

Interim Condensed Financial Report (Unaudited)
For the Half Year Ended
December 31, 2007

DADEX

Company Information

Board of Directors	SIKANDER DADA Chairman & Chief Executive Officer 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
Chief Financial Officer & Company Secretary	MUHAMMAD HANIF IDREES
Board Audit Committee	QAZI SAJID ALI - Chairman ABU TALIB H.K. DADA MUHAMMAD NAJAM ALI SIKANDER DADA
Management Team	SIKANDER DADA - Chairman / CEO MUHAMMAD HANIF IDREES - Director Finance & Company Secretary RIZWAN AMJED - Director Operations SUHAIL NADEEM - General Manager (Marketing & Sales) TANVEER SALEEM - General Manager (Technical Services)
Auditors	FORD RHODES SIDAT HYDER & CO. Chartered Accountants
Bankers	CITIBANK N.A. HABIB BANK LIMITED HABIB METROPOLITAN BANK LIMITED JS BANK LIMITED MCB BANK LIMITED NATIONAL BANK OF PAKISTAN NIB BANK LIMITED OMAN INTERNATIONAL BANK S.A.O.G. STANDARD CHARTERED BANK (PAKISTAN) LIMITED THE HONG KONG & SHANGHAI BANKING CORPORATION LIMITED UNITED BANK LIMITED
Registered Office	DADEX HOUSE, 34-A/1, BLOCK 6, P.E.C.H.S., SHAHRAH-E-FAISAL, KARACHI- 75400
Web site	www.dadex.com

Directors' Report

The period under review was beset with business difficulties. Increasing oil prices, rising bank interest rates, pressure on the rupee and uncertainties on the domestic political front all negatively affected the costs and margins and presented the company with challenges. This meant extra efforts were required to overcome these hurdles.

In spite of these difficult circumstances, your company registered an increase of 34% in turnover over the corresponding period of last year. Better cost controls, more aggressive sales and marketing, improvement in productivity at the plants, more emphasis on better inventory management in raw materials and finished products have all been the reasons for this turnaround. Efforts have begun to be rewarded with reduction in outstandings. These efforts have resulted in improving the working capital which has helped in reducing the financial charges. As a result earning per share for the period has been Rs.1.98 (31 December, 2006:Rs.0.26).

Although the longer term future is promising, in the immediate future, political uncertainties and fiscal problems due to the global slowdown could serve as a negative catalyst. Nevertheless, we are optimistic that post election the focus on economic activity and infrastructure development would return resulting in continued growth and performance of the Company's business.

The efforts of the management along with their team need to be appreciated which has helped the company make a positive turnaround over the previous year.

On Behalf of the Board

Karachi: 28 February 2008

Sikander Dada
Chairman & Chief Executive

Shahzad M. Husain
Director

**REPORT ON REVIEW OF INTERIM FINANCIAL
INFORMATION TO THE MEMBERS**

Introduction

We have reviewed the accompanying interim condensed balance sheet of **Dadex Eternit Limited** (the Company) as at **December 31, 2007** 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 (here-in-after referred to as "interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. 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.

