

**Quarterly Report**  
Dadex Eternit Limited

**Interim Financial Report (Unaudited)**  
**For the First Quarter Ended**  
**30 September, 2008**

## Company Information

Board of Directors	ABU TALIB H.K. DADA - Chairman MAQBOOL H.H. RAHIMTOOLA QAZI SAJID ALI SHAHZAD M. HUSAIN SAMAD DADA DANISH DADA JAHANGIR SIDDIQUI RASHEED Y. CHINOY MOHAMMAD SULEMAN KANJIANI MOHSIN ASHFAQUE (Alternate: KAMAL AFSAR)
Chief Executive Officer	SIKANDER DADA
Chief Financial Officer & Company Secretary	MUHAMMAD HANIF IDREES
Board Audit Committee	MOHAMMAD SULEMAN KANJIANI - Chairman QAZI SAJID ALI DANISH DADA
Management Team	SIKANDER DADA - CEO MUHAMMAD HANIF IDREES - Director Finance & Company Secretary RIZWAN AMJED - Director Operations SUHAIL NADEEM - General Manager (Marketing & Sales) TANVEER SALEEM - General Manager (Technical Services) DANISH DADA - General Manager (Business Development)
Auditors	FORD RHODES SIDAT HYDER & CO. Chartered Accountants
Bankers	CITIBANK N.A. HABIB BANK LIMITED HABIB METROPOLITAN BANK LIMITED HSBC BANK MIDDLE EAST LIMITED JS BANK LIMITED KASB BANK LIMITED MCB BANK LIMITED NATIONAL BANK OF PAKISTAN NIB BANK LIMITED OMAN INTERNATIONAL BANK S.A.O.G. STANDARD CHARTERED BANK (PAKISTAN) LIMITED UNITED BANK LIMITED
Registered Office	DADEX HOUSE, 34-A/1, BLOCK 6, P.E.C.H.S., SHAHRAH-E-FAISAL, KARACHI- 75400
Web site	<a href="http://www.dadex.com">www.dadex.com</a>

**DADEX ETERNIT LIMITED**  
**BALANCE SHEET**  
**AS AT SEPTEMBER 30, 2008**

	Notes	1st Quarter Ended September 30, 2008 (Unaudited)	Year Ended June 30, 2008 (Audited)
		------(Rupees '000)-----	
<b>ASSETS</b>			
<b>NON- CURRENT ASSETS</b>			
Property, Plant and Equipment	4	447,465	460,718
Intangible Asset	5	12,313	13,587
		<b>459,778</b>	<b>474,305</b>
Long-term investments	6	876	876
Long-term loans and advances		4,096	4,307
Long-term deposits		4,150	4,150
<b>TOTAL NON-CURRENT ASSETS</b>		<b>468,900</b>	<b>483,638</b>
<b>CURRENT ASSETS</b>			
Stores and Spare parts		71,028	77,044
Stocks-in-trade		896,846	776,309
Trade debts		185,286	125,929
Loans and advances		36,846	41,875
Trade deposits and short-term prepayments		18,341	20,950
Interest Accrued		222	222
Other receivables		2,756	15,563
Short Term Investments		271	100,247
Sales Tax & Excise Duty - Net		28,149	4,582
Taxation Refundable		16,233	15,302
Cash and bank balances		1,630	46,615
<b>TOTAL CURRENT ASSETS</b>		<b>1,257,608</b>	<b>1,224,638</b>
<b>TOTAL ASSETS</b>		<b>1,726,508</b>	<b>1,708,276</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital			
20,000,000 (June 2008: 20,000,000) ordinary shares of Rs. 10/- each		<b>200,000</b>	<b>200,000</b>
Issued, Subscribed and Paid-up Capital		107,640	107,640
Reserves		435,436	424,781
<b>SHARE HOLDER'S EQUITY</b>		<b>543,076</b>	<b>532,421</b>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Financing		120,000	120,000
Deferred Taxation		26,658	26,658
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>146,658</b>	<b>146,658</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		476,984	646,703
Accrued Mark-up		20,496	10,937
Short-term borrowings - Secured		509,294	341,557
Current portion of Long Term Financing - Local Currency		30,000	30,000
<b>TOTAL CURRENT LIABILITIES &amp; PROVISIONS</b>		<b>1,036,774</b>	<b>1,029,197</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	7	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,726,508</b>	<b>1,708,276</b>

