

**Interim Condensed Financial Report (Unaudited)  
For the Half Year Ended  
December 31, 2009**



## Company Information

Board of Directors	ABU TALIB H.K. DADA - Chairman MAQBOOL H.H. RAHIMTOOLA QAZI SAJID ALI ZULFIQAR ALI LAKHANI SHAHZAD M. HUSAIN SAMAD DADA RASHEED Y. CHINOY JAHANGIR SIDDIQUI MOHAMMAD SULEMAN KANJIANI MOHSIN ASHFAQUE (Alternate: KAMAL AFSAR)
Chief Executive Officer	SIKANDER DADA
Acting Chief Financial Officer	MUHAMMAD YOUSUF
Company Secretary	AMBER SAEED
Board Audit Committee	QAZI SAJID ALI - Chairman MOHAMMAD SULEMAN KANJIANI SAMAD DADA
Management Team	SIKANDER DADA - CEO RIZWAN AMJED - Director (Operations) SUHAIL NADEEM - Director (Marketing & Sales) TANVEER SALEEM - Director (Technical Services & Quality Assurance) MUHAMMAD YOUSUF (Acting Chief Financial Officer) AMBER SAEED - Company Secretary
Auditors	ERNST & YOUNG FORD RHODES SIDAT HYDER 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
Legal Advisors	BEG & HUSSAIN ADVOCATES & SOLICITORS
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**

This review for the half year ended December 31, 2009 is also delayed, as explained in the review for the first quarter ended September 30, 2009, due to reasons beyond our control, which have been explained under Notes No. 11.1 & 16.1 to the Financial Statements for the said period.

Your Company has also not been immune from the difficult economic scenario in the half year under review, the continued slow down in the construction sector due to uncertainties and major cuts in public infrastructure development projects have resulted in a lower turnover by 9.4% as compared to the corresponding period of last year. Reduced turnover together with the continued inflationary pressures, mainly due to rising raw material costs, increased fuel prices, higher power tariffs and transportation costs for product distribution have resulted in a negative earning per share of Rs. (0.55) (December 31, 2008: Rs. 0.84).

Challenges on the economic front are likely to remain in the foreseeable future. Therefore, your management will continue to focus on cost minimization, operational efficiencies and expanding the customer base and to achieve sustainable profits in the coming periods.

Your Directors and Management deeply appreciate the continued support and commitments of all our stakeholders and are also thankful for the continued hard and sincere work of all cadres of employees of the Company.

On behalf of the Board

Karachi: June 29, 2010

**Sikander Dada**  
Chief Executive Officer

**Qazi Sajid Ali**  
Director

# AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

## Introduction

We have reviewed the accompanying condensed interim balance sheet of **Dadex Eternit Limited** (the Company) as at **31 December 2009** and the related condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six-month period then ended (here-in-after referred to as "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Without qualifying our review report, we draw attention to:

- i) note 16.1 to the condensed interim financial statements which states that the Honorable High Court of Sindh in its order dated 14 April 2010 ordered that the remuneration relating to the son of Chief Executive Officer shall not be approved till the next date of hearing. These condensed interim financial statements have been approved by the directors at their meeting held on 29 June 2010 with the exception of his remuneration charged in these condensed interim financial statements. Further, the matter relating to compliance with requirements of section 188(1)(c)(i) of the Companies Ordinance, 1984 is also pending decision by the Honorable High Court of Sindh; and
- ii) notes 16.1 and 21.2 to the condensed interim financial statements, wherein it has been stated that during the period and subsequent to the period end, for a period of approximately eight months (from 19 May 2009 to 25 January 2010), members of the Board of Directors (the Board) were restrained by the Honorable High Court of Sindh from attending meetings of the Board or its various committees. Accordingly, in such period the Chief Executive Officer (CEO) continued to act in his capacity as CEO as stated in note 21.2.

