



**Report For 3rd Quarter & Nine Months**  
**Ended March 31, 2004 (Unaudited)**

**DADEX**

**Dadex Eternit Limited**

Dadex House, 34-A/1, Block-6, P.E.C.H.S.,  
Shahrah-e-Faisal, P.O.Box No. 20040  
Karachi-75400, Pakistan

# • Company Information

## Board Of Directors

- MAQBOOL H. H. RAHIMTOOLA - Chairman
- ZAHID ZAHEER
- ABDUR RAZZAQ DADA  
(Alternate: TARIQ ALI JAFRI)
- ABU TALIB H.K. DADA
- QAZI SAJID ALI
- DR. MAHMOOD AHMED  
(Alternate: MUHAMMAD HANIF IDREES)
- RASHEED Y. CHINYOY
- MUHAMMAD NAJAM ALI
- MOHAMMAD ALI JAMEEL
- SAAD S. FARUQUI

## Chief Executive

- SIKANDER DADA

## Chief Financial Officer & Company Secretary

- MUHAMMAD HANIF IDREES

## Board Audit Committee

- ZAHID ZAHEER - Chairman
- ABU TALIB H.K. DADA
- QAZI SAJID ALI
- SIKANDER DADA

## Auditor

A.F. FERGUSON & CO.  
Chartered Accountants

## Bankers

- CITIBANK N.A.
- HABIB BANK LIMITED
- MUSLIM COMMERCIAL BANK LIMITED
- OMAN INTERNATIONAL BANK S.A.O.G.
- PICIC COMMERCIAL BANK LIMITED
- STANDARD CHARTERED BANK
- THE HONG KONG & SHANGHAI BANKING CORPORATION LIMITED
- UNION BANK LIMITED

## Registered Office

- DADEX HOUSE, 34-A/1, Block 6, P.E.C.H.S.,  
Shahrah-e-Faisal, Karachi-75400

## Website

- [www.dadex.com](http://www.dadex.com)

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# • Directors' Report

The business and economic environment in the country has been positive during the period under review. This is apparent from the stable Pakistan rupee, large foreign currency reserves and high credit available to private sector. However, public spending on the infrastructure projects although increasing, needs to be enhanced further.

The Thermoplastic Division, a growing segment of the Company's business, continued to face severe competition from influx of imported finished goods stimulated by a very low difference in custom duties on imported finished products and raw materials used for manufacturing. This is putting local manufacturers at a disadvantage compared to importers of finished goods. We expect that the Government will address this issue and not allow domestic industry to suffer. Increasing prices of raw materials, both locally and internationally, have further compounded the problem.

To meet the challenges, your company continues to focus on aggressive sales and marketing along with cost reduction, which has helped in achieving overall growth in sales and profitability. Earnings per share for the period is Rs.3.30 (Restated March 31, 2003: Rs.2.20).

Demand for the products of the company is expected to continue to grow. In the wake of the trade liberalisation, expected upturn in interest rates and overall inflationary trend, margins will remain under pressure.

However, the investment inflows in the country will be dependent on maintaining a more positive economic environment, by making appropriate and fair tariff rationalisation measures and only then real investment in the manufacturing sector will be induced.

On behalf of the Board

Sikander Dada  
Chief Executive

Zahid Zaheer  
Director

Karachi, April 19, 2004

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## ● Balance Sheet As At March 31, 2004 (Unaudited)

