

Quarterly Report
Dadex Eternit Limited

Unaudited Financial Statements
For the Three Months Ended
September 30, 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. CHINYO JAHANGIR SIDDIQUI MOHAMMAD SULEMAN KANJIANI MOHSIN ASHFAQUE (Alternate: KAMAL AFSAR)
Chief Executive Officer	SIKANDER DADA
Chief Financial Officer	SALMAN SAEED SHAIKH
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) SALMAN SAEED SHAIKH - 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) 34315716, 34315725 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) 35836920, 35375714, 35377045 FAX: (92-21) 35837956, 35810289 EMAIL: GANGJEES@SUPER.NET.PK

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DIRECTORS' REVIEW

The review of the quarter ended September 30, 2009 has been delayed for the reasons beyond our control, as explained under Notes No. 7.1 & 9.1 to the Financial statements for the said quarter.

The quarter under review was beset with business challenges. Rising cost of doing business, power crisis, escalation in oil and commodity prices and continued slow down in the construction sector have made the situation more difficult and have exposed the company to a challenging situation.

During this quarter Company's turnover remained 20% lower as compared to the corresponding period of the last year, mainly due to decline in volumes caused due to major many infrastructure projects being put in abeyance and unhealthy competition in the shape of price war and low quality players. The on going litigation as explained in note no. 7.1 has also negatively affected the performance of your company. This has caused a substantial increase in legal & professional expenses. Consequently the period ended with negative earning per share of Rs. (0.27) (Sep 30, 2008: Rs. 0.99).

Under these circumstances, the Management Team of the Company is focusing on stringent working capital management, control on expenses and increasing its market share. These efforts have yielded in positive results with a reduction in working capital and operating expenses resulting in improved cash flows and reduction in financial charges.

The economic difficulties are continuing which are expected to further aggravate with increase in utilities tariffs in the offing and no immediate solution to power crisis. However, your company is confident that in the long run with a consistent approach of providing quality goods and improving internal efficiencies, the present challenges will be overcome. We are also confident that a positive solution will be found with respect to litigation matters with representatives of 38.5% shareholding of the company, enabling the Management to focus on the core business.

We acknowledge the continued cooperation and contribution of our employees and all stakeholders in achieving the goals of the Company.

On behalf of the Board

Karachi: April 15, 2010

Sikander Dada
Chief Executive Officer

Qazi Sajid Ali
Director



DADEX ETERNIT LIMITED
INTERIM CONDENSED BALANCE SHEET
AS AT SEPTEMBER 30, 2009

Note	Period Ended September 30, 2009 (Un-audited)	Year Ended June 30, 2009 (Audited)
------(Rupees '000)-----		
ASSETS		
NON- CURRENT ASSETS		
	386,343	401,105
	15,827	16,206
	10,828	12,553
4	412,998	429,864
	-	-
5	4,259	4,090
	4,224	4,222
	421,481	438,176
TOTAL NON-CURRENT ASSETS		
CURRENT ASSETS		
	55,781	56,834
6	926,807	875,203
	93,662	113,998
	53,607	40,540
	17,333	16,220
	952	990
	-	-
	-	-
	2,982	-
	42,077	34,337
	6,494	850
	1,199,695	1,138,972
TOTAL ASSETS		
	1,621,176	1,577,148
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorised capital		
20,000,000 (June 2009: 20,000,000) ordinary shares of Rs. 10/- each		
	200,000	200,000
	107,640	107,640
	394,661	397,661
	502,301	505,301
TOTAL SHARE HOLDER'S EQUITY		
NON-CURRENT LIABILITIES		
	60,000	60,000
	16,288	19,520
	76,288	79,520
TOTAL NON-CURRENT LIABILITIES		
CURRENT LIABILITIES		
	460,867	412,464
	22,624	20,518
	475,003	472,169
	60,000	60,000
	-	4,516
	24,093	22,660
	1,042,587	992,327
TOTAL CURRENT LIABILITIES & PROVISIONS		
CONTINGENCIES AND COMMITMENTS		
7	-	-
TOTAL EQUITY AND LIABILITIES		
	1,621,176	1,577,148

The annexed notes 1 to 12 form and integral part of these financial statements.