KARACHI: 28 February 2008

**FORD RHODES SIDAT HYDER & CO.
CHARTERED ACCOUNTANTS**

DADEX ETERNIT LIMITED
INTERIM CONDENSED BALANCE SHEET
AS AT DECEMBER 31, 2007

	Note	December 31, 2007 Unaudited ----- (Rupees in `000) -----	June 30, 2007 Audited
ASSETS			
NON-CURRENT ASSETS			
Fixed assets - Property, plant and equipment	4	248,340	277,655
Capital work-in-progress	5	196,579	152,752
		<u>444,919</u>	<u>430,407</u>
Long-term investments	6	-	1,324
Long-term loans and advances		2,730	2,942
Long-term deposits		4,059	4,059
		<u>451,708</u>	<u>438,732</u>
CURRENT ASSETS			
Stores and spare parts		65,809	69,458
Stock-in-trade	7	703,503	734,882
Trade debts	8	161,001	125,809
Loans and advances		43,281	16,428
Trade deposits and short-term prepayments		35,721	16,826
Other receivables		6,045	1,774
Current portion of long-term investments		229	-
Sales tax and excise duty – net		1,285	-
Taxation refundable		6,110	16,669
Cash and bank balances		4,736	9,939
		<u>1,027,720</u>	<u>991,785</u>
TOTAL ASSETS		<u><u>1,479,428</u></u>	<u><u>1,430,517</u></u>
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized share capital 20,000,000 (2007: 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 (2007: 10,764,000) Ordinary shares of Rs. 10/- each		107,640	107,640
Reserves		<u>373,657</u>	<u>384,643</u>
Shareholders' equity		<u>481,297</u>	<u>492,283</u>
NON-CURRENT LIABILITIES			
Deferred taxation		30,146	30,146
CURRENT LIABILITIES			
Trade and other payables		351,709	378,483
Mark-up accrued		8,629	6,252
Short-term borrowings	9	593,459	491,883
Dividend payable		8,725	8,124
Current portion of liabilities against assets subject to finance lease		5,463	9,568
Sales tax payable		-	13,778
		<u>967,985</u>	<u>908,088</u>
CONTIGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		<u><u>1,479,428</u></u>	<u><u>1,430,517</u></u>

The annexed notes from 1 to 18 form an integral part of these interim condensed financial statements.

MUHAMMAD HANIF IDREES	SIKANDER DADA	SHAHZAD M. HUSAIN
CHIEF FINANCIAL OFFICER	CHIEF EXECUTIVE OFFICER	DIRECTOR

DADEX ETERNIT LIMITED
INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2007

	Note	Half year ended		Quarter ended	
		December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
----- (Rupees in `000) -----					
Turnover		849,994	631,834	385,197	287,126
Cost of sales	11	(665,936)	(479,443)	(308,101)	(218,470)
Gross profit		<u>184,058</u>	<u>152,391</u>	<u>77,096</u>	<u>68,656</u>
Selling expenses		(92,702)	(70,484)	(42,633)	(33,664)
Administrative expenses		(42,877)	(39,095)	(19,558)	(18,580)
Other operating expenses		(4,055)	(4,059)	-	(1,463)
Other operating income		16,624	9,473	12,039	3,206
Operating profit		<u>61,048</u>	<u>48,226</u>	<u>26,944</u>	<u>18,155</u>
Finance costs		(24,845)	(35,974)	(12,491)	(20,181)
Share of loss from an associate		(834)	(3,000)	(208)	(2,220)
Net profit before taxation		<u>35,369</u>	<u>9,252</u>	<u>14,245</u>	<u>(4,246)</u>
Taxation	12	(14,063)	(6,418)	(3,063)	(1,745)
Profit after taxation		<u><u>21,306</u></u>	<u><u>2,834</u></u>	<u><u>11,182</u></u>	<u><u>(5,991)</u></u>
Basic and diluted earnings per share		<u>Rs. 1.98</u>	<u>Re. 0.26</u>	<u>Rs. 1.04</u>	<u>Re. (0.56)</u>

The annexed notes from 1 to 18 form an integral part of these interim condensed financial statements.

MUHAMMAD HANIF IDREES CHIEF FINANCIAL OFFICER	SIKANDER DADA CHIEF EXECUTIVE OFFICER	SHAHZAD M. HUSAIN DIRECTOR
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DADEX ETERNIT LIMITED
INTERIM CONDENSED CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2007