	Unaudited March 31, 2004	Audited June 30, 2003
Note	(Rupees 000)	
<b>Tangible Fixed Assets</b>		
Operating assets	186,778	205,663
Capital work-in-progress	17,070	-
	<u>203,848</u>	<u>205,663</u>
<b>Long-term investment</b>	5,000	5,000
<b>Long-term loans and advances</b>	599	712
<b>Long-term deposits</b>	4,892	3,559
	<u>214,339</u>	<u>214,934</u>
<b>Current assets</b>		
Stores and spares	47,230	48,141
Stock-in-trade	289,412	287,832
Trade debts	75,595	59,413
Loans and advances	17,628	13,345
Trade deposits and short-term prepayments	4,935	10,612
Other receivables	1,908	376
Investments - held to maturity	295	295
Taxation recoverable	19,071	39,615
Cash and bank balances	1,276	36,477
	<u>457,350</u>	<u>496,106</u>
<b>Current liabilities and provisions</b>		
Short-term finances	49,770	94,048
Creditors, accrued and other liabilities	151,404	136,577
Current portion of liabilities against assets subject to finance leases	2,495	26,012
Proposed dividend	-	21,528
	<u>203,669</u>	<u>278,165</u>
<b>Net current assets</b>	253,681	217,941
<b>Liabilities against assets subject to finance lease</b>	-	357
<b>Deferred taxation</b>	1,880	1,880
<b>Commitments</b>		
<b>Net assets</b>	<u>466,140</u>	<u>430,638</u>
<b>Share Capital and Reserves:</b>		
Authorised capital	<u>200,000</u>	<u>200,000</u>
Issued, subscribed and paid-up capital	107,640	107,640
Reserves	358,500	322,998
<b>Shareholders' equity</b>	<u>466,140</u>	<u>430,638</u>

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

**Muhammad Hanif Idrees**  
Chief Financial Officer

**Sikander Dada**  
Chief Executive

**Zahid Zaheer**  
Director

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● Profit & Loss Account For The 3<sup>rd</sup> Quarter & Nine Months Ended March 31, 2004 (Unaudited)

	Quarter ended March 31, 2004	Restated Quarter ended March 31, 2003	9 Months ended March 31, 2004	Restated 9 Months ended March 31, 2003
----- (Rupees 000) -----				
<b>Net Sales</b>	229,271	153,873	661,087	475,553
<b>Cost of goods sold</b>	165,400	109,278	484,438	337,044
<b>Gross profit</b>	63,871	44,595	176,649	138,509
Administration, selling and distribution expenses	39,062	26,527	125,685	92,519
<b>Operating Profit</b>	24,809	18,068	50,964	45,990
Other income	7,340	2,328	19,980	6,582
	32,149	20,396	70,944	52,572
Financial charges	1,783	579	6,441	7,053
Other charges	163	251	685	618
Workers' Profit Participation Fund	1,530	1,179	3,211	2,321
Workers' Welfare Fund	581	448	1,220	882
	4,057	2,457	11,557	10,874
<b>Profit before taxation</b>	28,092	17,939	59,387	41,698
Taxation	11,835	9,180	23,885	18,000
<b>Profit after taxation</b>	16,257	8,759	35,502	23,698
Unappropriated profit brought forward	23,243	17,051	3,998	2,112
<b>Unappropriated profit carried forward</b>	39,500	25,810	39,500	25,810
----- (Rupees) -----				
<b>Earnings per share</b>	1.51	0.81	3.30	2.20

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**Muhammad Hanif Idrees**  
Chief Financial Officer

**Sikander Dada**  
Chief Executive

**Zahid Zaheer**  
Director

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## ● Cash Flow Statement For The Nine Months Ended March 31, 2004 (Unaudited)

	2004	Restated 2003
	(Rupees 000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Cash generated (used) in operations	92,377	(34,900)
Interest / mark-up paid	(5,153)	(5,868)
Taxes paid	(3,341)	(23,035)
Long-term loans and advances (net)	113	670
Long-term deposits (net)	(1,333)	296
Net cash inflow/ (outflow) from operating activities	82,663	(62,837)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(32,612)	(34,335)
Investments	-	2,701
Proceeds from disposal of fixed assets	1,941	1,244
Interest received	894	2,326
Net cash outflow on investing activities	(29,777)	(28,064)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Liabilities against assets subject to finance lease	(23,874)	(19,487)
Dividends paid	(19,935)	(11,846)
Net cash inflow / (outflow) on financing activities	(43,809)	(31,333)
Net increase/ (decrease) in cash and cash equivalents	9,077	(122,234)
Cash and cash equivalents at beginning of the period	(57,571)	30,359
<b>Cash and cash equivalents at end of the period</b>	<b>(48,494)</b>	<b>(91,875)</b>

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

**Muhammad Hanif Idrees**  
Chief Financial Officer

**Sikander Dada**  
Chief Executive

**Zahid Zaheer**  
Director

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● Statement Of Changes In Equity For The Nine Months Ended March 31, 2004 (Unaudited)