Salman Saeed Shaikh
Chief Financial Officer

Sikander Dada
Chief Executive

Qazi Sajid Ali
Director



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DADEX ETERNIT LIMITED
INTERIM CONDENSED PROFIT & LOSS ACCOUNT (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2009

Note	Jul to Sep. 2009	Jul to Sep. 2008
	------(Rupees '000)-----	
Turnover - net	456,737	574,527
Cost of sales	(358,232)	(420,198)
Gross profit	98,505	154,329
Distribution cost	(55,551)	(72,461)
Administration expenses	(30,855)	(25,464)
Other operating expenses	(4,055)	(31,947)
Other operating income	7,909	15,151
Operating profit	15,953	39,608
Financial charges	(20,120)	(18,788)
Share of profit/(loss) from associate	-	-
(Loss) / Profit before taxation	(4,167)	20,820
Taxation	8 1,259	(10,165)
(Loss) / Profit after taxation	(2,908)	10,655
Earning per share	(0.27)	0.99

The annexed notes 1 to 12 form and integral part of these financial statements.

Salman Saeed Shaikh
Chief Financial Officer

Sikander Dada
Chief Executive

Qazi Sajid Ali
Director



DADEX ETERNIT LIMITED
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2009

	Jul to Sep. 2009	Jul to Sep. 2008
	------(Rupees '000)-----	
(Loss) / Profit after taxation	(2,908)	10,655
<u>Other Comprehensive (Loss)/ Income</u>		
Reversal of derivative financial liability - net of deferred tax	83	-
Net loss on cash flow hedge	(629)	-
Total Comprehensive (loss) / income for the period	(3,454)	10,655

The annexed notes 1 to 12 form and integral part of these financial statements.

Salman Saeed Shaikh
Chief Financial Officer

Sikander Dada
Chief Executive

Qazi Sajid Ali
Director



DADEX ETERNIT LIMITED
INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2009

	Notes	Jul to Sep. 2009	Jul to Sep. 2008
------(Rupees '000)-----			
CASH FLOWS FROM OPERATING ACTIVITIES	10		
Cash generated / (used) from operations		31,230	(190,793)
Income tax paid		(10,013)	(11,096)
Long - term loans and advances - net		(169)	211
Long-term deposits - net		(2)	-
Net cash generated / (used) from operating activities		21,046	(201,678)
 CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(722)	(4,110)
Proceeds from disposal of property, plant & equipment		451	1,973
Investments encashed		-	110
Interest received		52	224
Net cash used in investing activities		(219)	(1,803)
 CASH FLOWS FROM FINANCING ACTIVITIES			
Short-term borrowings - net		2,834	167,737
Long-term financing		-	-
Interest / markup paid		(18,014)	(9,239)
Payment for derivative financial instruments -crosss currency swap		-	-
Payment for cash flow hedge - interest rate swap		-	-
Dividend paid		(3)	(2)
Net cash used / obtained from financing activities		(15,183)	158,496
 Net increase / (decrease) in cash and cash equivalents		5,644	(44,985)
 Cash and cash equivalents at the beginning of the period		850	46,615
 Cash and cash equivalents at the end of the period		6,494	1,630

The annexed notes 1 to 12 form and integral part of these financial statements.

Salman Saeed Shaikh
Chief Financial Officer

Sikander Dada
Chief Executive

Qazi Sajid Ali
Director



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DADEX ETERNIT LIMITED
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2009

	Reserves							Total
	Issued subscribed and paid up capital	Capital Reserve- Share Premium	Revenue Reserves			Cash Flow Hedge	Sub Total	
			Revenue Reserve General	Un- appropriate d Profit	Total			
----- (Rupees '000) -----								
Balance as at July 01, 2008	107,640	5,655	345,000	74,126		419,126	424,781	532,421
Total Comprehensive income for the period ended Septemeber 30, 2008	-	-	-	10,655		10,655	10,655	10,655
Balance as at Sept 30, 2008	<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>
Balance as at July 01, 2009	107,640	5,655	370,000	25,136	(2,676)	392,460	398,115	505,755
Total Comprehensive loss the period ended Septemeber 30, 2009	-	-	-	(2,908)	(546)	(3,454)	(3,454)	(3,454)
Balance as at September 30, 2009	<u>107,640</u>	<u>5,655</u>	<u>370,000</u>	<u>22,228</u>	<u>(3,222)</u>	<u>389,006</u>	<u>394,661</u>	<u>502,301</u>

The annexed notes 1 to 12 form and integral part of these financial statements.

