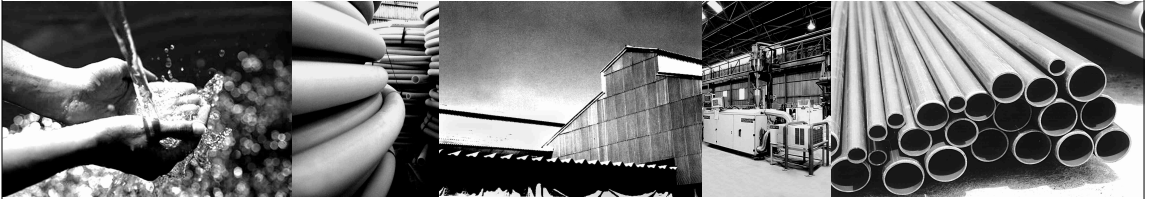


DADEX



Interim Financial Report (Unaudited)

For The Nine Months & Third Quarter Ended
March 31, 2005

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)
QAZI SAJID ALI
RASHEED Y. CHINOY
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
QAZI SAJID ALI
SIKANDER DADA

Strategic Management Committee

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

Auditors

FORD RHODES SIDAT HYDER & 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 COMMERCIAL BANK LIMITED
STANDARD CHARTERED BANK
THE HONG KONG & SHANGHAI BANKING CORPORATION LIMITED
UNION BANK LIMITED
UNITED 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

During the period under review, overall economic environment was positive. However, the last quarter witnessed a steep rise in mark up rates and continuing rise in oil prices. Certain factors, including the increasing cost of doing business, and high utility costs, pose a challenge for the future.

Construction is one of the sectors contributing to the GDP growth. This has resulted in growth in sales volumes and value. However, selling prices have remained under pressure due to competition from low quality local manufacturers and cheap imports. Increasing raw material costs due to surge in oil prices, higher depreciation charge due to investments have further reduced the margins, resulting in an earning per share of Rs.2.92 (March 31, 2004: Rs.3.30) which is lower than the earning per share for the corresponding period of last year.

We strongly feel that, Government needs to refrain from allowing concessions in tariff on the locally manufactured products under any FTAs or PTAs with the regional countries or from narrowing down the margin between the rates of custom duty on raw materials and imports of locally manufactured products, to ensure profitability of the local industry. We are continuously seeking support of Government on these issues.

The future will be challenging with increasing competition locally and from imports, increasing costs and inflationary pressures. The company will endeavour to further improve efficiencies by higher volumes and optimum product mix, towards which management of your company is actively focusing.

On behalf of the Board

Karachi, April 26, 2005

Sikander Dada
Chief Executive

Dr. Mahmood Ahmed
Director

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Balance Sheet As At March 31, 2005 (Unaudited)

	Note	Unaudited March 31, 2005	Audited (Restated) June 30, 2004
----- (Rupees '000) -----			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	4	263,525	252,253
Capital work-in-progress	5	9,690	15,864
		273,215	268,117
Long-term investments	6	5270	5295
Long-term loans and advances		1,551	675
Long-term deposits		15,386	6,131
Deferred taxation		7,743	7,743
TOTAL NON CURRENT ASSETS		303,165	287,961
CURRENT ASSETS			
Stores and spares		50,458	46,427
Stocks-in-trade		596,161	361,217
Trade debts		169,142	87,273
Loans and advances		23,567	18,828
Trade deposits and short-term prepayments		7,957	9,644
Interest accrued		2,000	2,570
Other receivables		7,522	638
Cash and bank balances	7	119,017	368,734
TOTAL CURRENT ASSETS		975,824	895,331
TOTAL ASSETS		1,278,989	1,183,292
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
20,000,000 (2004: 20,000,000) ordinary shares of Rs. 10/- each		200,000	200,000
Issued, subscribed and paid-up capital		107,640	107,640
Reserves		324,666	319,334
Unappropriated profit		35,097	41,575
		359,763	360,909
Shareholders equity		467,403	468,549
NON CURRENT LIABILITIES			
Liabilities against assets subject to finance lease	8	48,008	12,349
CURRENT LIABILITIES			
Trade and other payables		236,311	248,520
Mark-up accrued		5,264	1,814
Short-term borrowings		430,027	420,000
Current portion of liabilities against assets subject to finance leases		76,927	31,143
Taxation payable		15,049	917
TOTAL CURRENT LIABILITIES		763,578	702,394
COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	9	1,278,989	1,183,292

The annexed notes from 1 to 13 form an integral part of these financial statements.

