

**Interim Condensed Financial Report (Unaudited)  
for the Half Year Ended  
December 31, 2006**



**DADEX**

Board of Directors	<p>SIKANDER DADA - Chairman                  ABDUR RAZZAK DADA                  (Alternate: MUHAMMAD HANIF IDREES)                  ABU TALIB H.K. DADA                  MAQBOOL H.H. RAHIMTOOLA                  QAZI SAJID ALI                  SHAHZAD M. HUSAIN                  RASHEED Y. CHINOY                  MUHAMMAD NAJAM ALI                  MOHAMMAD ALI JAMEEL                  SAAD S. FARUQUI</p>
Chief Executive Officer	IMTIAZ H. ZAIDI
Chief Financial Officer & Company Secretary	MUHAMMAD HANIF IDREES
Board Audit Committee	<p>QAZI SAJID ALI - Chairman                  ABU TALIB H.K. DADA                  MUHAMMAD NAJAM ALI                  IMTIAZ H. ZAIDI</p>
Management Team	<p>IMTIAZ H. ZAIDI - Chairman                  ANWAR-UL-HASAN                  MUHAMMAD HANIF IDREES                  RIZWAN AMJED                  SUHAIL NADEEM                  TANVEER SALEEM                  AWAIS BIN NASIM                  ASIM MUHAMMAD KHAN</p>
Auditors	<p>FORD RHODES SIDAT HYDER &amp; CO.                  Chartered Accountants</p>
Bankers	<p>CITIBANK N.A.                  HABIB BANK LIMITED                  HABIB METROPOLITAN BANK LIMITED                  KASB BANK LIMITED                  MCB BANK LTD                  NATIONAL BANK OF PAKISTAN                  OMAN INTERNATIONAL BANK S.A.O.G.                  PICIC COMMERCIAL BANK LIMITED                  PRIME COMMERCIAL BANK LIMITED                  STANDARD CHARTERED BANK (PAKISTAN) LIMITED                  THE HONG KONG &amp; SHANGHAI BANKING CORPORATION LIMITED                  UNITED BANK LIMITED</p>
Registered Office	<p>DADEX HOUSE, 34-A/1, BLOCK 6, P.E.C.H.S.,                  SHAHRAH-E-FAISAL, KARACHI- 75400</p>
Web site	<a href="http://www.dadex.com">www.dadex.com</a>

Economic environment has been broadly favourable, however rising rates of borrowing and roller coaster pricing of cement has caused a slowdown in the construction activities which is also affecting the company's business. Realizing the situation, the company is also working out ways and means to rationalize the borrowing levels.

Net Sales for the period are 9% higher than the corresponding period of last year, resulting in an increase of 26% in operating profit. Projects of setting up the manufacturing facility near Lahore and implementation of SAP is progressing satisfactorily. Enhanced financing needs due to expenditure on these projects, high levels of inventory and expenditure on account of new businesses and less than expected growth in sales coupled with increase in rates of financing have led to higher financial charges. As a result profit after tax for the period is lower than the corresponding period.

Completion of manufacturing facilities in the North will assist in achieving competitiveness and geographical diversification. We expect a robust domestic demand for construction inputs, which would lead to improved profitability in the coming period.

On behalf of the Board

Karachi: 17 February, 2007

Imtiaz H. Zaidi  
Chief Executive Officer

Rasheed Y. Chinoy  
Director

We have reviewed the accompanying interim condensed balance sheet of DADEX ETERNIT LIMITED as at December 31, 2006 and the related interim condensed profit and loss account, interim condensed cash flow statement and interim condensed statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the “interim condensed financial statements”), for the six months period then ended. These interim condensed financial statements are the responsibility of the Company’s management. Our responsibility is to issue a report on these interim condensed financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagement 2400. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the interim condensed financial statements are free of material misstatement. A review is limited primarily to inquiries of Company’s personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Karachi: 17 February, 2007