	Issued, subscribed and paid-up Capital	RESERVES			TOTAL	
		CAPITAL	REVENUE			
			Share Premium	General		Unappropriated Profit
(Rupees 000)						
Balance as at June 30, 2002 (Restated)	107,640	5,655	308,345	2,112	316,112	423,752
Profit after taxation for the nine months ended March 31, 2003	-	-	-	23,698	23,698	23,698
Balance as at March 31, 2003	107,640	5,655	308,345	25,810	339,810	447,450
Profit after taxation for the three months ended June 30, 2003	-	-	-	4,716	4,716	4,716
Transfer to general reserve	-	-	5,000	(5,000)	-	-
Proposed dividend	-	-	-	(21,528)	(21,528)	(21,528)
Balance as at June 30, 2003	107,640	5,655	313,345	3,998	322,998	430,638
Profit after taxation for the nine months ended March 31, 2004	-	-	-	35,502	35,502	35,502
Balance as at March 31, 2004	107,640	5,655	313,345	39,500	358,500	466,140

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

**Muhammad Hanif Idrees**  
Chief Financial Officer

**Sikander Dada**  
Chief Executive

**Zahid Zaheer**  
Director

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# ● Notes To The Accounts For The 3<sup>rd</sup> Quarter & Nine Months Ended March 31, 2004

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Statement of Compliance

- 1.1 These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984, directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the International Accounting Standard No. 34 : Interim Financial Reporting. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of IAS 34, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence. These financial statements are unaudited and have been submitted to the shareholders as required by Securities & Exchange Commission of Pakistan Circular No. 2(52)/SE/2001 dated November 5,2001.
- 1.2 The accounting policies adopted in preparation of these financial statements are the same as those applied in the preparation of the preceding annual published financial statements of the company.

## 2. TANGIBLE FIXED ASSETS

	----- Addition/ (disposals) -----	
	Quarter ended March 31, 2004	Nine Months ended March 31, 2004
	----- (Rupees 000) -----	
<b>Additions during the period</b>		
Office and factory equipment	557	1,789
Plant & Machinery	5,492	5,492
Furniture & Fixture	615	615
Vehicles & Transportation Equipment	4,871	7,385
	<u>11,535</u>	<u>15,281</u>
<b>Disposal during the period (written down value)</b>		
Motor vehicles	(169)	780
	<u>10,962</u>	<u>33,386</u>
	<b>March 31, 2004</b>	<b>Audited June 30, 2003</b>
	----- (Rupees 000) -----	
<b>3. LONG-TERM INVESTMENTS</b>		
Associated Undertaking 625,000 ordinary shares of Rs.10 each in Berdex Construction Chemicals (Private) Limited	<u>5,000</u>	<u>5,000</u>

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## ● Notes To The Accounts For The 3<sup>rd</sup> Quarter & Nine Months Ended March 31, 2004

### 4. COMMITMENTS

- 4.1 Commitments in respect of rent of assets under operating leases amounted to Rs. 0.506 million at March 31, 2004 (June 30, 2003: Rs. 2.046 million).
- 4.2 Capital commitments in respect of purchase of plant and machinery amounted to Rs. 98.585 million at March 31, 2004 (June 30, 2003: Rs. Nil).

### 5. TRANSACTIONS WITH RELATED PARTIES

	Quarter ended March 31,		Nine Months ended March 31,	
	2004	2003	2004	2003
	----- (Rupees 000) -----			
Purchase of goods	1,344	8	2,666	351
Sale of goods	40	-	432	85
Income on services rendered	45	45	135	135
Expenditure on services	-	45	94	135
Rent paid/ payable	84	91	254	261
Interest received/ receivable	1,156	-	2,015	-
Insurance claim	470	473	705	473
Insurance Premium Paid	674	400	674	400
Contribution to recognised provident fund	1,095	944	3,231	2,781

Transactions with related parties are carried out at arm's length prices determined in accordance with the methods permissible under the Companies Ordinance 1984.

### 6. CORRESPONDING FIGURES

Corresponding period figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison.

**Muhammad Hanif Idrees**  
Chief Financial Officer

**Sikander Dada**  
Chief Executive

**Zahid Zaheer**  
Director

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