Salman Saeed Shaikh
Chief Financial Officer

Sikander Dada
Chief Executive

Qazi Sajid Ali
Director



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DADEX ETERNIT LIMITED
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH ENDED SEPTEMBER 30, 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 sale of 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 interim condensed 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. These should be read in conjunction with the financial statements of the Company for the year ended June 30, 2009.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these interim condensed financial statements are the same as those applied in the preparation of the preceeding annual financial statements of the Company for the year ended June 30, 2009.

	Period Ended 30 September, 2009 (Un audited)	Year Ended 30 June, 2009 (Audited)
4	------(Rupees in '000)-----	
4 PROPERTY, PLANT AND EQUIPMENT	Note	
4.1 Additions during the period		
Freehold land	-	1,947
Leasehold land	-	-
Buildings	-	4,244
Plant & machinery	1,090	12,681
Furniture & fixture	-	384
Vehicles & transportation equipment	-	8,293
Office and factory equipment	-	2,047
	<u>1,090</u>	<u>29,596</u>
4.2 Disposals during the period		
Vehicle and transportation equipment	18	4,528
Office & factory equipment	-	118
	<u>18</u>	<u>4,646</u>
4.3 Depreciation / Amortization charged during the period		
Cost of sales	12,260	55,004
Distribution costs	1,155	4,613
Administrative expenses	4,316	16,863
	4.3.1 & 4.3.2 <u>17,571</u>	<u>76,480</u>
4.3.1	Includes amortization expense for the period amounting to Rs. 1.72 (June 30, 2009: Rs. 6.45) million.	
4.3.2	Includes depreciation expense on investment property for the period amounting to Rs. 0.38 (June 30, 2009: Rs. 1.51) million.	
4.4 Capital work-in-process		
Plant and machinery	14,030	13,979
Less: Impairment loss on plant and machinery	<u>6,892</u>	<u>6,891</u>
	7,138	7,088
Advance against purchase of fixed assets	907	1,773
Civil works	426	-
Office & factory equipment	22	-
	<u>8,493</u>	<u>8,861</u>



		Period Ended 30 September, 2009 (Un audited)	Year Ended 30 June, 2009 (Audited)
	Note	------(Rupees in '000)-----	
5 LONG TERM INVESTMENTS			
In an associate			
625,000 ordinary shares of Rs. 10/- each		5,000	5,000
Share of (loss)/profit		(5,000)	(5,000)
		<u>-</u>	<u>-</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

6 STOCK IN TRADE

Raw materials			
in hand		339,764	283,726
in transit		41,484	92,743
		<u>381,248</u>	<u>376,469</u>
Work-in-process			
		107,661	89,449
Finished goods			
Manufactured	6.1	234,851	214,078
Trading [including in transit Rs. 8.710 million (June 30, 2009: Rs. Nil)]	6.2	203,047	195,207
		437,898	409,285
		<u>926,807</u>	<u>875,203</u>

6.1 Includes products costing Rs.23.62 (June 30, 2009: Rs.14.14) million which are carried at net realizable value of Rs. 20.02 (June 30, 2009: Rs 10.70) million.

6.2 Includes products costing Rs. 0.09 (June 30, 2009: Rs. 1.44) million which are carried at net realizable value of Rs. 0.07 (June 30, 2009: Rs 1.01) million.