FORD RHODES SIDAT HYDER & CO.  
CHARTERED ACCOUNTANTS

		December 31, 2006 Unaudited	June 30, 2006 Audited
----- (Rupees in '000) -----			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets - Property, plant and equipment	4	286,598	298,492
Capital work-in-progress	5	87,361	45,506
		<u>373,959</u>	<u>343,998</u>
Long-term investments	6	2,110	5,215
Long-term loans and advances		3,235	4,500
Long-term deposits		5,722	8,251
		<u>385,026</u>	<u>361,964</u>
<b>CURRENT ASSETS</b>			
Stores and spare parts		71,631	81,264
Stock-in-trade	7	960,056	815,806
Trade debts		143,941	178,949
Loans and advances		22,136	25,380
Trade deposits and short-term prepayments		26,028	15,202
Other receivables		1,140	595
Current portion of long-term investments		35	70
Taxation refundable		16,711	10,654
Cash and bank balances		4,175	2,312
		<u>1,245,853</u>	<u>1,130,232</u>
<b>TOTAL ASSETS</b>		<u><u>1,630,879</u></u>	<u><u>1,492,196</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Authorized share capital			
20,000,000 (2006: 20,000,000) Ordinary shares of Rs. 10/- each		<u>200,000</u>	<u>200,000</u>
Issued, subscribed and paid-up capital			
10,764,000 (2006: 10,764,000) Ordinary shares of Rs. 10/- each		107,640	107,640
Reserves		345,187	361,189
Shareholders' equity		<u>452,827</u>	<u>468,829</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred income		1,027	2,053
Liabilities against assets subject to finance lease		17,174	17,104
Deferred taxation		24,736	24,736
		<u>42,937</u>	<u>43,893</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		292,906	356,284
Mark-up accrued		15,606	10,129
Short-term borrowings	8	814,900	582,711
Current portion of liabilities against assets subject to finance lease		10,999	23,592
Sales tax payable		704	6,758
		<u>1,135,115</u>	<u>979,474</u>
<b>COMMITMENTS</b>	9	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>1,630,879</u></u>	<u><u>1,492,196</u></u>

The annexed notes from 1 to 16 form an integral part of these interim condensed financial statements.

MUHAMMAD HANIF IDREES  
Chief Financial Officer

IMTIAZ H. ZAIDI  
Chief Executive Officer

RASHEED Y. CHINYOY  
Director

**DADEX**

Note	Half year ended		Quarter ended	
	December 31, 2006	December 31, 2005	December 31, 2006	December 31, 2005
----- (Rupees in '000) -----				
Turnover	631,834	580,991	287,126	304,562
Cost of sales	(479,443)	(441,602)	(218,470)	(225,890)
Gross profit	<u>152,391</u>	<u>139,389</u>	<u>68,656</u>	<u>78,672</u>
Selling expenses	(70,484)	(64,868)	(33,664)	(39,400)
Administrative expenses	(39,095)	(41,150)	(18,580)	(20,803)
Other operating expenses	(4,059)	(2,957)	(1,463)	841
Other operating income	9,473	7,454	3,206	4,144
Operating profit	<u>48,226</u>	<u>37,868</u>	<u>18,155</u>	<u>23,454</u>
Finance costs	(35,974)	(20,054)	(20,181)	(11,306)
Share of loss from an associate	(3,000)	(1,540)	(2,220)	(1,540)
Net profit before taxation	<u>9,252</u>	<u>16,274</u>	<u>(4,246)</u>	<u>10,608</u>
Taxation	(6,418)	(4,000)	(1,745)	(500)
Profit after taxation	<u>2,834</u>	<u>12,274</u>	<u>(5,991)</u>	<u>10,108</u>
Basic and diluted earnings per share	<u>Re. 0.26</u>	<u>Rs. 1.14</u>	<u>Re. (0.56)</u>	<u>Re. 0.94</u>

The annexed notes from 1 to 16 form an integral part of these interim condensed financial statements.

MUHAMMAD HANIF IDREES  
Chief Financial Officer

IMTIAZ H. ZAIDI  
Chief Executive Officer

RASHEED Y. CHINOY  
Director

Note	Half year ended	
	December 31, 2006	December 31, 2005
----- (Rupees in '000) -----		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
	12	
Cash used in operations	(108,803)	(185,186)
Financial costs paid	(29,226)	(18,619)
Taxes paid	(12,476)	(4,134)
Long term loans and advances – net	1,265	(1,659)
Long term deposits – net	2,529	(149)
Net cash used in operating activities	<u>(146,711)</u>	<u>(209,747)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital Expenditure	(55,356)	(26,510)
Proceeds from disposal of fixed assets	2,382	467
Proceeds from sale of investments	140	-
Interest received	310	6,541
Net cash used in investing activities	<u>(52,524)</u>	<u>(19,502)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of liabilities against finance leases	(12,522)	(30,802)
Short-term borrowing obtained (net of repayments)	232,190	334,397
Dividends paid	(18,570)	(37,021)
Net cash generated from financing activities	<u>201,098</u>	<u>266,574</u>
Net increase in cash and cash equivalents	<u>1,863</u>	<u>37,325</u>
Cash and cash equivalents at the beginning of the period	<u>2,312</u>	<u>59,800</u>
Cash and cash equivalents at the end of the period	<u><u>4,175</u></u>	<u><u>97,125</u></u>

