

Quarterly Report
Dadex Eternit Ltd

Interim Financial Report (Unaudited)
For the First Quarter Ended
30 September, 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 MUHAMMAD HANIF IDREES RIZWAN AMJED SUHAIL NADEEM TANVEER SALEEM
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 OMAN INTERNATIONAL BANK S.A.O.G. PICIC COMMERCIAL BANK LIMITED 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 quarter under review was marred with roller coaster situation on the political scenario. Economic front witnessed continuing rise in oil prices and pressure of trade and current account deficits with some support from brisk pace of foreign inflows.

During the period under review, your company achieved a growth of 35% in turnover over corresponding quarter of previous year. Higher gross profit from improved turnover coupled with tight working capital management resulting in lower financial costs has led us to an achievement of EPS of Rs.0.98 (30 September, 2006: Rs.0.81).

We are also pleased to inform you that this quarter is the first reporting based on our recently implemented SAP system. Work on the setting up of the manufacturing facilities in the North will assist in achieving competitiveness and geographical diversification.

On Behalf of the Board

Karachi: 29 October, 2007

Sikander Dada
Chairman & Chief Executive

Qazi Sajid Ali
Director

Dadex Eternit Ltd
Balance Sheet as at September 30, 2007

	Note	1st Quarter Ended September 30, 2007 (Unaudited)	Year Ended June 30, 2007 (Audited)
------(Rupees '000)-----			
ASSETS			
NON- CURRENT ASSETS			
Fixed Assets - Property, plant and equipment	4	438,145	430,407
Long-term investments	5	776	1,324
Long-term loans		2,863	2,942
Long-term deposits		4,059	4,059
TOTAL NON-CURRENT ASSETS		445,843	438,732
CURRENT ASSETS			
Stores and spares parts		63,286	69,458
Stocks-in-trade		633,765	734,882
Trade debts		163,404	125,809
Loans and advances		17,849	16,428
Trade deposits and short-term prepayments		17,385	16,826
Other receivables		10,132	1,774
Taxation refundable		3,754	16,669
Cash and bank balances		3,787	9,939
TOTAL CURRENT ASSETS		913,362	991,785
TOTAL ASSETS		1,359,205	1,430,517
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
20,000,000 (June 2007: 20,000,000) ordinary shares of Rs. 10/-		200,000	200,000
Issued, subscribed and paid-up capital		107,640	107,640
Reserves		395,185	384,643
Shareholders' equity		502,825	492,283
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease	6	-	-
Deferred Taxation		30,146	30,146
CURRENT LIABILITIES			
Trade and other payables		350,257	392,261
Accrued interest / mark-up		7,907	6,252
Short-term borrowings		452,943	491,883
Current portion of liabilities against assets subject to finance lease	6	7,003	9,568
Dividend payable		8,124	8,124
Total Current Liabilities		826,234	908,088
CONTINGENCIES AND COMMITMENTS	7	-	-
TOTAL EQUITY AND LIABILITIES		1,359,205	1,430,517

The annexed notes 1 to 10 form an integral part of these financial statements.

Muhammad Hanif Idrees
Chief Financial Officer

Sikander Dada
Chairman & Chief Executive Officer

Qazi Sajid Ali
Director

Dadex Eternit Ltd
Profit & Loss Account (Unaudited)
For the 1st Quarter Ended September 30, 2007

	Note	<u>1st Quarter ended</u>	
		September 30 2007	September 30 2006
		------(Rupees '000)-----	
Turnover - net		464,797	344,708
Cost of sales		<u>(357,835)</u>	<u>(260,972)</u>
Gross profit		106,962	83,736
Selling expenses		(50,069)	(36,820)
Administrative expenses		(23,319)	(20,515)
Other operating expenses		(4,280)	(2,743)
Other operating income		<u>4,810</u>	<u>6,267</u>
Operating profit		34,104	29,925
Finance cost		(12,354)	(15,793)
Share of loss of an associate		<u>(208)</u>	<u>(780)</u>
Profit before taxation		21,542	13,352
Taxation		<u>(11,000)</u>	<u>(4,673)</u>
Profit after taxation		<u><u>10,542</u></u>	<u><u>8,679</u></u>
		-----Rupees -----	
Earnings per share - Basic and diluted		<u><u>0.98</u></u>	<u><u>0.81</u></u>

The annexed notes 1 to 10 form an integral part of these financial statements.