**Ernst & Young Ford Rhodes Sidat Hyder**  
**Chartered Accountants**

**Date:** 29 June 2010

**Karachi**



**DADEX**

DADEX ETERNIT LIMITED

CONDENSED INTERIM BALANCE SHEET  
AS AT DECEMBER 31, 2009

	Note	December 31, 2009 (Unaudited) ----- (Rupees in `000) -----	June 30, 2009 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	374,141	401,105
Intangible assets		9,103	12,553
Investment property		15,448	16,206
Long-term investment	6	-	-
Long-term loans		3,943	4,090
Long-term deposits		6,699	4,222
		<b>409,334</b>	<b>438,176</b>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		55,347	56,834
Stock-in-trade	7	894,064	875,203
Trade debts	8	91,733	113,998
Loans and advances		36,453	40,540
Trade deposits and short-term prepayments		17,592	16,220
Accrued interest and other receivables		7,586	990
Taxation – net		42,262	34,337
Cash and bank balances		5,910	850
		<b>1,150,947</b>	<b>1,138,972</b>
<b>TOTAL ASSETS</b>		<b>1,560,281</b>	<b>1,577,148</b>
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Share capital		107,640	107,640
Reserves		391,245	397,661
		<b>498,885</b>	<b>505,301</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing		30,000	60,000
Deferred taxation		10,463	19,520
		<b>40,463</b>	<b>79,520</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		454,533	412,464
Accrued mark-up		14,880	20,518
Short-term borrowings	9	461,221	472,169
Current portion of long-term financing		60,000	60,000
Sales tax and excise duty payable – net		13,378	4,516
Derivatives	10	16,921	22,660
		<b>1,020,933</b>	<b>992,327</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	11		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,560,281</b>	<b>1,577,148</b>

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.

**MUHAMMAD YOUSUF**  
ACTING CHIEF FINANCIAL  
OFFICER

**SIKANDER DADA**  
CHIEF EXECUTIVE

**QAZI SAJID ALI**  
DIRECTOR

DADEX ETERNIT LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT  
FOR THE HALF YEAR ENDED DECEMBER 31, 2009  
(UNAUDITED)

	Note	Half year ended		Quarter ended	
		December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
(Rupees in `000)					
<b>Turnover</b>		<b>917,663</b>	1,012,881	<b>460,926</b>	438,355
Cost of sales	12	<b>(710,633)</b>	(761,151)	<b>(352,401)</b>	(340,955)
<b>Gross profit</b>		<b>207,030</b>	251,730	<b>108,525</b>	97,400
Distribution cost		<b>(124,580)</b>	(132,988)	<b>(69,029)</b>	(60,229)
Administrative expenses		<b>(60,575)</b>	(50,657)	<b>(29,720)</b>	(25,022)
Other operating expenses	13	<b>(6,177)</b>	(31,331)	<b>(2,122)</b>	(2,367)
Other operating income		<b>16,442</b>	16,368	<b>8,533</b>	3,732
<b>Operating profit</b>		<b>32,140</b>	53,122	<b>16,187</b>	13,514
Finance cost	14	<b>(39,790)</b>	(47,326)	<b>(19,670)</b>	(28,538)
Share of profit from an associate	6.2	-	195	-	195
<b>(Loss) / profit before taxation</b>		<b>(7,650)</b>	5,991	<b>(3,483)</b>	(14,829)
Taxation	15	<b>1,698</b>	3,086	<b>439</b>	13,251
<b>Net (loss) / profit for the period</b>		<b>(5,952)</b>	9,077	<b>(3,044)</b>	(1,578)
<b>(Loss)/earnings per share - Basic and diluted</b>		<b>Re. (0.55)</b>	Re. 0.84	<b>Re. (0.28)</b>	Re. (0.15)

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**MUHAMMAD YOUSUF**  
ACTING CHIEF FINANCIAL  
OFFICER

**SIKANDER DADA**  
CHIEF EXECUTIVE

**QAZI SAJID ALI**  
DIRECTOR

DADEX ETERNIT LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED DECEMBER 31, 2009  
(UNAUDITED)

Note	Half year ended		Quarter ended	
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
	----- (Rupees in `000) -----			
<b>Net (loss) / profit for the period</b>	<b>(5,952)</b>	9,077	<b>(3,044)</b>	(1,578)
<b>Other comprehensive (loss) / income for the period</b>				
Net movement in cash flow hedge	10 <span style="border: 1px solid black; padding: 2px;">542</span>	<span style="border: 1px solid black; padding: 2px;">1,855</span>	<span style="border: 1px solid black; padding: 2px;">423</span>	<span style="border: 1px solid black; padding: 2px;">1,855</span>
Income tax effect	<span style="border: 1px solid black; padding: 2px;">(167)</span>	<span style="border: 1px solid black; padding: 2px;">(649)</span>	<span style="border: 1px solid black; padding: 2px;">(131)</span>	<span style="border: 1px solid black; padding: 2px;">(649)</span>
	<b>375</b>	1,206	<b>292</b>	1,206
Net (loss) / gain on cash flow hedge	10 <span style="border: 1px solid black; padding: 2px;">(839)</span>	<span style="border: 1px solid black; padding: 2px;">154</span>	<span style="border: 1px solid black; padding: 2px;">(210)</span>	<span style="border: 1px solid black; padding: 2px;">154</span>
	<b>(464)</b>	1,360	<b>82</b>	1,360
<b>Total comprehensive (loss) / income for the period</b>	<b>(6,416)</b>	10,437	<b>(2,962)</b>	(218)