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MUHAMMAD HANIF IDREES  
Chief Financial Officer

IMTIAZ H. ZAIDI  
Chief Executive Officer

RASHEED Y. CHINYOY  
Director

**DADEX**

Interim Condensed Statement Of Changes In Equity (Unaudited) for the Half Year Ended December 31, 2006

	Issued, subscribed and paid-up capital	Capital reserves (for issue of bonus share)	Unrealised gain / (loss) on hedging instruments	Revenue reserves - General	Unappropriated profit	Total
----- (Rupees in '000) -----						
Balance as at July 1, 2005	107,640	5,655	(238)	319,011	59,649	491,717
Final dividend for the year ended June 30, 2005 @ 35%	-	-	-	-	(37,674)	(37,674)
Transfer to general reserves for the year ended June 30, 2005	-	-	-	15,572	(15,572)	-
Net unrealized gain / (loss) on hedging instruments	-	-	238	-	-	238
Profit after taxation for the half year ended December 31, 2005	-	-	-	-	12,276	12,276
Balance as at December 31, 2005	<u>107,640</u>	<u>5,655</u>	<u>-</u>	<u>334,583</u>	<u>18,679</u>	<u>466,557</u>
Balance as at July 1, 2006	107,640	5,655	-	334,583	20,951	468,829
Final dividend for the year ended June 30, 2006 @ 17.5%	-	-	-	-	(18,836)	(18,836)
Profit after taxation for the half year ended December 31, 2006	-	-	-	-	2,834	2,834
Balance as at December 31, 2006	<u>107,640</u>	<u>5,655</u>	<u>-</u>	<u>334,583</u>	<u>4,949</u>	<u>452,827</u>

The annexed notes from 1 to 16 form an integral part of these interim condensed financial statements.

MUHAMMAD HANIF IDREES  
Chief Financial Officer

IMTIAZ H. ZAIDI  
Chief Executive Officer

RASHEED Y. CHINOY  
Director

**DADEX**



## 1. NATURE AND STATUS OF BUSINESS

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 manufacture and sale of construction material which mainly includes piping system and other allied products manufactured from chrysolite cement, rubber and plastics, and merchandising of imported fittings, accessories and other building products.

## 2. BASIS OF PRESENTATION

These interim condensed financial statements are unaudited but subject to limited scope review by auditors and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the 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, 2006.

## 3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies adopted for the preparation of these interim condensed financial statements are the same as those applied in the preparation of the preceding annual published financial statements of the Company.

## 4. TANGIBLE FIXED ASSETS

December 31, 2006	June 30, 2006
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----- (Rupees in '000) -----

### 4.1 Addition during the period / year

Land	-	4
Building	1,338	11,015
Plant and machinery	2,479	39,847
Furniture and fixtures	937	2,034
Vehicle and transportation equipment	3,951	15,078
Office and factory equipment	4,587	6,968
	<u>13,292</u>	<u>74,946</u>

-	4
1,338	11,015
2,479	39,847
937	2,034
3,951	15,078
4,587	6,968
<u>13,292</u>	<u>74,946</u>

### 4.2 Disposal during the period / year (at Book Value)

Plant and machinery	-	16,207
Vehicle and transportation equipment	1,301	1,149
	<u>1,301</u>	<u>17,356</u>

-	16,207
1,301	1,149
<u>1,301</u>	<u>17,356</u>

Note	December 31, 2006	June 30, 2006
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----- (Rupees in '000) -----

#### 4.3 Depreciation charged during the period / year

Owned assets	9,654	15,441
Assets subject to finance lease	14,231	28,465
	<u>23,885</u>	<u>43,906</u>

#### 5. CAPITAL WORK-IN-PROGRESS

Tangible		
Advance against purchase of fixed assets		
- Plant and machinery	20,185	18,053
- Vehicles	2,900	-
- Civil works	53,643	18,167
- Office and factory Equipment	58	-
	<u>76,786</u>	<u>36,220</u>
Intangible	10,575	9,286
Cost of acquiring SAP license - pending implementation	<u>87,361</u>	<u>45,506</u>

#### 6. LONG-TERM INVESTMENTS

In an associate	6.1	1,583	4,583
Held to maturity			
- Defence Saving Certificates		185	220
- Accrued interest on DSC's		377	482
		562	702
Less: Maturity within one year shown in current assets		(35)	(70)
		527	632
		<u>2,110</u>	<u>5,215</u>

##### 6.1 Investment in an associate

The Company holds 49 percent shareholding in Berdex Construction Chemicals (Private) Limited. Berdex is engaged in marketing and distribution of construction chemicals in Pakistan. Berdex Construction Chemicals (Private) Limited is an entity that is not listed on any public exchange. Share of loss for the period represents the figure available as per the latest unaudited financial statements of the associate.