Muhammad Hanif Idrees
Chief Financial Officer

Sikander Dada
Chief Executive

Dr. Mahmood Ahmed
Director

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Profit & Loss Account (Unaudited)

For The Nine Months & Third Quarter Ended March 31, 2005

	Note	Nine Months Ended		Quarter Ended	
		March 31, 2005	March 31, 2004	March 31, 2005	March 31, 2004
----- (Rupees '000) -----					
Turnover		886,152	662,736	296,971	230,234
Cost of sales		683,246	483,572	235,327	165,218
Gross profit		202,906	179,164	61,644	65,016
Administrative expenses and distribution cost		143,169	116,609	44,932	36,908
Operating profit		59,737	62,555	16,712	28,108
Other operating expenses	10	(4,030)	(5,116)	(782)	(2,274)
Finance cost		(12,233)	(4,314)	(6,040)	(544)
Other operating income		8,273	6,262	2,892	2,802
		(7,990)	(3,168)	(3,930)	(16)
Profit before taxation		51,747	59,387	12,782	28,092
Taxation		20,267	23,885	3,333	11,835
Profit after taxation		31,480	35,502	9,449	16,257
Earnings per share (Rs.)		2.92	3.30	0.88	1.51

The annexed notes from 1 to 13 form an integral part of these financial statements.

Muhammad Hanif Idrees
Chief Financial Officer

Sikander Dada
Chief Executive

Dr. Mahmood Ahmed
Director

Cash Flow Statement (Unaudited)

For The Nine Months Ended March 31, 2005

	Note	March 31, 2005	March 31, 2004
----- (Rupees '000) -----			
CASH FLOW FROM OPERATING ACTIVITIES			
Cash (used in)/ generated from operations	12	(213,964)	89,712
Finance cost		(13,647)	(4,153)
Taxes paid		(6,135)	(3,341)
Long-term loans and advances - net		(878)	113
Long-term deposits - net		(9,255)	(643)
Net cash (outflow)/inflow from operating activities		(243,879)	81,688
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for fixed capital expenditure		(73,037)	(31,636)
Proceeds from disposal of fixed assets		376	1,941
Proceeds from sale of investments		25	-
Interest received		7,187	895
Net cash outflow from investing activities		(65,449)	(28,800)
CASH FLOW FROM FINANCING ACTIVITIES			
Liabilities against assets subject to finance lease paid		(100,307)	(77,133)
Borrowing under finance lease		181,749	53,258
Short-term borrowings obtained (net of repayments)		(45,000)	(200,461)
Dividend paid		(31,855)	(19,935)
Net cash inflow from financing activities		4,587	(244,271)
Net (decrease) in cash and cash equivalents		(304,741)	(191,383)
Cash and cash equivalents at the beginning of the period		368,734	32,428
Cash and cash equivalents at the end of the period	7	63,993	(158,955)

The annexed notes from 1 to 13 form an integral part of these financial statements.

Muhammad Hanif Idrees
Chief Financial Officer

Sikander Dada
Chief Executive

Dr. Mahmood Ahmed
Director

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Statement Of Changes In Equity (Unaudited) For The Nine Months Ended March 31, 2005

	RESERVES					Total
	Share Capital	Capital Reserve Share Premium	Revenue Reserve General	Net Unrealised Gain/ (Loss) On Hedging Instruments	Unappropriated Profit	
	(Rupees '000)					
Balance as at June 30, 2003	107,640	5,655	313,345	-	3,998	430,638
Effect of change in accounting policy (note 3.2)						
Final dividend for the year ended June 30, 2003 declared subsequent to the year end	-	-	-	-	21,528	21,528
Transfer to general reserves for the year ended June 30, 2003 declared subsequent to the year end	-	-	(5,000)	-	5,000	-
Balance as at July 01, 2003 (restated)	107,640	5,655	308,345	-	30,526	452,166
Final dividend for the year ended June 30, 2003 declared subsequent to the year end	-	-	-	-	(21,528)	(21,528)
Appropriation for general reserves for the year ended June 30, 2003 declared subsequent to the year end	-	-	5,000	-	(5,000)	-
Profit after taxation for the nine months ended March 31, 2004	-	-	-	-	35,502	35,502
Balance as at March 31, 2004	107,640	5,655	313,345	-	39,500	466,140
Balance as at June 30, 2004	107,640	5,655	319,011	334	3,617	436,257
Effect of change in accounting policy (note 3.2)						
Final dividend for the year ended June 30, 2004 declared subsequent to the year end	-	-	-	-	32,292	32,292
Transfer to general reserves for the year ended June 30, 2004 declared subsequent to the year end	-	-	(5,666)	-	5,666	-
Balance as at July 01, 2004 (restated)	107,640	5,655	313,345	334	41,575	468,549
Final dividend for the year ended June 30, 2004 declared subsequent to the year end	-	-	-	-	(32,292)	(32,292)
Transfer to general reserves for the year ended June 30, 2004 declared subsequent to the year end	-	-	5,666	-	(5,666)	-
Net unrealised (loss) on hedging instruments	-	-	-	(334)	-	(334)
Profit after taxation for the nine months ended March 31, 2005	-	-	-	-	31,480	31,480
Balance as at March 31, 2005	107,640	5,655	319,011	-	35,097	467,403