	Note	Half year ended	
		December 31, 2007	December 31, 2006
----- (Rupees in `000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	14	(26)	(108,803)
Financial costs paid		(19,500)	(29,226)
Taxes paid		(3,504)	(12,476)
Long term loans and advances – net		212	1,265
Long term deposits – net		-	2,529
Net cash used in operating activities		(22,818)	(146,711)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital Expenditure		(53,422)	(55,356)
Proceeds from disposal of fixed assets		4,996	2,382
Proceeds from sale of investments		261	140
Interest received		-	310
Net cash used in investing activities		(48,165)	(52,524)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of liabilities against finance leases		(4,105)	(12,522)
Short-term borrowing obtained (net of repayments)		101,576	232,190
Dividends paid		(31,691)	(18,570)
Net cash generated from financing activities		65,780	201,098
Net (decrease) / increase in cash and cash equivalents		(5,203)	1,863
Cash and cash equivalents at the beginning of the period		9,939	2,312
Cash and cash equivalents at the end of the period		4,736	4,175

The annexed notes from 1 to 18 form an integral part of these interim condensed financial statements.

MUHAMMAD HANIF IDREES	SIKANDER DADA	SHAHZAD M. HUSAIN
CHIEF FINANCIAL OFFICER	CHIEF EXECUTIVE OFFICER	DIRECTOR

DADEX ETERNIT LIMITED
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2007

	Issued, subscribed and paid-up capital	Capital reserves (for issue of bonus share)	Revenue reserves – General (Rupees in `000)	Unappro- priated profit	Total
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>334,583</u>	<u>4,949</u>	<u>452,827</u>
Balance as at July 1, 2007	107,640	5,655	334,583	44,405	492,283
Transfer to general reserve for the year ended June 30, 2007	-	-	10,417	(10,417)	-
Final dividend for the year ended June 30, 2007 @ 30%	-	-	-	(32,292)	(32,292)
Profit after taxation for the half year ended December 31, 2007	-	-	-	21,306	21,306
Balance as at December 31, 2006	<u><u>107,640</u></u>	<u><u>5,655</u></u>	<u><u>345,000</u></u>	<u><u>23,002</u></u>	<u><u>481,297</u></u>

The annexed notes from 1 to 18 form an integral part of these interim condensed financial statements.

MUHAMMAD HANIF IDREES CHIEF FINANCIAL OFFICER	SIKANDER DADA CHIEF EXECUTIVE OFFICER	SHAHZAD M. HUSAIN DIRECTOR
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DADEX ETERNIT LIMITED
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2007

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 chrysotile 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, 2007.

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.

	Note	December 31, 2007	June 30, 2007
		----- (Rupees in `000) -----	

4. TANGIBLE FIXED ASSETS

4.1 Addition including transfers during the period / year

Building	159	1,181
Plant and machinery	249	418,103
Furniture and fixtures	24	3,113
Vehicle and transportation equipment	3,411	19,977
Office and factory equipment	1,784	8,351
	5,627	450,725

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

Vehicle and transportation equipment	2,225	2,417
Office and factory equipments	40	-
Vehicle – Leased	581	-
	2,846	2,417

4.3 Depreciation charged during the period / year

Owned assets	27,312	20,261
Assets subject to finance lease	4,784	28,432
	32,096	48,693

5. CAPITAL WORK-IN-PROGRESS

Advance against purchase of fixed assets		
- Plant and machinery	59,620	26,087
Less: Impairment loss on plant and machinery	5,987	5,987
	53,633	20,100
- Furniture and fixtures	348	-
- Vehicles	2,610	700
- Office equipments	4,403	-
- Cost of acquiring SAP licence	14,485	11,985
- Civil works	121,100	119,967
	196,579	152,752

- 5.1 Represents payments made against "Sundar Project" on which borrowing cost amounting to Rs. Nil (2007: Rs. 6.027 million) has been capitalised.

	Note	December 31, 2007 ----- (Rupees in `000) -----	June 30, 2007
6. LONG-TERM INVESTMENTS			
In an associate	6.1	-	834
Held to maturity			
- Defence Saving Certificates		50	150
- Accrued interest on DSC's		179	340
		229	490
Less: Maturity within one year shown in current assets		229	-
		-	490
		-	1,324

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.