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MUHAMMAD YOUSUF  
ACTING CHIEF FINANCIAL  
OFFICER

SIKANDER DADA  
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QAZI SAJID ALI  
DIRECTOR

DADEX ETERNIT LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT  
FOR THE HALF YEAR ENDED DECEMBER 31, 2009  
(UNAUDITED)

	Note	Half year ended	
		December 31, 2009	December 31, 2008
		----- (Rupees in `000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from / (used in) operations	17	119,084	(522,976)
Taxes paid		(15,115)	(18,787)
Long-term loans and advances – net		147	107
Long-term deposits – net		(2,477)	-
<b>Net cash generated from / (used in) operating activities</b>		<b>101,639</b>	<b>(541,656)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(3,923)	(17,032)
Proceeds from disposal of fixed assets		451	4,018
Interest received		258	327
<b>Net cash used in investing activities</b>		<b>(3,214)</b>	<b>(12,687)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long-term financing		(30,000)	-
Short-term borrowing obtained (net of repayments)		(10,948)	475,463
Interest / mark-up paid		(45,428)	(24,203)
Payment for derivative financial instruments - cross currency swap		(5,739)	-
Payment for cash flow hedge – interest rate swap		(1,233)	-
Dividends paid	18	(17)	(42,161)
<b>Net cash (used in) / generated from financing activities</b>		<b>(93,365)</b>	<b>409,099</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>5,060</b>	<b>(145,244)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>850</b>	<b>146,615</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>5,910</b>	<b>1,371</b>

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**MUHAMMAD YOUSUF**  
ACTING CHIEF FINANCIAL  
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**SIKANDER DADA**  
CHIEF EXECUTIVE

**QAZI SAJID ALI**  
DIRECTOR

DADEX ETERNIT LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2009

	Issued, subscribed and paid-up capital	Reserves					Total
		Capital reserves (for issue of bonus share)	Revenue reserves		Other (note 10)	Total	
			General	Unappr- opriated profit			
(Rupees in '000)							
<b>Balance as at July 1, 2008</b>	107,640	5,655	345,000	74,126	-	424,781	532,421
Transfer to general reserve for the year ended June 30, 2008	-	-	25,000	(25,000)	-	-	-
Final dividend for the year ended June 30, 2008 @ 40%	-	-	-	(43,056)	-	(43,056)	(43,056)
Profit for the period	-	-	-	9,077	-	9,077	9,077
Other comprehensive income for the period, net of tax	-	-	-	-	1,360	1,360	1,360
Total comprehensive income for the period ended December 31, 2008	-	-	-	9,077	1,360	10,437	10,437
<b>Balance as at December 31, 2008</b>	<b>107,640</b>	<b>5,655</b>	<b>370,000</b>	<b>15,147</b>	<b>1,360</b>	<b>392,162</b>	<b>499,802</b>
<b>Balance as at July 1, 2009</b>	<b>107,640</b>	<b>5,655</b>	<b>370,000</b>	<b>25,136</b>	<b>(3,130)</b>	<b>397,661</b>	<b>505,301</b>
Transfer to general reserve for the year ended June 30, 2009	-	-	25,000	(25,000)	-	-	-
Loss for the period	-	-	-	(5,952)	-	(5,952)	(5,952)
Other comprehensive income / (loss) for the period, net of tax	-	-	-	-	(464)	(464)	(464)
Total comprehensive loss for the period ended December 31, 2009	-	-	-	(5,952)	(464)	(6,416)	(6,416)
<b>Balance as at December 31, 2009</b>	<b>107,640</b>	<b>5,655</b>	<b>395,000</b>	<b>(5,816)</b>	<b>(3,594)</b>	<b>391,245</b>	<b>498,885</b>

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.

**MUHAMMAD YOUSUF**  
ACTING CHIEF FINANCIAL  
OFFICER

**SIKANDER DADA**  
CHIEF EXECUTIVE

**QAZI SAJID ALI**  
DIRECTOR

## 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 systems 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 solutions for agriculture and landscape.

## 2. STATEMENT OF COMPLIANCE

This condensed interim financial report of the Company for the six months period ended 31 December 2009 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

## 3. BASIS OF PRESENTATION

- 3.1** These condensed interim financial statements are un-audited but subject to limited scope review by the auditors and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2009.
- 3.2** The figures of the condensed interim profit and loss account for the quarters ended December 31, 2009 and December 31, 2008 and notes forming a part thereof have not been reviewed by the auditors of the Company as they have reviewed the cumulative figures for the half years ended December 31, 2009 and 2008.

