

**SUSTAINED GROWTH (1959 - 2009)**

**Interim Condensed Financial Report (Unaudited)  
For the Third Quarter Ended  
March 31, 2009**



**DADEX**

## 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 - Director (Marketing & Sales) TANVEER SALEEM - Director (Technical Services & Quality Assurance) DANISH DADA - General Manager (Business Development)
Auditors	FORD RHODES SIDAT HYDER & CO. Chartered Accountants
Bankers	HABIB BANK LIMITED HABIB METROPOLITAN BANK LIMITED HSBC BANK MIDDLE EAST LIMITED KASB BANK LIMITED MCB BANK LIMITED NATIONAL BANK OF PAKISTAN 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 TEL: (92-21) 111 000 789 FAX: (92-21) 4315716, 4315725 EMAIL: INFO@DADEX.COM
Share Registrars	GANGJEES REGISTRAR SERVICES (PVT) LTD 516, CLIFTON CENTRE, KHAYABAN-E-ROOMI, KEHKASHAN, BLOCK-5, CLIFTON, KARACHI-75600 TEL: (92-21) 5836920, 5375714, 5377045 FAX: (92-21) 5837956, 5810289 EMAIL: GANGJEES@SUPER.NET.PK
Web site	<a href="http://www.dadex.com">www.dadex.com</a>



## **DIRECTORS' REVIEW**

The nine months under review witnessed fiscal pressures, liquidity problems, devaluation of rupee, uncertainty on political front besides global recessionary pressures are showing their impact. All these led to a major slow down in the economy exposing the Company to a challenging economic situation.

In spite of all the economic odds, during the nine months ended 31 March, 2009, the company's turnover registered a growth of 16% as compared to the corresponding period of last year. Due to concerted ongoing efforts, export turnover more than doubled over corresponding period of last year. The gross margin also showed improvement. However, financial charges including exchange losses negated the positive impact of improved operational results. The earning per share was Rs.1.65 (31 March, 2008:Rs. 3.12).

Among various measures which the Management Team has initiated is tighter working capital management and cost controls. These have already started showing positive results.

The economic growth is expected to remain slow posing a challenge to the Company. Therefore, we will continue our focus on exploring export markets, which is also a challenging task in view of current global recession, besides controlling working capital and expenses.

On behalf of the Board

Karachi: 27 April, 2009

**Sikander Dada**  
Chief Executive Officer

**Qazi Sajid Ali**  
Director



**DADEX ETERNIT LIMITED**  
**INTERIM CONDENSED BALANCE SHEET**  
**AS AT MARCH 31, 2009**

	Notes	Period Ended March 31, 2009 (Unaudited)	Year Ended June 30, 2008 (Audited)
------(Rupees '000)-----			
<b>ASSETS</b>			
<b>NON- CURRENT ASSETS</b>			
Property, plant and equipment		428,983	460,718
Intangible asset		9,766	13,587
	4	<b>438,749</b>	<b>474,305</b>
Long-term investments	5	1,071	876
Long-term loans and advances		4,041	4,307
Long-term deposits		4,150	4,150
<b>TOTAL NON-CURRENT ASSETS</b>		<b>448,011</b>	<b>483,638</b>
<b>CURRENT ASSETS</b>			
Stores and spare parts		62,180	77,044
Stocks-in-trade		963,196	776,309
Trade debts		115,117	125,929
Loans and advances		59,947	41,875
Trade deposits and short-term prepayments		11,837	20,950
Other receivables		10,337	15,563
Interest accrued		5	222
Short term investments		-	100,247
Sales tax & excise duty - net		-	4,582
Taxation refundable		24,274	15,302
Cash and bank balances		2,568	46,615
<b>TOTAL CURRENT ASSETS</b>		<b>1,249,461</b>	<b>1,224,638</b>
<b>TOTAL ASSETS</b>		<b>1,697,472</b>	<b>1,708,276</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorised capital</b>			
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		396,669	424,781
<b>TOTAL SHARE HOLDER'S EQUITY</b>		<b>504,309</b>	<b>532,421</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term financing		90,000	120,000
Deferred taxation		20,325	26,658
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>110,325</b>	<b>146,658</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		435,952	646,703
Accrued mark-up		36,690	10,937
Short-term borrowings - secured		545,007	341,557
Current portion of long term financing - local currency		60,000	30,000
Sales tax & excise duty - net		5,189	-
<b>TOTAL CURRENT LIABILITIES &amp; PROVISIONS</b>		<b>1,082,838</b>	<b>1,029,197</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	6	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,697,472</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

