

Third Quarterly Report
Dadex Eternit Limited

Financial Report (Unaudited)
For the Third Quarter Ended
March 31, 2008

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

During the last quarter, operating business conditions become less favourable than the previous quarter presenting challenges for the company. Increase in costs of gas and oil, rising inflation, surge in steel and cement prices pushing the cost of construction to new heights, were some of the major factors, causing further pressure on the costs and profitability of the Company. The difficult situation demanded extra efforts to sustain and perform.

In spite of the above conditions, your Company's turnover registered a growth for the quarter and a growth of over 20% as compared to the corresponding period of last year. The profitability for the quarter and for the nine months has improved tremendously over the corresponding period of last year leading to earning per share of Rs.3.12 (March 31, 2007:0.41). Major drivers to this achievement have been aggressive sales and marketing efforts, rigorous management of working capital and costs and high productivity at plants.

The period ahead is again expected to be beset with difficulties on account of volatility in exchange and mark up rates, rising inflation, increasing oil prices and uncertainties on the political arena. We are of the view that in the long-term situation will stabilise leading to increase in economic growth. We would continue to focus on cost controls and internal efficiencies to gain immunity from the short-term difficulties.

Our staff at all levels deserve appreciation and acknowledgement for their contribution in achieving improved results over previous year.

On Behalf of the Board

Karachi: 30 April, 2008

Sikander Dada
Chairman & Chief Executive

Muhammad Najam Ali
Director

DADEX ETERNIT LIMITED
BALANCE SHEET AS AT MARCH 31, 2008

	Notes	March 31, 2008 (Unaudited)	June 30, 2007 (Audited)
------(Pak Rupees '000)-----			
ASSETS			
NON- CURRENT ASSETS			
Fixed Assets - Property, plant and equipment		419,864	277,655
Capital Work in Progress		47,073	152,752
	4	466,937	430,407
Long-term investments	5	-	1,324
Long-term loans and advances		3,018	2,942
Long-term deposits		3,908	4,059
TOTAL NON-CURRENT ASSETS		473,863	438,732
CURRENT ASSETS			
Stores and Spare parts		74,523	69,458
Stocks-in-trade		616,136	734,882
Trade debts		157,246	125,809
Loans and advances		33,083	16,428
Trade deposits and short-term prepayments		13,344	16,826
Other receivables		490	1,774
Current portion of long term investment	5	228	-
Taxation Refundable		5,705	16,669
Cash and bank balances		1,784	9,939
TOTAL CURRENT ASSETS		902,539	991,785
TOTAL ASSETS		1,376,402	1,430,517
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital		200,000	200,000
20,000,000 (June 2007: 20,000,000) ordinary shares of Rs. 10/- each		<u>200,000</u>	<u>200,000</u>
Issued, Subscribed and Paid-up Capital		107,640	107,640
Reserves		385,979	384,643
SHARE HOLDER'S EQUITY		493,619	492,283
NON-CURRENT LIABILITIES			
Deferred Taxation		30,146	30,146
TOTAL NON-CURRENT LIABILITIES		30,146	30,146
CURRENT LIABILITIES			
Trade and other payables		312,199	378,483
Accrued interest / mark-up		9,511	6,252
Short-term borrowings - Secured		504,685	491,883
Current portion of liabilities against assets subject to finance leases		-	9,568
Dividend Payable		8,537	8,124
Sales tax & Special Excise Duty Payable		17,705	13,778
TOTAL CURRENT LIABILITIES & PROVISIONS		852,637	908,088
CONTINGENCIES AND COMMITMENTS	6		
TOTAL EQUITY AND LIABILITIES		1,376,402	1,430,517