## 4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial report are the same as those applied in the preparation of the financial statements for the year ended 30 June 2009 except for the adoption of revised IAS 1 as noted below:

IAS 1 (Revised), 'Presentation of financial statements' (effective from January 1, 2009), was issued in September 2007. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and the statement of comprehensive income).

The Company has elected to present owner and non-owner changes in equity in two performance statements – the income statement (profit and loss account) and the statement of comprehensive income. Accordingly, the adoption of the above standard does not have any significant impact on the presentation of the Company's financial statements and does not require the restatement or reclassification of comparative information.

	Note	December 31, 2009 (Unaudited) ----- (Rupees in `000) -----	June 30, 2009 (Audited)
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	<b>363,578</b>	392,244
Capital work-in-progress	5.2	<b>10,563</b>	8,861
		<b>374,141</b>	<b>401,105</b>
<b>5.1 Operating fixed assets</b>			
<b>5.1.1 Additions including transfers during the period / year</b>			
Freehold land		-	1,947
Building		<b>94</b>	4,244
Plant and machinery		<b>1,266</b>	12,681
Furniture and fixtures		-	384
Vehicle and transportation equipment		-	8,293
Office and factory equipment		<b>860</b>	2,047
	5.1.1.1	<b>2,220</b>	<b>29,596</b>

5.1.1.1 The Company was restrained from incurring capital expenditure through an order of Honorable High Court of Sindh dated March 27, 2009 (see note 11.1.1). However, this order was dismissed by the Court subsequently on July 10, 2009 and the Company was allowed to incur capital expenditure subject to prior approval of the Board of Directors. Consequent to the reasons stated in note 21.2 to these condensed interim financial statements, the above additions in operating fixed assets have been approved by the Board in its meeting held subsequent to the period end i.e. on March 31, 2010.

	Note	December 31, 2009 (Unaudited) ----- (Rupees in `000) -----	June 30, 2009 (Audited)
<b>5.1.2 Disposals during the period / year – at cost</b>			
Vehicle and transportation equipment		1,176	8,080
Office and factory equipments		-	148
		<u>1,176</u>	<u>8,228</u>
<b>5.1.3 Depreciation charged during the period / year</b>			
Cost of sales	12	24,510	55,004
Distribution costs		2,352	4,613
Administrative expenses		4,006	8,899
		<u>30,868</u>	<u>68,516</u>
<b>5.2 Capital work-in-progress</b>			
Plant and machinery		13,979	13,979
Impairment loss on plant and machinery		(6,891)	(6,891)
		<u>7,088</u>	<u>7,088</u>
Advance against purchase of operating fixed assets		3,475	1,773
		<u>10,563</u>	<u>8,861</u>

## 6. LONG-TERM INVESTMENT – Equity method

- 6.1 The Company has 48.04 (June 30, 2009: 48.04) percent shareholding [i.e. 625,000 (June 30, 2009: 625,000) ordinary shares of Rs.10/- each] in Berdex Construction Chemicals (Private) Limited (Berdex). Berdex is engaged in marketing and distribution of construction chemicals in Pakistan.
- 6.2 The Company has recognised the share of loss in Berdex to the extent of carrying value of the Company's investment in Berdex. As at 31 December 2009, based on unaudited financial statements of the Berdex for six months period, Berdex has reported profit of Rs.1.477 million and accumulated losses of Rs.14.257 million (June 30, 2009: incurred losses of Rs.3.99 million and accumulated losses of Rs.15.734 million). The Company's unrecognised share of loss in the associate amounted to Rs.0.599 million (June 30, 2009: Rs.1.309 million) as it exceeds its interest in the associate.

	Note	December 31, 2009 (Unaudited) ----- (Rupees in `000) -----	June 30, 2009 (Audited)
<b>7. STOCK-IN-TRADE</b>			
Raw materials			
- in hand		255,519	283,726
- in transit		86,203	92,743
		<u>341,722</u>	<u>376,469</u>
Work-in-process		121,593	89,449
Finished goods			
- Manufactured	7.1	244,569	214,078
- Trading [including in transit of Rs.1.391 million (June 30, 2009: Nil)]	7.2	186,180	195,207
		<u>430,749</u>	<u>409,285</u>
		<u>894,064</u>	<u>875,203</u>

- 7.1 Includes products costing Rs.24.05 million (June 30, 2009: Rs.14.14 million) which are carried at net realizable value of Rs.22.23 million (June 30, 2009: Rs.10.70 million).
- 7.2 Includes products costing Rs.1.27 million (June 30, 2009: Rs.1.44 million) which are carried at net realizable value of Rs.0.84 million (June 30, 2009: Rs.1.01 million).