QAZI SAJID ALI  
Director



**DADEX ETERNIT LIMITED**  
**INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2009**

	Notes	Nine months ended		Quarter ended	
		March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008
------(Rupees '000)-----					
Turnover - net		1,559,222	1,343,490	559,367	493,496
Cost of sales		(1,188,739)	(1,043,352)	(424,852)	(377,416)
<b>Gross profit</b>		<b>370,483</b>	<b>300,138</b>	<b>134,515</b>	<b>116,080</b>
Distribution cost		(181,131)	(156,457)	(61,170)	(63,753)
Administration expenses		(72,290)	(63,368)	(23,105)	(20,491)
Other operating expenses		(4,493)	(14,698)	(1,642)	(10,643)
Other operating income		27,395	26,040	9,198	9,416
<b>Operating profit</b>		<b>139,964</b>	<b>91,655</b>	<b>57,796</b>	<b>30,609</b>
Financial charges		(113,068)	(41,130)	(36,698)	(16,285)
Share of profit/(loss) from associate		195	(834)	-	-
<b>Profit before taxation</b>		<b>27,091</b>	<b>49,691</b>	<b>21,098</b>	<b>14,324</b>
Taxation	7	(9,312)	(16,063)	(12,398)	(2,001)
<b>Profit after taxation</b>		<b>17,779</b>	<b>33,628</b>	<b>8,700</b>	<b>12,323</b>
----- Rupees -----					
<b>Earning per share</b>		<b>1.65</b>	<b>3.12</b>	<b>0.81</b>	<b>1.14</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

QAZI SAJID ALI  
Director



**DADEX ETERNIT LIMITED**  
**INTERIM CONDENSED CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2009**

	Notes	Period Ended March 31, 2009 (Unaudited)	Period Ended March 31, 2008 (Unaudited)
------(Rupees '000)-----			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash (used) / generated in operations	9	(212,343)	149,821
Taxes paid		(24,618)	(5,099)
Long - term loans and advances - net		266	(76)
Long-term deposits - net		-	151
<b>Net cash (outflow) / inflow from operating activities</b>		<b>(236,695)</b>	<b>144,797</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(21,189)	(93,608)
Proceeds from disposal of fixed assets		5,315	6,862
Proceeds from investments		-	262
Interest received		398	-
<b>Net cash outflow from investing activities</b>		<b>(15,476)</b>	<b>(86,484)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Short-term borrowings obtained		203,450	12,802
Borrowing against assets subject to finance lease paid		-	(9,568)
Interest / markup paid		(52,798)	(37,823)
Dividends paid		(42,528)	(31,879)
<b>Net cash inflow / (outflow) from financing activities</b>		<b>108,124</b>	<b>(66,468)</b>
Net (decrease) in cash and cash equivalents		(144,047)	(8,155)
Cash and cash equivalents at the beginning of the year		146,615	9,939
Cash and cash equivalents at the end of the year		<b>2,568</b>	<b>1,784</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

