

DADEX



Interim Financial Report (Unaudited)

For The First Quarter Ended
September 30, 2004

Company Information

Board of Directors

MAQBOOL H.H. RAHIMTOOLA - **Chairman**
ABDUR RAZZAK DADA
(Alternate: TARIQ ALI JAFRI)
ABU TALIB H.K. DADA
ZAHID ZAHEER
DR. MAHMOOD AHMED
(Alternate: MUHAMMAD HANIF IDREES)
GAZI SAJID ALI
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
GAZI SAJID ALI
SIKANDER DADA

Strategic Management Committee

SIKANDER DADA - **Chairman**
AFAQ AHMED KAZI
MUHAMMAD HANIF IDREES
MUHAMMAD HASAN
S. SAJID NAZAR ALI
SAQIB HABIB

Auditors

A.F. FERGUSON & CO.
Chartered Accountants

Bankers

CITIBANK N.A.
HABIB BANK LIMITED
KASB BANK LIMITED
METROPOLITAN BANK LIMITED
MUSLIM COMMERCIAL BANK LIMITED
OMAN INTERNATIONAL BANK S.A.O.G.
PICIC COMMERCIAL BANK LIMITED
PRIME 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

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Directors' Report

The quarter under review started with a positive note, in the wake of progrowth budget and trade policy, an increasing growth in export and tax collection on the economic front and a transition in leadership on the political front. However, the deteriorating law and order situation, rising interest rates, continuing surge in oil prices and water shortages pose downside risks, despite the better macro economic indicators.

Due to the momentum, generated last year, construction sector is continuing ahead with activity, which is a positive aspect for your company. Nevertheless, competition from cheap imports and sub-standard substitutes is also increasing which is a cause of concern for us.

With continued aggressive selling efforts, your company has achieved a substantial increase in sale for the first quarter over corresponding period of the last year. Consequently, overall profitability is higher with an earning per share of Rs.1.52 (September 30, 2003: Rs. 0.78).

In the future, margins will remain under pressure due to increase in raw material prices on account of continuing rise in oil prices, increasing inflation, depreciating rupee and fierce competition with inferior quality products. However, we expect to sustain growth by focusing on increasing our market share and making timely investments to capture opportunities.

On behalf of the Board

Karachi, October 27, 2004

Sikander Dada
Chief Executive

Rasheed Y. Chinoy
Director

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Balance Sheet As At September 30, 2004 (Unaudited)

	Note	Unaudited September 30, 2004	Audited June 30, 2004
(Rupees '000)			
Non-Current Assets			
Operating Fixed assets	3	261,929	252,253
Capital work-in-progress		24,149	15,864
		286,078	268,117
Investments - held to maturity	4	295	295
- Others	5	5,000	5,000
Long-term Loans and Advances		843	675
Long-term Deposits		11,078	6,131
Deferred Taxation		7,743	7,743
Total Non-Current Assets		311,037	287,961
Current Assets			
Stores and spares		45,527	46,427
Stock-in-trade		443,272	361,217
Trade debts		155,433	87,273
Loans and advances		22,395	18,828
Trade deposits and short-term prepayments		11,500	9,644
Other receivables		2,913	3,208
Cash and bank balances		237,768	368,734
Total Current Assets		918,808	895,331
Current Liabilities and Provisions			
Short-term finances		361,539	420,000
Creditors, accrued and other liabilities		260,289	250,334
Current portion of liabilities against assets subject to finance leases		75,772	31,143
Taxation Payable		9,661	917
Proposed dividend		32,292	32,292
Total Current Liabilities and Provisions		739,553	734,686
Net Current Assets		179,255	160,645
Liabilities against assets subject to finance lease Commitments	6	38,060	12,349
Net Assets		452,232	436,257
Share Capital And Reserves:			
Authorised capital		200,000	200,000
Issued, subscribed & paid up capital		107,640	107,640
Reserves		324,666	325,000
Unappropriated Profit		19,926	3,617
Shareholders' Equity		452,232	436,257

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

Muhammad Hanif Idrees
Chief Financial Officer

Sikander Dada
Chief Executive

Rasheed Y. Chinoy
Director

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Profit & Loss Account For The 1st Quarter Ended September 30, 2004 (Unaudited)

	3 Months ended September 30, 2004	3 Months ended September 30, 2003
	(Rupees '000)	
Net Sales	270,606	174,595
Cost of Goods Sold	198,960	120,322
Gross Profit	<u>71,646</u>	<u>54,273</u>
Administration, selling and distribution expenses	42,521	37,328
Operating Profit	<u>29,125</u>	<u>16,945</u>
Other income	2,585	596
	<u>31,710</u>	<u>17,541</u>
Financial charges	1,927	2,247
Other charges	198	205
Workers' Profit Participation Fund	1,649	754
Workers' Welfare Fund	627	287
	4,401	3,494
Profit before Taxation	<u>27,309</u>	<u>14,048</u>
Taxation	11,000	5,600
Profit after Taxation	<u>16,309</u>	<u>8,448</u>
Unappropriated profit brought forward	3,617	3,998
Unappropriated profit carried forward	<u>19,926</u>	<u>12,446</u>
	Rupees	Rupees
EARNINGS PER SHARE	<u>1.52</u>	<u>0.78</u>

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Muhammad Hanif Idrees
Chief Financial Officer

Sikander Dada
Chief Executive

Rasheed Y Chinoy
Director

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Cash Flow Statement For The 1st Quarter Ended September 30, 2004 (Unaudited)