## 8. TRADE DEBTS

The carrying value of the trade debts is adjusted after taking the effect of the provision of Rs.116.867 (June 30, 2009: Rs.115.990) million. Such provision includes an amount of Rs.13.746 million (June 30, 2009: Rs.13.820 million) recoverable from an ex-employee who had reportedly collected the amount from parties and did not surrender the same to the Company. A law suit has been filed against the ex-employee to recover the above amount.

	December 31, 2009 (Unaudited) ----- (Rupees in `000) -----	June 30, 2009 (Audited)
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## 9. SHORT-TERM BORROWINGS - secured

Running finances utilized under mark-up arrangements	284,908	376,895
Foreign currency term finances	5,354	-
Local currency term finances	32,179	22,274
Export refinance	28,780	13,000
Money market loan	110,000	60,000
9.1	461,221	472,169

- 9.1 Represents facilities obtained from various commercial banks amounting to Rs.890 (June 30, 2009: Rs.890) million out of which Rs.428.779 (June 30, 2009: Rs.417.831) million remains unutilized as at the balance sheet date. The principal terms and conditions of the outstanding loans have remained the same as disclosed in the financial statements of the Company for the year ended June 30, 2009 except for foreign currency term finances that carry mark-up of 6 months LIBOR plus 3 percent per annum (2009: Nil).

	December 31, 2009 (Unaudited) ----- (Rupees in `000) -----	June 30, 2009 (Audited)
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## 10. DERIVATIVES

Cross currency swap	14,420	19,617
Interest rate swap	2,501	3,043
10.1	16,921	22,660

- 10.1 The principal terms and conditions of the cross currency swap and interest rate swap have remained the same as disclosed in the financial statements of the Company for the year ended June 30, 2009.

## 11. CONTINGENCIES AND COMMITMENTS

### 11.1 Contingencies

- 11.1.1 A suit has been filed by some of the directors of the Company (Plaintiffs) in the Honorable High Court of Sindh (the Court), praying for certain reliefs wherein the Company including some directors / employees have been made defendants. In addition, the Plaintiffs had filed several Applications including those relating to the grant of a temporary injunction for the appointment of an inspector and forensic auditors, as well as, an interim injunction application for restraining the Company from incurring further capital expenditure (for restraint on incurrance of capital expenditure see note 5.1.1.1). The Court in its Order dated July 10, 2009 dismissed the Plaintiffs' Applications with respect to restraining the Company from incurring capital expenditure (subject to prior approval of the Board of Directors) and for appointment of forensic auditors. However, except for the above, the remaining Applications are pending before the Court for a hearing.

Some members of the Company have filed Petitions in the Court mainly alleging the violation of Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Ordinance, 2002 (Takeovers Ordinance), wherein Securities and Exchange Commission of Pakistan (SECP) is also a party. The Petitioners have also referred to the proceedings by SECP on the matter in their respective Petitions. The Company is not a party in the said Petitions. SECP by its Order dated July 28, 2009 has held that the Takeovers Ordinance has not been violated. However, this aspect of the matter is still pending in the Court.

Subsequent to the balance sheet date, Company has filed Applications for becoming a party to the Petitions and restraining the members who are parties to the Petitions from sale and purchase of shares, which Applications are pending before the Court till the issuance of these financial statements.

As per legal counsel of the Company, the above Suit, Petitions and Applications would have no financial exposure to the Company.

- 11.1.2 There are no other major changes in the status of contingencies as reported in the annual financial statements for the year ended June 30, 2009.

**December 31, 2009**  
**(Unaudited)**  
----- (Rupees in `000) -----

**June 30, 2009**  
**(Audited)**  
----- (Rupees in `000) -----

**11.2 Commitments**

Commitments are as follows:

Letters of guarantee issued by banks	<b>84,775</b>	106,855
Letters of credit	<b>30,181</b>	75,485
Import contracts	<b>62,662</b>	4,185
Local purchase contract	<b>7,970</b>	7,541
	<b><u>185,588</u></b>	<u>194,066</u>

Note	Half year ended		Quarter ended	
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
	----- (Rupees in `000) -----			