**QAZI SAJID ALI**  
Director



**DADEX ETERNIT LIMITED**  
**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2009**

	Reserves							Total
	Issued subscribed and paid up capital	Capital Reserve- Share Premium	Revenue Reserves			Sub Total	Total	
Revenue Reserve General			Un- appropriat ed Profit	Other	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
Transfer to General Reserves for the year ended Jun 30, 2007	-	-	10,417	(10,417)	-			
Final dividend for the year ended June 30, 2007 @ Rs. 3.00 per share	-	-		(32,292)	-	(32,292)	(32,292)	(32,292)
Profit after taxation for the 9 months ended March 31, 2008	-	-	-	33,628	-	33,628	33,628	33,628
<b>Balance as at March 31, 2008</b>	<u>107,640</u>	<u>5,655</u>	<u>345,000</u>	<u>35,324</u>	<u>-</u>	<u>380,324</u>	<u>385,979</u>	<u>493,619</u>
<b>Balance as at July 01, 2008</b>	107,640	5,655	345,000	74,126	-	419,126	424,781	532,421
Final dividend for the year ended June 30, 2008 @ Rs. 4.00 per share.	-	-	-	(43,056)	-	(43,056)	(43,056)	(43,056)
Transfer to general reserve for the year ended June 30, 2008	-	-	-	25,000	-	(25,000)	-	-
Profit after taxation for the nine month ended March 31, 2009	-	-	-	17,779	-	17,779	17,779	17,779
Derivative financial liability	-	-	-		(3,632)	(3,632)	(3,632)	(3,632)
Related deferred tax					1,271	1,271	1,271	1,271
Derivative financial liability - net of tax					(2,361)	(2,361)	(2,361)	(2,361)
Net loss on cash flow hedge	-	-	-	-	(474)	(474)	(474)	(474)
<b>Balance as at Mar 31, 2009</b>	<u>107,640</u>	<u>5,655</u>	<u>345,000</u>	<u>73,849</u>	<u>(2,835)</u>	<u>366,014</u>	<u>396,669</u>	<u>504,309</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

QAZI SAJID ALI  
Director



**DADEX ETERNIT LIMITED**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2009**

**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 sell construction material which mainly includes piping system and other allied products manufactured from chrysotile cement, rubber and plastics, and merchandising of imported fittings, accessories and other building products. The Company is also engaged in providing irrigation solution for agriculture and landscape.

**2 BASIS OF PRESENTATION**

These financial statements are unaudited 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, 2008.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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.

	------(Rupees in '000)-----	
	Period Ended	Year Ended
	31 March, 2009	30 June, 2008
<b>4 FIXED ASSETS - PROPERTY, PLANT AND EQUIPMENT</b>		
<b>4.1 Additions during the period</b>		
Freehold land	3,358	98
Leasehold land	-	3,300
Buildings	2,244	132,768
Plant & machinery	2,814	99,778
Furniture & fixture	383	959
Vehicles & transportation equipment	8,298	19,346
Office and factory equipment	1,429	5,612
	<b>18,526</b>	<b>261,861</b>
<b>4.2 Disposals during the period</b>		
Freehold land	-	9,248
Buildings	-	778
Vehicle and transportation equipment	7,111	16,840
Office & factory equipment	148	-
	<b>7,259</b>	<b>26,866</b>
<b>4.3 Depreciation / Amortization charged during the period</b>		
Cost of sales	37,651	55,644
Distribution costs	3,549	4,376
Administrative expenses	10,469	12,329
Net rental income	1,147	1,529
	<b>52,816</b>	<b>73,878</b>
<b>4.4 Capital work-in-process</b>		
Plant and machinery	16,133	13,979
Less: Impairment loss on plant and machinery	6,792	6,792
	9,341	7,187
Advance against purchase of fixed assets	479	-
Civil works	30	-
	<b>9,850</b>	<b>7,187</b>





------(Rupees in '000)-----  
**Period Ended** **Year Ended**  
**31 March,** **30 June,**  
**2009** **2008**

## 5 LONG TERM INVESTMENTS

-In an associate		
625,000 ordinary shares of Rs. 10/- each	5,000	5,000
Share of (loss)/profit	<u>(3,929)</u>	<u>(4,124)</u>
	1,071	876
<b>Current Portion</b>		
-Others - held to maturity		
Defence saving certificates	<u>-</u>	<u>50</u>
Accrued interest	<u>-</u>	<u>197</u>
	-	247
	<u><b>1,071</b></u>	<u><b>1,123</b></u>

### 5.1 Investment in an associate.

The Company hold 48.04% shareholding in Berdex Construction Chemicals (Pvt) Ltd. Berdex is engaged in marketing and distribution of construction chemicals in Pakistan. Share of loss for the period represents the figure available as per the latest unaudited financial

## 6 CONTINGENCIES AND COMMITMENTS

### 6.1 CONTINGENCIES

- 6.1.1 A suit has been filed by some directors of the Company in the Honorable High Court of Sindh, wherein the Company including some directors / employees have been defendants and have prayed for certain relief. In the opinion of legal advisor of the Company, the above suit would have no financial exposure to the Company.
- 6.1.2 One of the contractors of the Company has claimed Rs. 3.2 million from the Company in respect of work performed seven years back. No financial liability is likely to occur from the claim.