The annexed notes from 1 to 13 form an integral part of these financial statements.

Muhammad Hanif Idrees
Chief Financial Officer

Sikander Dada
Chief Executive

Dr. Mahmood Ahmed
Director

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Notes To The Interim Financial Statements (Unaudited) For The Nine Months Ended March 31, 2005

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 financial statements are unaudited 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.

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, 2004 except for the change mentioned in note 3.2.

3.2 Change in accounting policy

During the period, the Securities and Exchange Commission of Pakistan (SECP) substituted the Fourth Schedule to the Companies Ordinance 1984, which is effective from the financial year ending on or after July 05, 2004. This has resulted in the change in accounting policy pertaining to recognition of dividend and other appropriations declared subsequent to the year / period end. Dividend and other appropriations of profit are now recognized in the period in which these are declared. Till the previous year, dividend declared and appropriations made after the balance sheet date but before the authorization of financial statements for issue, were recognized as of the balance sheet date.

The change in accounting policy has been accounted for retrospectively and comparative information have been restated in accordance with the benchmark treatment specified in IAS - 8 (Net Profit or Loss for the Period. Fundamental Errors and Changes in Accounting Policies). Had there been no change in the accounting policy, the unappropriated profit would have been lower by Rs. 37,958 (thousand) [June 30, 2003: Rs. 26,528 (thousand)] and reserve would have been higher by Rs. 5,666 (thousand) [June 30, 2003: Rs. 5,000 (thousand)] and current liabilities would have been higher by Rs. 32,292 (thousand) [2003: Rs. 21,528 (thousand)]. The effect of change in accounting policy has been reflected in the statement of changes in equity. The change in accounting policy has not resulted in any change in the profit after tax for the current period and for the prior periods.

4. OPERATING FIXED ASSETS

	March 31, 2005	June 30, 2004	
(Rupees '000)			
4.1 Additions during the period/year			
Building	11,881	655	
Plant & machinery	54,595	101,313	
Furniture & fixture	0	69	
Vehicles & transportation equipment	2,878	9,174	
Office & factory equipment	851	2,210	
	<u>70,205</u>	<u>113,421</u>	
4.2 Disposals during the period (NBV)			
Motor Vehicle	<u>301</u>	<u>780</u>	
4.3 Transfers from owned assets to assets under finance lease due to sale & lease back during the period			
	Cost	Accumulated Depreciation	Written Down Value
(Rupees '000)			
Plant & machinery	202,392	29,596	172,796
Motor vehicles	11,781	3,302	8,479
Office equipment	613	139	474
	<u>214,786</u>	<u>33,037</u>	<u>181,749</u>

Notes To The Interim Financial Statements (Unaudited) For The Nine Months Ended March 31, 2005

4.4 Depreciation charged during the period/year

	March 31, 2005	June 30, 2004
----- (Rupees '000) -----		
Owned assets	24,484	52,534
Assets under finance lease	<u>34,148</u>	<u>13,517</u>
	<u><u>58,632</u></u>	<u><u>66,051</u></u>

5. CAPITAL WORK-IN-PROGRESS

Advance against purchase of fixed assets

- Plant and machinery
- Vehicles
- Civil works

6,796	13,487
<u>1,978</u>	<u>939</u>
<u>917</u>	<u>1,438</u>
<u><u>9,690</u></u>	<u><u>15,864</u></u>

6. LONG-TERM INVESTMENTS

Defence saving certificates - held to maturity
Shares in an associated undertaking

270	295
<u>5,000</u>	<u>5,000</u>
<u><u>5,270</u></u>	<u><u>5,295</u></u>

7. CASH AND CASH EQUIVALENTS

Cash and bank balances
Short-term running finances utilized under mark-up arrangements