**12. COST OF SALES****Manufactured**

Raw materials consumed				
Opening stock	<b>376,469</b>	459,188	<b>381,248</b>	439,545
Purchases	<b>508,801</b>	767,355	<b>217,343</b>	368,032
Closing stock	<b>(341,722)</b>	(541,804)	<b>(341,722)</b>	(541,804)
	<b>543,548</b>	684,739	<b>256,869</b>	265,773
Export rebate - Duties	<b>(1,093)</b>	(887)	<b>(571)</b>	(461)
	<b>542,455</b>	683,852	<b>256,298</b>	265,312

Stores, spare parts and loose tools consumed	<b>28,378</b>	37,114	<b>13,523</b>	15,868
Salaries, wages and benefits [including Rs. 1.410 million (December 31, 2008: Rs. 1.588 million) in respect of bonus to workers]	<b>60,340</b>	57,014	<b>31,515</b>	25,031
Procured services	<b>16,268</b>	14,704	<b>8,271</b>	7,473
Fuel, water and power	<b>31,773</b>	31,287	<b>13,465</b>	11,260
Insurance	<b>2,777</b>	3,608	<b>918</b>	1,801
Traveling	<b>149</b>	633	<b>99</b>	71
Communication	<b>446</b>	431	<b>196</b>	185
Depreciation	<b>24,510</b>	25,069	<b>12,250</b>	12,537
Rent, rates and taxes	<b>1,192</b>	1,522	<b>582</b>	960
Repairs and maintenance	<b>11,393</b>	15,856	<b>4,690</b>	7,316
Technical assistance fee	<b>5,435</b>	5,131	<b>2,885</b>	2,350
Printing and stationery	<b>460</b>	271	<b>194</b>	136
Sundry expenses	<b>890</b>	565	<b>496</b>	178
	<b>184,011</b>	193,205	<b>89,084</b>	85,166

Opening stock of work-in-process	<b>89,449</b>	48,985	<b>107,661</b>	67,369
Closing stock of work-in-process	<b>(121,593)</b>	(73,149)	<b>(121,593)</b>	(73,149)
Cost of goods manufactured	<b>694,322</b>	852,893	<b>331,450</b>	344,698

Opening stock of finished goods	<b>214,078</b>	150,721	<b>234,851</b>	263,528
Closing stock of finished goods	<b>(244,569)</b>	(294,943)	<b>(244,569)</b>	(294,943)
	<b>663,831</b>	708,671	<b>321,732</b>	313,283

**Trading**

Opening stock	<b>195,207</b>	117,415	<b>203,047</b>	126,404
Purchases	<b>40,257</b>	125,290	<b>15,283</b>	88,935
	<b>235,464</b>	242,705	<b>218,330</b>	215,339
Closing stock	<b>(186,180)</b>	(184,744)	<b>(186,180)</b>	(184,744)
	<b>49,284</b>	57,961	<b>32,150</b>	30,595
Sale of scrap	<b>(2,482)</b>	(5,481)	<b>(1,481)</b>	(2,923)
	<b>710,633</b>	761,151	<b>352,401</b>	340,955

**13. OTHER OPERATING EXPENSES**

Included herein exchange loss (net) amounting to Rs.5.048 million (December 31, 2008: Rs. 28.358 million).

**14. FINANCE COST**

Included herein mark-up on long-term financing and short-term borrowings amounting to Rs.7.850 million and Rs.30.599 million (December 31, 2008: Rs. 8.684 million and Rs. 36.611 million) respectively.

	<b>Half year ended</b>	
	<b>December 31, 2009</b>	<b>December 31, 2008</b>
	----- (Rupees in `000) -----	
<b>15. TAXATION</b>		
Current	7,192	4,156
Deferred	<b>(8,890)</b>	<b>(7,242)</b>
	<b><u>(1,698)</u></b>	<b><u>(3,086)</u></b>

**16. 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:

			<b>Half year ended</b>	
			<b>December 31, 2009</b>	<b>December 31, 2008</b>
		Note	----- (Rupees in `000) -----	
<b>Relationship</b>	<b>Name of related party</b>	<b>Nature of transaction</b>		
<b>Transactions with associated companies due to common directorship:</b>				
Associate	Berger Paints Pakistan Limited	Purchase and sale of goods	833	291
Associate	Sikandar Private Limited	Rent paid	264	240
Associate	EFU General Insurance Limited	General Insurance	-	7,371
			<b><u>-</u></b>	<b><u>7,371</u></b>
<b>Staff retirement benefits</b>				
Associate	Dadex Eternit Limited - Provident Fund	Employer Contribution	4,917	4,789
			<b><u>4,917</u></b>	<b><u>4,789</u></b>
<b>Key management personnel</b>				
Chief Executive	Sikandar Dada	Salary and other employment benefits	3,287	2,626
Director	Danish Dada	Salary and other employment benefits	2,145	2,018
		16.1	<b><u>2,145</u></b>	<b><u>2,018</u></b>