The Company has brought the carrying value of the investment at nil value as the recent financial position of the investee company is not yet available, accordingly, the share of loss recognized during the period may not correspond with the actual loss.

	Note	December 31, 2007 ----- (Rupees in `000) -----	June 30, 2007
7. STOCK-IN-TRADE			
Raw materials			
- in hand		324,560	374,456
- in transit		45,225	33,453
		369,785	407,909
Work-in-process		49,786	37,616
Finished goods			
- Manufactured	7.1	167,848	134,076
- Trading including in transit Rs. 4.272 million (June 30, 2007: Rs. 14.030 million)		116,084	155,281
		283,932	289,357
		703,503	734,882

7.1 Finished goods include certain items having a cost of Rs. 176 million which have been written down to their net realisable value amounting to Rs. 171 million.

8. TRADE DEBTS

The carrying value of the trade debts is adjusted after taking the effect of the provision of Rs. 92.148 million (June 30, 2007: Rs. 93.092 million). Such provision includes an amount of Rs. 16.66 million (June 30, 2007: Rs. 22.8 million) recoverable from an ex-employee who had reportedly collected the amount from parties and has yet to surrender the same to the Company. However, the Company still keeps the legal right to receive the said amount from the respective debtors.

	Note	December 31, 2007 ----- (Rupees in `000) -----	June 30, 2007
9. SHORT-TERM BORROWING - secured			
Running finances utilized under mark-up arrangements	9.1	100,770	15,632
Term finances	9.1	492,689	476,251
		593,459	491,883

9.1 The aggregate facilities for short-term running finances and term finances under mark-up arrangements available from various banks amounting to Rs. 1,186 million (June 30, 2007: Rs. 1,186 million) and carry mark-up at the rate 10.09% to 11.79% (June 30, 2007: 9.83% to 11.26%) per annum and 4.72% to 10.32% (June 30, 2007: 3.85% to 12.29%) per annum respectively at period end. The facilities will be expired on various dates latest by December 31, 2008. These arrangements are secured by pari-passu charge against hypothecation of the Company's stock-in-trade and trade debts.

December 31, June 30,
2007 2007
----- (Rupees in `000) -----

10. CONTINGENCIES AND COMMITMENTS

No change in contingencies since June 30, 2007, however commitments are as follows:

Letters of guarantee	74,560	119,521
Letters of credit including related to capital expenditure	95,049	18,069
Import contracts	18,138	6,018
Capital expenditure / local purchase contract	60,322	90,060
	248,069	233,668

Half year ended		Quarter ended	
December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
----- (Rupees in `000) -----			

11. COST OF SALES

Manufactured

Raw materials consumed				
Opening stock	407,909	503,984	274,488	-
Purchase	459,273	362,923	307,783	157,099
Closing stock	(369,785)	(500,891)	(369,785)	(17,340)
	497,397	366,016	212,486	139,759
Export Rebate				
- Duties	(302)	(106)	(139)	-
- CED	(197)	(217)	(197)	(118)
	(499)	(323)	(336)	(118)
	496,898	365,693	212,150	139,641
Stores and spares consumed	27,184	28,106	9,720	12,860
Salaries, wages and benefits [including Rs. 1.862 million (2007: Rs. 0.9 million) in respect of bonus to workers]	54,882	50,613	24,300	22,816
Procured services	11,026	7,683	6,507	3,403
Fuel, water and power	23,378	22,323	9,677	9,504
Insurance	2,622	1,714	1,558	673
Traveling	1,183	976	905	732
Communication	312	242	227	137
Depreciation	24,266	16,621	12,136	8,500
Rent, rates and taxes	1,440	355	1,392	340
Repairs and maintenance	8,465	2,759	4,425	1,828
Provision for breakages	-	3,785	-	2,485
Provision for heavy maintenance	-	-	-	(1,500)
Technical assistance fee	3,077	3,426	1,077	1,690
Printing and stationery	304	278	163	138
Sundry expenses	836	1,128	142	616
Opening stock of work-in-process	37,616	36,206	45,374	-
Closing stock of work-in-process	(49,786)	(38,251)	(49,786)	(125)
Cost of goods manufactured	643,703	503,657	279,967	203,738
Opening stock of finished goods	134,076	142,974	184,890	-
Closing stock of finished goods	(167,848)	(206,939)	(167,848)	(4,245)
	609,931	439,692	297,009	199,493