Muhammad Hanif Idrees
Chief Financial Officer

Sikander Dada
Chairman / Chief Executive Officer

Muhammad Najam Ali
Director

DADEX ETERNIT LIMITED
PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2008

	Nine Months Ended		Quarter Ended	
	March 31, 2008	March 31, 2007	March 31, 2008	March 31, 2007
	------(Pak Rupees '000)-----			
Turnover - Net	1,339,937	1,114,573	489,943	482,739
Cost of Sales	(1,043,352)	(868,690)	(377,416)	(389,248)
Gross Profit	296,585	245,883	112,527	93,491
Selling and Distribution Expenses	(152,733)	(116,187)	(60,032)	(45,703)
Administration Expenses	(67,092)	(62,254)	(24,214)	(23,159)
Other operating Expenses	(14,698)	(6,923)	(10,643)	(2,863)
Other operating Income	29,545	15,034	12,921	5,561
Operating Profit	91,607	75,553	30,560	27,327
Financial charges	(41,082)	(56,251)	(16,237)	(20,277)
Share of (Loss) / Profit from Associate	(834)	(3,920)		(920)
Profit before Taxation	49,691	15,382	14,323	6,130
Taxation	(16,063)	(10,942)	(2,001)	(4,524)
Profit after Taxation	33,628	4,440	12,323	1,606
	----- Rupees -----			
Earning per share - Basic & diluted	3.12	0.41	1.14	0.15

The annexed notes 1 to 9 form an integral part of these financial statements

Muhammad Hanif Idrees
Chief Financial Officer

Sikander Dada
Chairman / Chief Executive Officer

Muhammad Najam Ali
Director

DADEX ETERNIT LIMITED
CASH FLOW STATEMENT (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2008

	March 31, 2008	March 31, 2007
	----- (Rupees '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Cash generated / (used) in operations	149,821	71,602
Taxes paid	(5,099)	(16,311)
Long - term loans and advances - net	(76)	1,245
Long-term deposits - net	151	2,464
Net cash (outflow) / inflow from operating activities	144,797	59,000
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(93,608)	(105,820)
Proceeds from disposal of fixed assets	6,862	3,157
Proceeds from sale of investments	262	142
Interest received		308
Net cash (outflow) / inflow from investing activities	(86,484)	(102,213)
CASH FLOW FROM FINANCING ACTIVITIES		
Borrowing against assets subject to finance lease paid	(9,568)	(18,634)
Short-term borrowings (repaid) / obtained	12,802	137,096
Interest / markup paid	(37,823)	(53,293)
Dividends paid	(31,879)	(18,651)
Net cash (outflow) / inflow from financing activities	(66,468)	46,518
Net (decrease) / increase in cash and cash equivalents	(8,155)	3,306
Cash and cash equivalents at the beginning of the year	9,939	2,312
Cash and cash equivalents at the end of the year	1,784	5,618

The annexed notes 1 to 9 form an integral part of these financial statements.

Muhammad Hanif Idrees
Chief Financial Officer

Sikander Dada
Chairman / Chief Executive Officer

Muhammad Najam Ali
Director

DADEX ETERNIT LIMITED
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2008

	Issued subscribed and paid up capital	Capital Reserve-Share Premium	Revenue Reserve General	Un- appropriated Profit	Sub Total	Total
	----- (Rupees '000) -----					
Balance as at July 01, 2006	107,640	5,655	334,583	20,951	361,189	468,828
Final dividend for the year ended June 30, 2006 @ 17.50% p.a.	-	-	-	(18,837)	(18,837)	(18,837)
Profit after taxation for the 9 months ended March 31, 2007	-	-	-	4,440	4,440	4,440
Balance as at March 31, 2007	107,640	5,655	334,583	6,554	346,792	454,431
Balance as at July 01, 2007	107,640	5,655	334,583	44,405	384,643	492,283
Transfer to General Reserves for the year ended June 30, 2007	-	-	10,417	(10,417)	-	
Final dividend for the year ended June 30, 2007 @ 30% p.a.	-	-	-	(32,292)	(32,292)	(32,292)
Profit after taxation for the 9 months ended March 31, 2008	-	-	-	33,628	33,628	33,628
Balance as at March 31, 2008	107,640	5,655	345,000	35,324	385,979	493,619

The annexed notes 1 to 9 form an integral part of these financial statements.

Muhammad Hanif Idrees
Chief Financial Officer

Sikander Dada
Chairman / Chief Executive Officer

Muhammad Najam Ali
Director

DADEX ETERNIT LIMITED
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2008

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.

The company is also focusing on 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. These should be read in conjunction with the financial statements of the Company for the year ended June 30, 2007.