	September 30, 2004	September 30, 2003
	(Rupees '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Cash generated from operations	(94,022)	(37,384)
Interest / mark-up paid	(3,051)	(1,395)
Taxes paid	(2,256)	(952)
Long - term loans and advances (net)	(168)	(140)
Long-term deposits (net)	(4,948)	(1,496)
Net cash inflow from operating activities	<u>(104,445)</u>	<u>(41,367)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(41,886)	(2,382)
Proceeds from disposal of fixed assets	-	1,099
Interest received	3,490	35
Net cash (outflow) from investing activities	(38,396)	(1,248)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayments of borrowings under finance lease	(28,538)	(9,729)
Borrowings under finance lease	98,878	-
Net (decrease) / increase in short-term borrowings	(58,461)	17,359
Dividends paid	(4)	-
Net cash inflow from financing activities	11,875	7,630
Net (decrease) in cash and cash equivalents	(130,966)	(34,985)
Cash and cash equivalents at beginning of the year	368,734	36,477
Cash and cash equivalents at end of the quarter	<u><u>237,768</u></u>	<u><u>1,493</u></u>

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

Muhammad Hanif Idrees
Chief Financial Officer

Sikander Dada
Chief Executive

Rasheed Y Chinoy
Director

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Statement of Changes in Equity For The 1st Quarter Ended September 30, 2004 (Unaudited)

	RESERVES						Total
	Share Capital	Share Premium	General	Net Unrealised gain on hedging Instruments	Sub Total	Unappropriated Profit	
	----- (Rupees '000) -----						
Balance as at June 30, 2003	107,640	5,655	313,345	-	319,000	3,998	430,638
Profit after taxation for the year ended June 30, 2004	-	-	-	-	-	37,577	37,577
Transfer to general reserve	-	-	5,666	-	5,666	(5,666)	-
Proposed dividend	-	-	-	-	-	(32,292)	(32,292)
Net unrealised gain on hedging instrument				334	334		334
Balance as at June 30, 2004	107,640	5,655	319,011	334	325,000	3,617	436,257
Net unrealised gain on hedging instrument	-	-	-	(334)	(334)	-	(334)
Profit after taxation for quarter ended September 30, 2004	-	-	-	-	-	16,309	16,309
Balance as at September 30, 2004	107,640	5,655	319,011	-	324,666	19,926	452,232

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

Muhammad Hanif Idrees
Chief Financial Officer

Sikander Dada
Chief Executive

Rasheed Y. Chinoy
Director

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Notes to the Interim Financial Statements For The 1st Quarter Ended September 30, 2004

1. STATEMENT OF COMPLIANCE

These interim financial statements are un-audited 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. 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.

2. ACCOUNTING POLICIES

The accounting policies adopted in preparation of these interim financial statements are the same as those applied in the preparation of the preceding annual published financial statements of the company.

3. OPERATING FIXED ASSETS

	Quarter Ended September 30	
	2004	2003
	----- (Rupees '000) -----	
3.1 Additions during the period		
Building Civil works	3,570	-
Plant & Machinery	21,484	-
Furniture & Fixture	-	-
Vehicles & Transportation Equipment	939	-
Office and factory equipment	196	-
	<u>26,189</u>	<u>-</u>
3.2 Disposals during the period (written down value)		
Motor Vehicles	<u>-</u>	<u>949</u>

3.3 Transfers from Owned Assets to Assets Under Finance Lease due to Sale & Lease back

	Cost As At 1st July 2004	Accumulated Depreciation As At 1st July 2004	Written Down Value As At 1st July 2004
	----- (Rupees '000) -----		
Plant & Machinery	119,521	29,596	89,925
Motor vehicles	11,781	3,302	8,479
Office Equipment	613	139	474
	<u>131,915</u>	<u>33,037</u>	<u>98,878</u>

3.4 Depreciation charged during the period

	Quarter Ended September 30	
	2004	2003
	----- (Rupees '000) -----	
	<u>16,513</u>	<u>10,962</u>

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Notes to the Interim Financial Statements For The 1st Quarter Ended September 30, 2004

	September 30, 2004	Audited June 30, 2004
	(Rupees '000)	
4. INVESTMENTS- held to maturity Defence Saving Certificates	295	295
5. INVESTMENTS- others Associated Undertaking 625,000 ordinary shares of Rs. 10 each in Berlex Construction Chemicals (Private) Limited	5,000	5,000
6. COMMITMENTS		

	Capital Expenditure	Others	Total Sep 2004	Total June 2004
	(Rupees '000)			
Letter of Credit	-	162,860	162,860	117,272
Letter of Guarantee	-	70,483	70,483	79,559
Import Contracts	-	14,336	14,336	19,326
Local Purchase Contracts	8,819	-	8,819	7,155
	<u>8,819</u>	<u>247,679</u>	<u>256,498</u>	<u>223,312</u>

7. TRANSACTIONS WITH RELATED PARTIES

	Quarter Ended September 30	
	2004	2003
	(Rupees '000)	
Purchase of goods	771	547
Sale of goods	100	100
Income on services rendered	150	45
Expenditure on services	-	22
Rent paid/payable	85	85
Interest received/receivable	37	387
Insurance claim	-	235
Contribution to recognised provident fund	1,183	1,033

All transactions with related parties are carried out by the company at arms length prices using the methods prescribed under the Companies Ordinance 1984.

8. CORRESPONDING FIGURES

Corresponding period figures have been reorganized wherever necessary, for the purpose of comparison.

Muhammad Hanif Idrees
Chief Financial Officer

Sikander Dada
Chief Executive

Rasheed Y. Chinoy
Director

DADEX

BOOK POST

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