

Half Year Ended Report

December 31, 2011

(Un-audited)

DADEX

Dadex Eternit Limited

www.dadex.com

Company Information

Board of Directors	Abu Talib H.K. Dada- Chairman Sikander Dada Maqbool H.H. Rahimtoola Qazi Sajid Ali Shahzad M. Husain Zulfiqar Ali Lakhani Samad Dada (Alternate: Shahid M. Islam)
Chief Executive Officer	Sikander Dada
Company Secretary / Acting Chief Financial Officer	Zahid Mahmood
Board Audit Committee	Qazi Sajid Ali – Chairman Shahzad M. Husain Samad Dada (Alternate: Shahid M. Islam) Umar Rasheed – Secretary
Management Team	Sikander Dada - Chief Executive Officer Tanveer Saleem - Director (Technical Services & Quality Assurance)/ Acting Director (Marketing & Sales) Zahid Mahmood - Company Secretary / Acting CFO
Auditors	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants
Bankers	Bank Alfalah Limited (Islamic) Habib Bank Limited Habib Metropolitan Bank Limited HSBC Bank Middle East Limited KASB Bank Limited MCB Bank Limited National Bank of Pakistan Oman International Bank <small>S.A.O.G</small> Standard Chartered Bank (Pakistan) Limited
Legal Advisor	Surridge & Beecheno 3 rd Floor, Finlay House, I.I. Chundrigar Road, Karachi.
Registered Office	Dadex House, 34-A/1, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi- 75400 Tel: (92-21) 111000789 Fax: (92-21) 34315716, 34315725 Email: info@dadex.com.pk
Share Registrar	Gangjees Registrar Services (Pvt) Limited 516, Clifton Centre, Khayaban-e-Roomi, Kehkashan, Block-5, Clifton, Karachi- 75600 Tel: (92-21) 35836920, 35375714, 35377045 Fax: (92-21) 35837956, 35810289 Email: gangjees@super.net.pk
Web Site	www.dadex.com

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Dadex Eternit Limited** (the Company) as at **31 December 2011** and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six-month period then ended (herein-after referred to as "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. 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 for interim financial reporting.

Emphasis of Matters

We draw attention to:

- i) note 23.1 to the condensed interim financial statements, wherein it has been fully explained that the Honorable High Court of Sindh in its order dated 14 April 2010 ordered that the remuneration relating to the son of Chief Executive shall not be approved till the next date of hearing. Accordingly, all the financial statements that were issued subsequent to the aforesaid order, have been approved by the directors with the exception of his remuneration for the years ended 30 June 2009 and 30 June 2010 aggregating to Rs. 7.479 million. Further, the matter relating to compliance with the requirements of section 188 (1) (c) (i) of the Companies Ordinance, 1984 is also pending decision by the Honorable High Court of Sindh; and
- ii) notes 23.1 and 27.2 to the condensed interim financial statements, wherein it has been stated that during the period from 19 May 2009 to 25 January 2010 (for a period of approximately eight months), members of the Board of Directors (the Board) were restrained by the Honorable High Court of Sindh from attending meetings of the Board or its various committees. Accordingly, in such period the Chief Executive Officer (CEO) continued to act in his capacity as CEO as stated in note 27.2.

Our report is not qualified in respect of above matters.

Chartered Accountants
Date: 29 February 2012
Karachi

A member firm of Ernst & Young Global Limited

DIRECTORS' REVIEW

The Directors are pleased to present their review together with the financial statements (limited review) of the Company for the six months ended December 31, 2011.

As you are aware since 2008, when the Company achieved its most profitable year to date, conflicts arose with the JS group, leading to litigation and drastically affecting the performance of the Company. This primarily resulted in the shifting of both financial and management focus and resources from business management to conflict management. As disclosed earlier, a settlement agreement was signed towards the end of last year to resolve these conflicts.

We are pleased to report that the controlling shareholder group, the Dada family, has completed the acquisition of the entire shareholding of the JS group in the Company. As a result, all the nominee Directors of the JS group, Mr. Abdul Hamid Ahmed Dagia, Mr. Muhammad Suleman Kanjiani and Mr. Syed Hasan Akbar Kazmi, have also resigned from the Board of Directors. Further as part of the settlement and following the said acquisition, all the related ongoing litigation shall also cease by the withdrawal of all related cases pending in the Courts.