## 7. STOCK-IN-TRADE

	Note	December 31, 2006	June 30, 2006
----- (Rupees in '000) -----			
Raw materials			
- in hand	7.1	473,362	451,568
- in transit		27,529	52,380
		<u>500,891</u>	<u>503,948</u>
Work-in-process		38,251	36,242
Finished goods			
- Manufactured	7.2	206,939	142,974
- Trading including in transit Rs. 22.146 million (2005: Rs. 8.652 million)		213,975	132,642
		<u>420,914</u>	<u>275,616</u>
		<u>960,056</u>	<u>815,806</u>

7.1 Raw material include recyclable production having a cost of Rs. 50.517 million (June 30, 2006: Rs. 50.517 million) which have been written down to its net realisable value amounting to Rs. 37.255 million (June 30, 2006: Rs. 37.255 million).

7.2 Finished goods include certain items having a cost of Rs. 7.416 million (June 30, 2006: Rs. 7.416 million) which have been written down to their net realisable value amounting to Rs. 2.219 million (June 30, 2006: Rs. 2.219 million).

## 8. SHORT-TERM BORROWINGS - secured

	Note	December 31, 2006	June 30, 2006
----- (Rupees in '000) -----			
Running finances utilized under mark-up arrangements	8.1	399,922	35,713
Term finances	8.1	414,978	546,998
		<u>814,900</u>	<u>582,711</u>

8.1 The aggregate facilities for short-term running finances and term finances under mark-up arrangements available from various banks amounting to Rs. 1,130 million (June 30, 2006: Rs. 1,080 million) and carry mark-up at the rate 9.84% to 10.81% (June 30, 2006: 9.6% to 10.54%) per annum and 9.66% to 11.68% (June 30, 2006: 9.83% to 10.4%) per annum respectively at period end. These facilities will expire on various dates, latest by December 31, 2007. These arrangements are secured by pari-passu charge against hypothecation of the Company's stock-in-trade and trade debts.

## 9. COMMITMENTS

	December 31, 2006	June 30, 2006
----- (Rupees in '000) -----		
Letters of guarantee	49,970	50,269
Letters of credit	45,104	21,345
Import contracts	2,173	5,154
Capital expenditure / local purchase contract	128,261	100,413
	<u>225,508</u>	<u>177,181</u>

- 9.1 In addition to above the revenues expected from remaining work committed to be performed under the turnkey projects in process amounts to Rs. 16 million. The estimated cost of such remaining works to be performed without accounting for escalation of rate, which may be negotiated amounts to Rs. 16.3 million. Thus the difference between the expected revenues and estimated costs amounting to Rs. 0.3 million represents the contingent loss on the projects in process.
- 9.2 Assets held for disposal having a carrying value of Rs. 5.43 million, (reduced by security deposit of Rs. 0.5 million received from the customer and net realizable value of such assets, in case of default by the customer) are subject to risk of impairment loss.