Muhammad Hanif Idrees
Chief Financial Officer

Sikander Dada
Chairman & Chief Executive Officer

Qazi Sajid Ali
Director

Dadex Eternit Ltd
Cash Flow Statement (Unaudited)
For the 1st Quarter Ended September 30, 2007

<u>Note</u>	<u>1st Quarter Ended September 30, 2007</u>	<u>1st Quarter Ended September 30, 2006</u>	
	------(Rupees '000)-----		
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated / (used) in operations	9	70,987	(45,574)
Taxes paid		1,915	(6,377)
Long - term loans and advances - net		79	558
Long-term deposits - net		-	2,530
		<hr/>	<hr/>
Net cash outflow from operating activities		72,981	(48,863)
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(27,785)	(18,635)
Proceeds from disposal of fixed assets		-	214
Proceeds from sale of investments		340	136
Interest received		-	310
		<hr/>	<hr/>
Net cash outflow from investing activities		(27,445)	(17,975)
CASH FLOW FROM FINANCING ACTIVITIES			
Borrowing against assets subject to finance lease paid		(2,565)	(6,562)
Short-term borrowings (repaid) / obtained		(38,940)	94,797
Interest / mark - up paid		(10,183)	(16,583)
Dividends paid		-	(10)
		<hr/>	<hr/>
Net cash inflow from financing activities		(51,688)	71,642
		<hr/>	<hr/>
Net (decrease) / increase in cash and cash equivalents		(6,152)	4,804
		<hr/>	<hr/>
Cash and cash equivalents at the beginning of the year		9,939	2,312
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year		3,787	7,116
		<hr/> <hr/>	<hr/> <hr/>

The annexed notes 1 to 10 form an integral part of these financial statements.

Muhammad Hanif Idrees
Chief Financial Officer

Sikander Dada
Chairman & Chief Executive Officer

Qazi Sajid Ali
Director

DADEX ETERNIT LIMITED
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2007

	Reserves				Sub Total	Total	Grand Total
	Share Capital	Capital Reserve-Share Premium	Revenue Reserve General	Unappropriated Profit			
	------(Rupees '000)-----						
Balance as at July 01, 2006	107,640	5,655	334,583	20,951	355,534	361,189	468,829
Final dividend for the year ended June 30, 2006 @ 17.50%				(18,837)	(18,837)	(18,837)	(18,837)
Profit after taxation for the year ended June 30, 2007				42,291	42,291	42,291	42,291
Balance as at June 30, 2007	<u>107,640</u>	<u>5,655</u>	<u>334,583</u>	<u>44,405</u>	<u>378,988</u>	<u>384,643</u>	<u>492,283</u>
Balance as at July 01, 2007	107,640	5,655	334,583	44,405	378,988	384,643	492,283
Profit after taxation for the 1st quarter ended September 30, 2007				10,542	10,542	10,542	10,542
Balance as at September 30, 2007	<u>107,640</u>	<u>5,655</u>	<u>334,583</u>	<u>54,947</u>	<u>389,530</u>	<u>395,185</u>	<u>502,825</u>

The annexed notes 1 to 10 form an integral part of these financial statements.

Muhammad Hanif Idrees
Chief Financial Officer

Sikander Dada
Chairman & Chief Executive Officer

Qazi Sajid Ali
Director

**Notes to the Interim Financial Statements (Unaudited)
For the First Quarter ended September 30, 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 (the Ordinance) 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 and application of its products to "Agriculture and Irrigation" sector.

2. BASIS OF PRESENTATION

These 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.

Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the SECP differ with the requirements of IAS 34, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2007.