119,017	1,276
<u>(55,024)</u>	<u>(160,231)</u>
<u><u>63,993</u></u>	<u><u>(158,955)</u></u>

8. 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 arrangements are payable by the year 2008 and are subject to finance charge at compounded annual rates from 4.65% to 11.7% (2004: 4.65% to 11.7%). The company intends to exercise its option to purchase the leased assets upon completion of the leased periods. The amount of future payments includes the amounts at which the company has the option to purchase assets. The period in which these payments will become due are as follows:

	March 31, 2005	June 30, 2004
----- (Rupees '000) -----		
Quarter / Year to June 30, 2005	35,881	32,362
Year to June 30, 2006	52,892	6,203
Year to June 30, 2007	32,455	6,580
Year to June 30, 2008	<u>9,726</u>	<u>-</u>
	<u>130,954</u>	<u>45,145</u>
Less: Financial charges not yet due	<u>6,019</u>	<u>1,653</u>
	<u>124,935</u>	<u>43,492</u>
Less: Current portion shown under current liabilities	<u>76,927</u>	<u>31,143</u>
	<u><u>48,008</u></u>	<u><u>12,349</u></u>

Notes To The Interim Financial Statements (Unaudited) For The Nine Months Ended March 31, 2005

12. CASH (USED IN)/ GENERATED FROM OPERATIONS

	March 31, 2005	June 30, 2004
	----- (Rupees '000) -----	
Profit before taxation	51,747	59,387
Adjustments for non cash charges and other items:		
Depreciation	58,633	33,386
Profit on disposal of fixed assets - net	(75)	(1,161)
Interest income	(6,618)	(2,124)
Interest / markup expense	17,097	4,786
Working capital changes	(334,748)	(4,562)
	(265,711)	30,325
	<u>(213,967)</u>	<u>89,712</u>
12.1 Working capital changes		
(Increase) / decrease in current assets		
Stores and spares	(4,030)	911
Stock-in-trade	(234,941)	(1,580)
Trade debts	(81,869)	(16,182)
Loans and advances	(4,737)	(4,283)
Trade deposits and short term prepayments	1,688	4,010
Other receivable (net)	(7,218)	(303)
	(331,107)	(17,427)
(Decrease) / Increase in current liabilities	(3,641)	12,865
	<u>(334,748)</u>	<u>(4,562)</u>

13. GENERAL

13.1 Due to certain changes made by the Securities & Exchange Commission of Pakistan in the Fourth Schedule to the Companies Ordinance, 1984 vide SRO 589(I)/2004 dated July 05, 2004, previous periods figures have been rearranged or reclassified to the extent possible for the purpose of comparison.

13.2 The format of the Balance Sheet has been revised in accordance with the format given in the International Accounting Standard (IAS) - 1, which shows total assets and total equity and liabilities.

13.3 These financial statements were authorised for issue by the Board of Directors on April 26, 2005.

13.4 Amounts have been rounded off to the nearest thousand rupees.

Muhammad Hanif Idrees
Chief Financial Officer

Sikander Dada
Chief Executive

Dr. Mahmood Ahmed
Director

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Notes To The Interim Financial Statements (Unaudited) For The Nine Months Ended March 31, 2005

9. COMMITMENTS

	March 31, 2005	June 30, 2004
	----- (Rupees '000) -----	
Letters of guarantee	32,654	79,559
Letters of credit	48,292	117,272
Import contracts	45,165	19,326
Local purchase contracts	262	7,155
	<u>126,373</u>	<u>223,312</u>

10. OTHER OPERATING EXPENSES

	March 31, 2005	March 31, 2004
	----- (Rupees '000) -----	
Other charges	537	685
Workers' Profit Participation Fund	2,841	3,211
Workers' Welfare Fund	652	1,220
	<u>4,030</u>	<u>5,116</u>

11. TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise of local associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings other than remuneration and benefits to key management personnel, which are under the terms of their employment are as follows:

	March 31, 2005	March 31, 2004
	----- (Rupees '000) -----	
Sale of goods	220	40
Purchase of goods	1,471	1,344
Short term investment in Bank	30,000	-
Income from services rendered	300	45
Expenditure for services	81	-
Rent paid / payable	254	84
Interest received / receivable	196	1,156
Insurance Premium Paid	-	674
Insurance claim	-	470
Contribution to recognized provident fund	3,929	1095

All transactions with related parties are carried out at arm's length prices using the methods prescribed under Companies Ordinance, 1984.

BOOK POST

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