The annexed notes 1 to 10 form an integral part of these financial statements

**Muhammad Hanif Idrees**  
Chief Financial Officer

**Sikander Dada**  
Chief Executive Officer

Director

**DADEX ETERNIT LTD**  
**PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2008**

	1st Quarter Ended September 30, 2008	1st Quarter Ended September 30, 2007
	------(Rupees '000)-----	
Turnover - Net	564,157	464,938
Cost of Sales	<u>(422,004)</u>	<u>(357,330)</u>
<b>Gross Profit</b>	<b>142,153</b>	<b>107,608</b>
Distribution Cost	(67,444)	(49,849)
Administration Expenses	(24,616)	(24,255)
Other operating Expenses	(2,240)	(3,823)
Other operating Income	<u>21,558</u>	<u>4,546</u>
<b>Operating Profit</b>	<b>69,411</b>	<b>34,227</b>
Financial charges	(48,591)	(12,477)
Share of Profit / (Loss) from Associate	<u>-</u>	<u>(208)</u>
<b>Profit before Taxation</b>	<b>20,820</b>	<b>21,542</b>
Taxation	<u>(10,165)</u>	<u>(11,000)</u>
<b>Profit after Taxation</b>	<b><u>10,655</u></b>	<b><u>10,542</u></b>
	----- Rupees -----	
<b>Earning per share - Basic &amp; diluted</b>	<b><u>0.99</u></b>	<b><u>0.98</u></b>

The annexed notes 1 to 10 form an integral part of these financial statements

**Muhammad Hanif Idrees**  
Chief Financial Officer

**Sikander Dada**  
Chief Executive Officer

Director

**DADEX ETERNIT LIMITED**  
**CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2008**

	Note	1st Quarter Ended September 30, 2008	1st Quarter Ended September 30, 2007
------(Rupees '000)-----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash (used) generated in operations	9	(190,793)	70,987
Taxes paid		(11,096)	1,915
Long - term loans and advances - net		211	79
<b>Net cash (used) / generated from operating activities</b>		<b>(201,678)</b>	<b>72,981</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(4,110)	(27,785)
Proceeds from disposal of property, plant & equipment		1,973	-
Investments encashed		110	340
Interest received		224	-
<b>Net cash used from investing activities</b>		<b>(1,803)</b>	<b>(27,445)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short-term borrowings obtained / (repaid)		167,737	(2,565)
Borrowing against assets subject to finance lease paid		-	(38,940)
Interest / markup paid		(9,239)	(10,183)
Dividends paid		(2)	-
<b>Net cash inflow / (outflow) from financing activities</b>		<b>158,496</b>	<b>(51,688)</b>
Net decrease in cash and cash equivalents		(44,985)	(6,152)
<b>Cash and cash equivalents at the beginning of the period</b>		<b>46,615</b>	<b>9,939</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>1,630</b>	<b>3,787</b>

The annexed notes 1 to 10 form an integral part of these financial statements.

**Muhammad Hanif Idrees**  
Chief Financial Officer

**Sikander Dada**  
Chief Executive Officer

Director

**DADEX ETERNIT LIMITED**  
**STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2008**

	Reserves						Total
	Issued subscribed and paid up capital	Capital Reserve- Share Premium	Revenue Reserves		Sub Total	Total	
Revenue Reserve General			Un- appropriate d Profit	Total			Total
(Rupees '000)							
<b>Balance as at July 01, 2007</b>	107,640	5,655	334,583	44,405	378,988	384,643	492,283
Final dividend for the year ended June 30, 2007 @ Rs .3 per share.	-	-	-	(32,292)	(32,292)	(32,292)	(32,292)
Transfer to general reserve for the year ended June 30, 2007.	-	-	10,417	(10,417)	-	-	-
Profit after taxation for the year ended June 30, 2007	-	-	-	72,430	72,430	72,430	72,430
<b>Balance as at June 30, 2008</b>	<u>107,640</u>	<u>5,655</u>	<u>345,000</u>	<u>74,126</u>	<u>419,126</u>	<u>424,781</u>	<u>532,421</u>
<b>Balance as at July 01, 2008</b>	107,640	5,655	345,000	74,126	419,126	424,781	532,421
Profit after taxation for the 1st quarter ended Septemeber 30, 2008	-	-	-	10,655	10,655	10,655	10,655
<b>Balance as at September 30, 2008</b>	<u>107,640</u>	<u>5,655</u>	<u>345,000</u>	<u>84,781</u>	<u>429,781</u>	<u>435,436</u>	<u>543,076</u>

The annexed notes 1 to 10 form an integral part of these financial statements.

**Muhammad Hanif Idrees**  
Chief Financial Officer

**Sikander Dada**  
Chief Executive Officer

Director

**DADEX ETERNIT LIMITED**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2008**

**1 NATURE AND STATUS OF BUSINESS**

Dadex Eternit Limited (the Company) is a limited liability company incorporated in Pakistan on April 13, 1959 as a public limited company under the Companies Ordinance, 1984 and is quoted on Karachi Stock Exchange. 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 principal business of the Company is to manufacture and sale of construction material, which mainly includes piping system and other allied products manufactured from chrysotile cement, rubber and plastics, merchandising of imported fittings, accessories and other building products. The Company is

**2 BASIS OF PRESENTATION**

These financial statements are unaudited 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.

Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the SECP differ with the requirements of IAS 34, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- 3.1 The accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2008.

Note	September 30, 2008	June 30, 2008
------(Rupees '000)-----		
<b>4 FIXED ASSETS - PROPERTY, PLANT AND EQUIPMENT</b>		
<b>4.1 Additions during the period</b>		
Land	-	3,398
Buildings	894	28,290
Plant & machinery	675	72,181
Furniture & fixture	150	959
Vehicles & transportation Equipment	993	18,646
Office and factory equipment	185	5,612
	<u>2,897</u>	<u>129,086</u>
<b>4.2 Disposals during the period (NBV)</b>		
Land	-	8,888
Buildings	-	368
Motor Vehicles	1,185	4,534
Office & factory equipment	-	15
	<u>1,185</u>	<u>13,805</u>
<b>4.3 Depreciation charged during the period</b>		
Owned Assets	16,179	63,564
Assets subject to Finance Lease	-	8,616
	<u>16,179</u>	<u>72,180</u>
<b>4.4 Capital Work in Process</b>		
Factory Building on Freehold and Leasehold Land	394	
Plant and machinery	7,875	7,187
Office & factory equipment	130	-
	<u>8,399</u>	<u>7,187</u>
<b>5 INTANGIBLE ASSETS</b>		
<b>5.1 Additions during the period</b>		
Compute Software	-	3,300
	<u>-</u>	<u>3,300</u>
<b>5.2 Amortization of intangible assets during the period</b>		
Compute Software	1,274	1,698
	<u>1,274</u>	<u>1,698</u>

**DADEX ETERNIT LIMITED**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2008**

Note	September 30, 2008	June 30, 2008
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------(Rupees '000)-----

**6 LONG TERM INVESTMENTS**

-In an associate		
625,000 ordinary shares of Rs. 10/- each	5,000	5,000
Share of (loss)/profit	(4,124)	(4,124)
	876	876
-Others - held to maturity		
Defence saving certificates	50	50
Accrued Interest	221	197
	271	247
Less: Maturity within next twelve months shown in current assets	271	247
	-	-
	876	876

**7 CONTINGENCIES AND COMMITMENTS**

Letter of Guarantee	96,827	91,307
Letter of Credit	74,560	78,460
Imports Contract	2,928	48,869
Capital Expenditure / Local purchase contracts	65,176	40,871
	239,491	259,507

**8 TRANSACTIONS WITH RELATED PARTIES**

**Associated companies**

Purchase of goods and services from Berger Paints Pakista	176	1,168
Rent paid to Sikander (Pvt) Ltd	240	150
Expenditures on services Trakker (Pvt) Llimited.	-	28
Sales of goods Crescent Textile Mills Limited		313
Professional Charges Muznash (Pvt) Ltd.	1,596	5,319
Car Rent payable/paid Optimus Limited.	-	96
Employer Contribution Dadex Eternit	1,937	7,825
General Insurance EFU General	2,815	-
Salaries & other short term employees benefits	983	3,738

The company continues to have a policy whereby all transactions with related parties are entered into at arm's length prices determined using the comparable uncontrolled price method.

Note	September 2008	September 2007
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------(Rupees '000)-----

**9 CASH GENERATED FROM OPERATIONS**

Profit before taxation	20,820	21,542
Adjustments for non cash charges and other items:		
Depreciation	17,069	16,079
Profit on disposal of fixed assets - net	(394)	-
Interest income	(335)	-
Profit from investment in associated company	-	208
Interest / markup expense	18,788	11,838
Working capital changes	(246,741)	21,320
	(211,613)	49,445

**Cash (used in) / generated from operating activities**

(190,793)

70,987

**9.1 Working capital changes**

(Increase) / decrease in current assets		
Stores and spares	6,016	6,172
Stock in trade	(120,537)	101,117
Trade debts	(59,357)	(37,595)
Loans and advances	5,029	(1,421)
Trade deposits and short term prepayments	2,609	(559)
Short Term Investment	99,976	-
Sales tax and excise duty refundable	(23,567)	-
Other receivable (net)	12,807	(8,358)
	(77,024)	59,356

**Decrease in current liabilities**

(169,717)

(38,036)

(246,741)

21,320

**DADEX ETERNIT LIMITED**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2008**

**10 GENERAL**

10.1 These financial statements were authorized for issue by the Board of Directors of the company on October 27, 2008.

10.2 Amounts have been rounded off to the nearest thousand rupees unless otherwise stated.

10.3 Corresponding figures have been restated, wherever necessary for the purpose of comparison.

**Muhammad Hanif Idrees**  
Chief Financial Officer

**Sikander Dada**  
Chief Executive Officer

Director