Note	September 30, 2007	June 30, 2007
	------(Rupees '000)-----	
4 FIXED ASSETS - PROPERTY, PLANT AND EQUIPMENT		
Fixed Assets	262,750	277,655
Capital work-in Progress	4.3 175,395	152,752
	<u>438,145</u>	<u>430,407</u>
4.1 Additions during the period / year		
Buildings	-	1,181
Plant & machinery	-	9,089
Furniture & fixture	-	3,113
Vehicles & transportation Equipment	374	9,152
Office and factory equipment	800	7,738
	<u>1,174</u>	<u>30,273</u>
4.2 Disposals during the period (NBV)		
Motor Vehicles	-	8,844
Office & factory equipment	-	62
	<u>-</u>	<u>8,906</u>
4.3 CAPITAL WORK IN PROGRESS		
Advance against purchase of fixed assets		
- Plant and machinery	27,458	12,107
- Office & factory equipment	3,149	-
- Vehicles	403	700
Cost of acquiring SAP license	13,985	11,985
Civil Works	122,407	119,967
Green house to be installed	7,993	7,993
	<u>175,395</u>	<u>152,752</u>
5 LONG TERM INVESTMENTS		
-In an associate		
625,000 ordinary shares of Rs. 10/- each	5,000	5,000
Share of loss in as associated company	(4,374)	(4,166)
	<u>626</u>	<u>834</u>
-Others - held to maturity		
Defence saving certificates	150	150
Accrued Interest	-	340
	<u>150</u>	<u>490</u>
	<u>776</u>	<u>1,324</u>

September 30, 2007	June 30, 2007
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------(Rupees '000)-----

6 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The company has entered into sale and lease-back agreements for lease of various fixed assets. The liabilities under these agreements are payable by the year 2008 and are subject to finance charge at compounded annual rates ranging from 4.65% to 6.90% (2007: 4.65% to 6.9%).

The period in which these payments will become due are as follows:

Year to June 30, 2008	7,074	9,727
	7,074	9,727
Less: Financial charges not yet due	(71)	(159)
	7,003	9,568
Less: Current portion shown under current liabilities	(7,003)	(9,568)
	-	-

6.1 The Company intends to exercise its option to purchase the leased assets at their residual value upon completion of the lease periods.

September 30, 2007	June 30, 2007
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------(Rupees '000)-----

7 COMMITMENTS

Letter of guarantee	88,381	119,521
Letter of credit	59,571	18,069
Imports Contract	64,690	6,018
Local purchase contracts	75,832	90,060
	288,474	233,668

8 TRANSACTIONS WITH RELATED PARTIES

Associated companies

Rent paid to Sikander (Pvt) Limited and Berger Paints Pakistan Limited	150	150
Dadex Eternit Ltd. Provident Fund	1,852	6,782
First Dawood Investment Bank	-	25,234
Trakker (Pvt.) Ltd.	7	180
International Industries Ltd.	-	674
Crescent Textile Mills Ltd.	144	1,374
Dadex Eternit Ltd. Provident Fund	653	8,836

The company continues to have a policy whereby all transactions with related parties are entered into at arm's length prices determined using the comparable uncontrolled price method.

Note	September 30, 2007	September 30, 2006
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------(Rupees '000)-----

9 CASH GENERATED FROM OPERATIONS

Cash generated / (used in) operations

Profit before taxation	21,542	13,352
Adjustments for non cash charges and other items:		
Depreciation	16,079	11,773
Profit on disposal of fixed assets - net	-	(178)
Interest income	-	(310)
Share of loss / (profit) from investment in associate	208	780
Deferred income amortized	-	(513)
Interest / markup expense	11,838	15,344
Working capital changes	21,320	(85,822)
	49,445	(58,926)
	70,987	(45,574)

9.1 Working capital changes

(Increase) / decrease in current assets		
Stores and spares	6,172	9,588
Stock in trade	101,117	(91,079)
Trade debts	(37,595)	34,625
Loans and advances	(1,421)	1,529
Trade deposits and short term prepayments	(559)	(6,155)
Other receivable (net)	(8,358)	(210)
	59,356	(51,702)
(Decrease) in current liabilities		
Trade & other liabilities (net)	(38,036)	(34,120)
	21,320	(85,822)

10 GENERAL

- 10.1 These financial statements were authorized for issue by the Board of Directors of the company on October 29, 2007
- 10.2 Amounts have been rounded off to the nearest thousand rupees unless otherwise stated.
- 10.3 Previous year's figures have been restated due to adoption of the amendments in IAS's, wherever necessary, for the purposes of comparison

Muhammad Hanif Idrees
Chief Financial Officer

Sikander Dada
Chairman & Chief Executive Officer

Qazi Sajid Ali
Director