation with the company	Nature of transaction	Three months ended	
		September 30, 2019	September 30, 2018
.....(Rupees in '000).....			
Sikander (Private) Limited (Holding Company)	Rent paid	1,024	931
Berger Paints Pakistan Limited (Associated Company)	Purchase of goods	-	300
Provident fund	Contribution to staff retirement benefit plans	2,426	2,519
Key management personnel	Remuneration and other benefits	10,137	10,255
18.2 Period / year end balances			
Receivable from associated companies / undertakings		104	104
Payable to related parties		(1,024)	-

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

	Chrysotile Cement	Plastic	Others	Total
(Rupees in '000).....			
Three months ended September 30, 2019 (Unaudited)				
Turnover	<u>170,654</u>	<u>494,731</u>	<u>-</u>	<u>665,385</u>
Segment result	<u>8,667</u>	<u>8,456</u>	<u>-</u>	<u>17,123</u>
Unallocated expenses				
Other operating expenses				(8,959)
Other income				39,662
Finance costs				(55,668)
Taxation				(14,808)
Net Loss for the period				<u>(22,650)</u>
Three months ended September 30, 2018 (Unaudited)				
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				
Other operating expenses				(6,556)
Other income				12,435
Finance costs				(36,858)
Taxation				(11,365)
Net Loss for the period				<u>(51,858)</u>

19.2 Segment assets and liabilities

September 30, 2019 (Un-audited)

Segment assets	<u>536,724</u>	<u>760,245</u>	<u>126,659</u>	<u>1,423,628</u>
Unallocated corporate assets				<u>2,150,734</u>
Total assets				<u>3,574,362</u>
Segment liabilities	<u>654,758</u>	<u>354,052</u>	<u>12,744</u>	<u>1,021,554</u>
Unallocated corporate liabilities				<u>1,468,567</u>
Total liabilities				<u>2,490,121</u>

June 30, 2019 (Audited)

Segment assets	<u>414,562</u>	<u>687,001</u>	<u>103,867</u>	1,205,430
Unallocated corporate assets				<u>2,170,824</u>
				<u>3,376,254</u>
Segment liabilities	<u>266,220</u>	<u>382,804</u>	<u>12,744</u>	661,768
Unallocated corporate liabilities				<u>1,607,595</u>
Total liabilities				<u>2,269,363</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, 2019.

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 28, 2019 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 period.

24 GENERAL

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

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