**16.1** Mr. Danish Dada was an employee of the Company since May 06, 2008 and then was elected as a director at the election of directors held at the Extraordinary General Meeting on July 10, 2008. After his election as a director, the monthly remuneration being paid to him as an employee remained unchanged. As regards to non-compliance with section 218 of the Companies Ordinance, 1984 relating to disclosure of interest, the legal counsel states, "it was well within the knowledge of all concerned that Mr. Sikander Dada is the father of Mr. Danish Dada and thus had constructive notice about the interest of Mr. Danish Dada in the appointment of Mr. Sikander Dada as the Chief Executive of the Company."

Subsequent to the Balance Sheet date, the directors representing 38.5% shareholding (as at June 30, 2009 and till the date of issuance of these financial statements, Mahvash & Jahangir Siddiqui Foundation, Jahangir Siddiqui Securities Services Limited, Jahangir Siddiqui & Co. Ltd., Jahangir Siddiqui & Sons Limited, Jahangir Siddiqui and Ali Jahangir Siddiqui are the shareholders of the 38.5% shareholding) filed an application under Suit No. 166 of 2009 in the Court for restraining the Company "from approving the accounts for the year ending 30.06.09" at "the Board meeting on 15.04.10 or thereafter and/or the general body meeting". The Court was pleased to issue the following Order dated 14.04.2010 on the said application:

"2. Counsel for the plaintiff states that on 15.04.2010, the accounts are being submitted to the Board for approval wherein inter alia three items i.e., remuneration of Chief Executive, Remuneration to Director Mr. Danish Dada and authorization of Chief Executive on the basis of Power of Attorney, may be ordered not to be approved as their approval would be unlawful.

In so far as the objections as to the remuneration of the Chief Executive and his power of attorney are concerned any interim order at this stage may hamper the smooth running of the company, therefore no interim orders can be passed at this stage unless the other side is also heard. As regards objection to the remuneration of son of Chief Executive is concerned, it is hereby directed that accounts relating to his remuneration shall not be approved till the next date of hearing. Issue notice for 23.04.2010. Office to fix all pending applications on the said date."

Accordingly, the remuneration of the director for the current period and Rs.4.163 million for the year ended June 30, 2009 was not considered and hence not approved by the Board of Directors.

Note	Half year ended	
	December 31, 2009	December 31, 2008
	----- (Rupees in `000) -----	
<b>17. CASH GENERATED FROM / (USED IN) OPERATIONS</b>		
(Loss) / profit before taxation	(7,650)	5,991
Adjustments for non cash charges and other items:		
Depreciation – operating fixed assets	5.1.3 30,868	32,442
Depreciation – investment property	758	-
Amortization	3,450	2,548
Gain on disposal of fixed assets – net	(433)	(1,059)
Interest income	(249)	(263)
Loss on fair value of cross currency swap	541	-
Share of profit from investment in an associate	-	(195)
Interest / mark-up expense	39,790	45,601
Working capital changes	17.1 52,009	(608,041)
	<b>119,084</b>	<b>(522,976)</b>
<b>17.1 Working capital changes</b>		
<b>Decrease / (increase) in current assets</b>		
Stores and spare parts	1,486	8,773
Stock-in-trade	(18,860)	(318,331)
Trade debts	22,265	(49,899)
Loans and advances	4,086	818
Trade deposits and short-term prepayments	(1,372)	7,699
Other receivable	(6,605)	14,957
Short-term investment	-	(163)
Sales tax and excise duty refundable	-	(27,547)
	<b>1,000</b>	<b>(363,693)</b>
<b>Increase / (decrease) in current liabilities</b>		
Trade and other liabilities (net)	42,147	(244,348)
Sales tax and excise duty payable (net)	8,862	-
	<b>51,009</b>	<b>(244,348)</b>
	<b>52,009</b>	<b>(608,041)</b>
<b>18. DIVIDEND PAID</b>		
<b>Declared and paid during the six months period</b>		
Final cash dividend Nil (December 31, 2008: @ Rs. 4.00 per share)	<b>17</b>	<b>42,161</b>
<b>19. INFORMATION ABOUT OPERATING SEGMENTS</b>		