7 CONTINGENCIES AND COMMITMENTS

7.1 CONTINGENCIES

A suit has been filed by some of the directors of the Company (Paintiffs) in the Honorable High Court of Sindh. (the Court), praying for certain reliefs wherein the Company including some directors / employees have been 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. The Court in its Order dated by Ju 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

There is no other material changes in the status of contingencies as reported in the annual financial statements for the year ended June 30, 2009

		Period Ended 30 September, 2009 (Un audited)	Year Ended 30 June, 2009 (Audited)
	Note	------(Rupees in '000)-----	
7.2 COMMITMENTS			
Letter of guarantee		79,926	106,855
Letter of credit		3,858	75,485
Imports contract		15,377	4,185
Capital expenditure / Local purchase contracts		8,179	7,541
		<u>107,340</u>	<u>194,066</u>



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8 TAXATION

Current	2,273	7,191
Prior	-	177
Deferred	(3,532)	(6,196)
	<u>(1,259)</u>	<u>1,172</u>

9 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	Note	Period Ended	Year Ended
				30 September, 2009 (Un audited)	30 June, 2009 (Audited)
				------(Rupees in '000)-----	
Associate	Berger Paints Pakistan Limited	Purchase of goods		597	1,783
		Sales of goods			46
Associate	Sikandar Private Limited	Rent paid		264	240
Associate	Dadex Eternit Limited - Provident Fund	Employer Contribution		2,458	9,752
Associate	EFU General Insurance Limited	General Insurance		148	10,216
Key Management personnel	Chief Executive	Salaries & other short term benefits		1,915	8,684
		Post employment benefits		143	513
Key Management personnel	Director	Salaries & other short term benefits	9.1	981	3,924
		Post employment benefits	9.1	91	239

- 9.1 Mr. Danish Dada was an employee 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 Ordinance 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."

	Jul to Sep. 2009 (Un audited)	Jul to Sep. 2008 (Un audited)
------(Rupees in '000)-----		
10 CASH (USED) / GENERATED FROM OPERATIONS		
Profit before taxation	(4,167)	20,820
Adjustments for non cash charges and other items:		
Depreciation / Amortization	17,571	17,069
Profit on disposal of fixed assets - net	(433)	(394)
Interest income	(52)	(335)
Loss on fair value of cross currency swap	1,131	3,200
Interest / markup expense	20,120	18,788
Working capital changes	(2,940)	(249,941)
	35,397	(211,613)
Cash (used) / generated from operations	31,230	(190,793)
10.1 Working capital changes		
(Increase) / decrease in current assets		
Stores and spares	1,053	6,016
Stock in trade	(51,604)	(120,537)
Trade debts	20,336	(59,357)
Loans and advances	(13,068)	5,029
Trade deposits and short term prepayments	(1,113)	2,609
Sales tax and excise duty refundable	(7,498)	(23,567)
Short term investment		99,976
Other receivable (net)	38	12,807
	(51,856)	(77,024)
Increase / (Decrease) in current liabilities		
Creditors, accrued and other liabilities (net)	48,916	(172,917)
	(2,940)	(249,941)

11 SEGMENT WISE OPERATING RESULTS

Jul to Sep. 2009	Chrysotile Cement	Plastic	Others	Total
	------(Rupees '000)-----			
TURNOVER - net	<u>224,412</u>	<u>230,366</u>	<u>1,959</u>	<u>456,737</u>
RESULT				
Segment Result	<u>26,504</u>	<u>(15,763)</u>	<u>47</u>	<u>10,788</u>
Unallocated expense				
Other operating expenses				(2,075)
Other operating income				7,240
Finance cost				(20,120)
Share of loss on investment in an associate				-
Taxation				<u>1,259</u>
Profit for the year				<u><u>(2,908)</u></u>
Jul to Sep. 2008	Chrysotile Cement	Plastic	Others	Total
	------(Rupees '000)-----			
TURNOVER - net	<u>220,160</u>	<u>348,003</u>	<u>6,364</u>	<u>574,527</u>
RESULT				
Segment Result	<u>30,384</u>	<u>6,360</u>	<u>1,087</u>	<u>37,831</u>
Unallocated expense				
Other operating expenses				(12,962)
Other operating income				14,739
Finance cost				(18,788)
Share of loss on investment in an associate				-
Taxation				<u>(10,165)</u>
Profit for the year				<u><u>10,655</u></u>

12 GENERAL

- 12.1 These interim condensed financial statements were authorized for issue by the Board of Directors of the Company on April 15, 2010.
- 12.2 Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.
- 12.3 Corresponding figures, wherever necessary, have been rearranged. However, these were no material classification to report.

SALMAN SAEED SHAIKH
Chief Financial Officer

SIKANDER DADA
Chief Executive

Qazi Sajid Ali
Director