## 10. COST OF SALES

	Half year ended		Quarter ended	
	December 31, 2006	December 31, 2005	December 31, 2006	December 31, 2005
----- (Rupees in '000) -----				
Manufactured				
Raw materials consumed				
Opening stock	503,984	351,206	-	-
Purchases	362,923	461,639	157,099	260,209
Closing stock	(500,891)	(485,427)	(17,340)	(84,666)
	<u>366,016</u>	<u>327,418</u>	<u>139,759</u>	<u>175,543</u>
Export Rebate				
- Duties	(106)	(480)	-	(207)
- CED	(217)	(1,581)	(118)	(723)
	<u>(323)</u>	<u>(2,061)</u>	<u>(118)</u>	<u>(930)</u>
	<u>365,693</u>	<u>325,357</u>	<u>139,641</u>	<u>174,613</u>
Stores and spares consumed	28,106	29,354	12,860	15,144
Salaries, wages and benefits [including Rs. 0.9 million (2005: Rs. 0.157 million) in respect of bonus to workers]	50,613	46,062	22,816	24,983
Procured services	7,683	6,589	3,403	3,430
Fuel, water and power	22,323	21,651	9,504	10,681
Insurance	1,714	1,934	673	957
Traveling	976	240	732	209
Communication	242	274	137	132
Depreciation	16,621	14,680	8,500	(300)
Rent, rates and taxes	355	29	340	16
Repairs and maintenance	2,759	4,966	1,828	3,177
Provision for breakages	3,785	(284)	2,485	(264)
Provision for heavy maintenance	-	1,500	(1,500)	-
Technical assistance fee	3,426	3,389	1,690	1,817
Printing and stationery	278	287	138	193
Sundry expenses	1,128	935	616	422
Opening stock of work-in-process	36,206	26,628	-	-
Closing stock of work-in-process	(38,251)	(34,754)	(125)	(1,425)
	<u>503,657</u>	<u>448,837</u>	<u>203,738</u>	<u>233,785</u>
Opening stock of finished goods	142,974	130,736	-	-
Closing stock of finished goods	(206,939)	(167,762)	(4,245)	(21,728)
	<u>439,692</u>	<u>411,811</u>	<u>199,493</u>	<u>212,057</u>
Trading				
Opening stock	132,642	78,256	-	-
Purchases	121,084	77,416	50,440	54,449
	<u>253,726</u>	<u>155,672</u>	<u>50,440</u>	<u>54,449</u>
Closing stock	(213,975)	(125,881)	(31,461)	(40,615)
	<u>39,751</u>	<u>29,791</u>	<u>18,979</u>	<u>13,834</u>
	<u>479,443</u>	<u>441,602</u>	<u>218,472</u>	<u>225,891</u>

## 11. 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	Nature of transaction	Half year ended		Quarter ended	
		December 31, 2006	December 31, 2005	December 31, 2006	December 31, 2005
----- (Rupees in '000) -----					
Staff retirement benefit plans	Contribution to provident fund	3,391	3,013	1,796	1,622
Associated companies	Purchase of goods and services	941	1,577	497	942
	Rent payable / paid	150	195	-	(15)
	Sale of goods and services	46	-	-	-
	Short-term investment	25,000	45,000	25,000	-
	Interest on investment	234	-	-	-
	Expenditure on services	252	-	63	-
Other related parties	Sale of goods and services	1,347	7	22	-

## 12. CASH GENERATED FROM OPERATIONS

Note	Half year ended	
	December 31, 2006	December 31, 2005
----- (Rupees in '000) -----		
Profit before taxation	9,252	16,276
Adjustments for non cash charges and other items:		
Depreciation	23,885	19,532
Gain on disposal of fixed assets – net	(1,080)	(465)
Interest income	(310)	(7,125)
Share of loss from investment in an associate	3,000	1,540
Deferred income	(1,027)	(1,027)
Interest / mark-up expense	34,703	26,370
Working capital changes	12.1 (177,226)	(240,287)
	<u>(108,803)</u>	<u>(185,186)</u>

### 12.1 Working capital changes

(Increase) in current assets		
Stores and spare parts	9,633	(2,085)
Stock-in-trade	(144,250)	(226,999)
Trade debts	35,009	(5,127)
Loans and advances	3,244	(831)
Trade deposits and short-term prepayments	(10,826)	(921)
Other receivable (net)	(545)	(225)
	<u>(107,735)</u>	<u>(236,188)</u>
(Decrease) in current liabilities		
Trade and other liabilities (net)	(69,491)	(4,099)
	<u>(177,226)</u>	<u>(240,287)</u>

## 13. DIVIDEND PAID

	Half year ended	
	December 31, 2006	December 31, 2005
----- (Rupees in '000)-----		
Declared and paid during the six months period		
- Final cash dividend @ Rs. 1.75 per share (2005: @ Rs. 3.5 per share)	<u>18,570</u>	<u>37,021</u>

## 14. CORRESPONDING FIGURES

Corresponding figures, wherever necessary, have been rearranged. However, these are not considered material enough to be disclosed separately.

## 15. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 17, 2007 by the Board of Directors of the Company.

## 16. GENERAL

16.1 The figures of the profit and loss account for the quarters ended December 31, 2006 and December 31, 2005 have not been subject to a limited scope review, as the scope of the review covered only the cumulative figures for the half-years ended December 31, 2006 and December 31, 2005.

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

MUHAMMAD HANIF IDREES  
Chief Financial Officer

IMTIAZ H. ZAIDI  
Chief Executive Officer

RASHEED Y. CHINOY  
Director

**BOOK POST**

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