Trading

Opening stock	155,281	132,642	114,502	-
Purchases	16,808	121,084	12,678	50,440
	172,089	253,726	127,180	50,440
Closing stock	(116,084)	(213,975)	(116,088)	(31,461)
	56,005	39,751	11,092	18,979
	665,936	479,443	308,101	218,472

12. TAXATION

Includes: a) current period provision Rs. 13 Million, b) prior years charge Rs. 4.422 million and c) prior years reversal Rs. 3.359 million. The prior years charge and reversal represents adjustment of prior years refunds / reversals of excess provision for which the orders were received during the period.

Impact of deferred tax is accounted for at year end unless the impact arising while reporting related to interim periods is irreversible.

13. 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	December	December
			31, 2007	31, 2006
			----- (Rupees in `000) -----	
Associate	Berger Paints Pakistan Limited	Purchase and sale of goods	680	1,079
Associate	Sikandar Private Limited	Rent paid	150	150
Associate	Dadex Eternit Limited - Provident Fund	Employer Contribution	3,946	3,391
Associate	First Dawood Investment Bank	Short term Investment and interest	-	2,534
Associate	Trakker Private Limited	Expenditures on services	5	161
Associate	International Industrial Limited	Sale of goods	-	674
Associate	Crescent Textile Mills Limited	Sale of goods	313	673
Associate	Muznash (Private) Limited	Business consultancy	2,128	-
Associate	Optinus Limited	Car rent	29	-
Chief Executive	Sikandar Dada	Salary and other short-term employment benefits	1,307	1309
		Note	Half year ended	
			December 31, 2007	December 31, 2006
			----- (Rupees in `000) -----	

14. CASH GENERATED FROM OPERATIONS

Profit before taxation		35,369	9,252
Adjustments for non cash charges and other items:			
Depreciation		32,096	23,885
Gain on disposal of fixed assets – net		(2,150)	(1,080)
Interest income		-	(310)
Share of loss from investment in an associate		834	3,000
Deferred income		-	(1,027)
Interest / mark-up expense		21,877	34,703
Working capital changes	14.1	(88,052)	(177,226)
		<u>(26)</u>	<u>(108,803)</u>
14.1 Working capital changes			
(Increase) / decrease in current assets			
Stores and spare parts		3,649	9,633
Stock-in-trade		31,379	(144,250)
Trade debts		(35,192)	35,009
Loans and advances		(26,853)	3,244
Trade deposits and short-term prepayments		(18,895)	(10,826)
Other receivable (net)		(4,271)	(545)
		<u>(50,183)</u>	<u>(107,735)</u>
(Decrease) in current liabilities			
Trade and other liabilities (net)		(22,806)	(69,491)
Sales tax and excise duty payable (net)		(15,063)	-
		<u>(88,052)</u>	<u>(177,226)</u>

Note	Half year ended	
	December 31, 2007	December 31, 2006
	----- (Rupees in `000) -----	

15. DIVIDEND PAID

Declared and paid during the six months period

- Final cash dividend @ Rs. 3.00 per share
(2006: @ Rs. 1.75 per share)

31,691	18,570
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16. CORRESPONDING FIGURES

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

17. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 28, 2008 by the Board of Directors of the Company.

18. GENERAL

18.1 The figures of the profit and loss account for the quarters ended December 31, 2007 and December 31, 2006 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, 2007 and December 31, 2006.

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

MUHAMMAD HANIF IDREES CHIEF FINANCIAL OFFICER	SIKANDER DADA CHIEF EXECUTIVE OFFICER	SHAHZAD M. HUSAIN DIRECTOR
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