### 6.2 COMMITMENTS

Letter of guarantee	109,058	91,307
Letter of credit	28,835	78,460
Imports contract	32,433	48,869
Capital expenditure / Local purchase contracts	<u>10,451</u>	<u>40,871</u>
	<u><b>180,777</b></u>	<u><b>259,507</b></u>

## 7 TAXATION

Current	6,553	15,000
Prior	7,821	1,063
Deferred	<u>(5,062)</u>	<u>-</u>
	<u><b>9,312</b></u>	<u><b>16,063</b></u>

## 8 RELATED PARTIES DISCLOSURES

The related parties comprise associated companies, group companies, staff benefit funds, directors and key management personnel. The transactions and balances with related parties are as follows:

Relationship	Name of related party	Nature of transaction	Period Ended	Period Ended
			31 March, 2009	31 March, 2008
Associate	Berger Paints Pakistan Limited	Purchase of goods	810	649
Associate	Berger Paints Pakistan Limited	Sales of goods	-	92
Associate	Sikandar Private Limited	Rent paid	240	150
Associate	Dadex Eternit Limited - Provident Fund	Employer Contribution	7,260	5,919
Associate	EFU General Insurance Limited	General Insurance	8,083	-
Associate	Trakker (Private) Limited	Expenditures on services	-	5
Associate	Crescent Textile Mills Limited	Sale of goods	-	313
Associate	Key Management Compensation	Salaries & other short term employees benefits	3,900	1,800
Associate	Key Management Compensation	Post employment benefits	370	160
Associate	Muznash (Private) Limited	Business consultancy	-	3,723
Associate	Optimus Limited	Car rent	-	34

(Rupees in '000)		
	Period Ended 31 March, 2009	Year Ended 31 March, 2008
<b>9 CASH (USED) / GENERATED FROM OPERATIONS</b>		
Profit before taxation	27,091	49,691
Adjustments for non cash charges and other items:		
Depreciation	48,994	49,937
Amortization	3,821	
Profit on disposal of fixed assets - net	(1,385)	(3,689)
Interest income	(181)	-
Share of gain from associates	(195)	834
Interest / markup expense	78,551	41,082
Working capital changes	(369,039)	11,966
	<b>(239,434)</b>	<b>100,130</b>
<b>Cash (used) / generated from operations</b>	<b>(212,343)</b>	<b>149,821</b>
<b>9.1 Working capital changes</b>		
<b>(Increase) / decrease in current assets</b>		
Stores and spares	14,864	(5,065)
Stock in trade	(186,887)	118,746
Trade debts	10,812	(31,437)
Loans and advances	(18,072)	(16,655)
Trade deposits and short term prepayments	9,113	3,482
Sales tax and excise duty refundable	-	3,927
Short term investment	247	-
Other receivable (net)	5,226	1,284
	<b>(164,697)</b>	<b>74,282</b>
<b>Increase / (Decrease) in current liabilities</b>		
Creditors, accrued and other liabilities (net)	(214,114)	(62,316)
Sales tax and excise duty payable	9,772	-
	<b>(204,342)</b>	<b>(62,316)</b>
	<b>(369,039)</b>	<b>11,966</b>

## 10 GENERAL

- 10.1 These interim condensed financial statements were authorized for issue by the Board of Directors of the Company on 27 April, 2009.
- 10.2 Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.
- 10.3 Corresponding figures, wherever necessary, have been rearranged. However, these were no material classification to report.

**MUHAMMAD HANIF IDREES**  
Chief Financial Officer

**SIKANDER DADA**  
Chief Executive

**QAZI SAJID ALI**  
Director