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	March 31, 2008	June 30, 2007
------(Rupees '000)-----		
4 FIXED ASSETS - PROPERTY, PLANT AND EQUIPMENT		
4.1 Additions during the period		
Land	3,300	
Buildings	120,141	1,181
Plant & machinery	40,967	9,089
Furniture & fixture	195	3,113
Vehicles & transportation Equipment	10,104	9,152
Office and factory equipment	5,327	7,738
Intangible Assets	15,285	-
	<u>195,319</u>	<u>30,273</u>
4.2 Disposals during the period (NBV)		
Plant & Machinery		
Motor Vehicles	3,158	2,410
Office & factory equipment	15	7
	<u>3,173</u>	<u>2,417</u>
4.3 Depreciation charged during the period		
Owned Assets	42,859	20,261
Assets subject to Finance Lease	7,078	28,432
	<u>49,937</u>	<u>48,693</u>
4.4 Capital Work in Process		
Plant and machinery	35,081	20,100
Furniture & fixture	941	-
Vehicles	1,590	700
Office & factory equipment	5,283	-
Cost of acquiring SAP license	-	11,985
Civil Works	4,178	119,967
	<u>47,073</u>	<u>152,752</u>

	March 31, 2008	June 30, 2007
	------(Rupees '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)	(4,166)
	-	834
Current Portion		
-Others - held to maturity		
Defence saving certificates	50	150
Accrued Interest	178	340
	228	490
	<u>228</u>	<u>490</u>
6 CONTINGENCIES AND COMMITMENTS		
Letter of Guarantee	87,560	119,521
Letter of Credit	120,877	18,069
Imports Contract	24,226	6,018
Capital Expenditure / Local purchase contracts	18,641	90,060
	<u>251,304</u>	<u>233,668</u>

	March 31, 2008	March 31, 2007
	------(Rupees '000)-----	
7 TRANSACTIONS WITH RELATED PARTIES		
Associated companies		
Purchase of goods and services from Berger Paints Pakistan Ltd	649	1,369
Rent paid to Sikander (Pvt) Ltd & Berger Paints Pakistan Ltd	150	241
Sale of goods to Berger Paints Pakistan Ltd	92	1,282
Income from services rendered to Berdex Construction Chemicals (Pvt) Ltd	-	-
Other related parties		
Sale of goods	313	2,048
Purchase of goods	-	-
Expenditure for services	5	-
Interest income on bank deposits	-	234
Short term investment in bank	-	25,000
Business Consultancy	3,723	-
Car Rent Payable / Paid	34	-
Contribution to staff retirement benefit plan	5,919	5,065
Compensation to Key Management Personnel		
Salaries & Other short term employment benefits	1,800	5,812
Post employment benefits	160	168
	<u>1,960</u>	<u>5,980</u>

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.

	March 31, 2008	March 31, 2007
------(Rupees '000)-----		
8 CASH GENERATED FROM OPERATIONS		
Profit before taxation	49,691	15,382
Adjustments for non cash charges and other items:		
Depreciation	49,937	36,253
Profit on disposal of fixed assets - net	(3,689)	(1,819)
Interest income	-	(308)
(Loss) / Profit from investment in associated company	834	3,920
Deferred income amortized	-	(1,540)
Interest / markup expense	41,082	54,397
Working capital changes	11,966	(34,682)
	100,130	56,221
Cash (used in) / generated from operating activities	149,821	71,603
Working capital changes	8.1	
(Increase) / decrease in current assets		
Stores and spares	(5,065)	(200)
Stock in trade	118,746	(10,277)
Trade debts	(31,437)	(37,100)
Loans and advances	(16,655)	9,384
Trade deposits and short term prepayments	3,482	(12,981)
Sales tax and excise duty refundable	3,927	-
Other receivable (net)	1,284	(1,644)
	74,282	(52,818)
Increase / (Decrease) in current liabilities	(62,316)	18,135
	11,966	(34,683)

9 GENERAL

- 9.1 These financial statements were authorized for issue by the Board of Directors of the company on **April 30, 2008**.
- 9.2 Amounts have been rounded off to the nearest thousand rupees unless otherwise stated.
- 9.3 Corresponding figures, wherever necessary, have been rearranged. However, these are not considered material enough to be disclosed separately.

Muhammad Hanif Idrees
Chief Financial Officer

Sikander Dada
Chairman / Chief Executive Officer

Muhammad Najam Ali
Director