	Chrysolite Cement	Plastic	Others	Total
	----- (Rupees in `000) -----			
<b>December 31, 2009</b>				
<b>TURNOVER – net</b>	<u>463,951</u>	<u>447,028</u>	<u>6,684</u>	<u>917,663</u>
<b>RESULT</b>				
Segment result	<u>48,084</u>	<u>(24,514)</u>	<u>46</u>	<u>23,616</u>
<b>Unallocated expense</b>				
Other operating expenses				(6,177)
Other operating income				14,701
Finance cost				(39,790)
Share of profit on investment in an associate				-
Taxation				1,698
Loss for the period				<u>(5,952)</u>

	Chrysotile Cement	Plastic	Others	Total
	----- (Rupees in '000) -----			
<b>December 31, 2008</b>				
<b>TURNOVER – net</b>	415,386	585,429	12,066	1,012,881
<b>RESULT</b>				
Segment result	56,321	11,086	1,962	69,369
<b>Unallocated expense</b>				
Other operating expenses				(31,331)
Other operating income				15,084
Finance cost				(47,326)
Share of profit on investment in an associate				195
Taxation				3,086
Profit for the period				9,077
<b>ASSETS AND LIABILITIES</b>				
<b>December 31, 2009</b>				
Segment assets	463,235	880,471	19,661	1,363,367
Unallocated corporate assets				196,914
Total assets				1,560,281
Segment liabilities	217,931	110,517	1,150	329,598
Unallocated corporate liabilities				731,798
Total liabilities				1,061,396
<b>June 30, 2009</b>				
Segment assets	430,514	950,399	14,926	1,395,839
Unallocated corporate assets				181,309
Total assets				1,577,148
Segment liabilities	136,149	162,282	752	299,183
Unallocated corporate liabilities				772,664
Total liabilities				1,071,847

## 19.1 Geographical information

### Turnover

The Company's turnover represents local and export sales of Rs.890.909 million and Rs.26.755 million (December 31, 2008: Rs.995.861 million and Rs.17.020 million) respectively.

	December 31, 2009 (Unaudited)	June 30, 2009 (Audited)
	----(Rupees in '000)----	
<b>Non-Current assets</b>		
Pakistan	409,334	438,176

## 20. CORRESPONDING FIGURES

Corresponding figures, wherever necessary, have been rearranged in line with material reclassifications reported in the Company's annual published financial statements for the year ended June 30, 2009. The details of major reclassifications are as follows:

Component	Reclassification				(Rupees in '000)
	From	Note (financial statements period ended 31 December 2008)	To	Note (financial statements period ended 31 December 2009)	
Profit and loss account	Scrap sales - Other operating income	11	Cost of Sales	12	5,481
Profit and loss account	Cost of Scrap sales - Other operating income	11	Cost of Sales	12	2,746

Component	Reclassification				(Rupees in '000)
	From	Note (financial statements period ended 31 December 2008)	To	Note (financial statements period ended 31 December 2009)	
Profit and loss account	Cost of rented property – Other operating income		Administrative expenses		907
Profit and loss account	Rebates, allowances and commission – Sales		Distribution cost		13,027
Profit and loss account	Exchange losses (net) – Finance Cost	12	Other Operating Expenses	13	28,358
Profit and loss account	Loss on Fair value of Cross Currency Swap – Finance Cost	12	Other Operating Expenses	13	686

## 21. DATE OF AUTHORISATION FOR ISSUE

- 21.1** These condensed interim financial statements were authorised for issue on 29 June 2010 by the Board of Directors of the Company.
- 21.2** During the period and subsequent to the period ended December 31, 2009, for a period of approximately eight months (from May 19, 2009 to January 25, 2010), the members of the Board of Directors (the Board) were restrained from attending the meetings of the Board as directors or its various committees as a consequence of the Orders issued by the Honorable High Court of Sindh (Court) in the petitions referred in note 11.1.1. In view of such restraint, over which the Company had no control, the powers which had to be exercised by the Board, as required, were not possible. During that period the Chief Executive Officer (CEO) continued to act in his capacity as CEO based on the powers incidental to his appointment as a CEO under the Companies Ordinance, 1984 and the Power of Attorney executed in his name dated March 30, 1989. Subsequently, the above restraint placed on the Board was removed by the Court on January 25, 2010, whereby the Board became functional again and steps were taken to comply with all the requisite corporate and legal formalities including approval of half yearly financial statements at the earliest.

## 22. GENERAL

Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

**MUHAMMAD YOUSUF**  
 ACTING CHIEF FINANCIAL  
 OFFICER

**SIKANDER DADA**  
 CHIEF EXECUTIVE

**QAZI SAJID ALI**  
 DIRECTOR