In pursuance of the settlement agreement, the Board had approved two interim cash dividends of Rs.17.80 and Rs.40.50 per share in respect of the financial year ending June 30, 2012.

As a result of the exit of the JS group and the withdrawal of all related litigation, the Company will be now be able to focus exclusively on the business matters of the Company and is therefore optimistic for the future.

The rising gap between demand and supply of gas and electricity continues to be a serious challenge for the industrial sector in Pakistan. However, with improved efficiency in the management of resources, your Company has countered this challenging business and economic environment and has achieved extremely encouraging results, especially when compared to the corresponding period last year.

Your Company has surpassed the Budget approved by the Directors for the half year and has achieved a net turnover of Rs.1.032 billion (December 2010: Rs.858.283 million), which is 20% higher than the turnover achieved during the corresponding period last year. The Company has improved its margins and reduced its selling and distribution expenses as compared to the corresponding period last year. Overall the Company has achieved a profit after tax of Rs.25.003 million (December 2010: Loss of Rs. 32.677 million). The earning per share of the Company is Rs.2.32 (December 2010: Loss of Rs.3.04 per share).

Challenges on the economic front are likely to remain in the foreseeable future. Therefore, your management will continue to focus on cost minimization, operational efficiencies and expanding the customer base to improve the profitability of the Company in the coming periods.

Your Directors and Management deeply appreciate the continued support and commitments of all our stakeholders and all cadres of employees of the Company for their continued hard and sincere work.

On behalf of the Board

Karachi: February 29, 2012

Abu Talib H.K. Dada
Chairman

Sikander Dada
Chief Executive Officer

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DADEX ETERNIT LIMITED

**CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2011**

		December 31, 2011 (Unaudited)	June 30, 2011 (Audited)
	Note	----- (Rupees in '000) -----	
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	5	266,851	290,337
Intangible assets		-	451
		266,851	290,788
Investment property	5,1,2	15,458	13,176
Long-term investment	6	855	855
Long-term loans		2,944	3,993
Long-term deposits		6,668	6,740
Deferred tax asset	7	45,228	-
		338,004	315,552
CURRENT ASSETS			
Stores, spare parts and loose tools		37,339	37,705
Stock-in-trade	8	666,503	626,914
Trade debts	9	103,993	151,312
Loans and advances	10	51,084	12,120
Trade deposits and short-term prepayments	11	19,397	13,455
Accrued interest and other receivables	12	3,980	11,266
Sales tax and excise duty – net		39,021	15,216
Taxation – net		68,661	58,500
Cash and bank balances	13	108,484	4,741
		1,098,462	931,229
Non-current assets held for sale	14	2,204	-
		1,100,666	931,229
TOTAL ASSETS		1,438,670	1,246,781
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		107,640	107,640
Reserves		231,968	398,563
		339,608	506,203
NON-CURRENT LIABILITY			
Deferred tax liability	7	-	1,916
CURRENT LIABILITIES			
Trade and other payables	15	435,423	527,147
Accrued mark-up		15,271	10,968
Short-term borrowings	16	648,368	200,547
		1,099,062	738,662
CONTINGENCIES AND COMMITMENTS			
	17		
TOTAL EQUITY AND LIABILITIES		1,438,670	1,246,781

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.

ABU TALIB H.K. DADA
CHAIRMAN

SIKANDER DADA
CHIEF EXECUTIVE OFFICER

ZAHID MAHMOOD
ACTING CHIEF FINANCIAL OFFICER

DADEX ETERNIT LIMITED

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)**

	Note	Half year ended		Quarter ended	
		December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
		(Rupees in `000)			
Turnover – net		1,032,799	858,283	503,826	433,897
Cost of sales	18	(838,863)	(706,106)	(406,286)	(348,750)
Gross profit		193,936	152,177	97,540	85,147
Distribution cost		(115,208)	(122,369)	(56,425)	(66,046)
Administrative expenses		(67,758)	(54,710)	(35,698)	(24,228)
Other operating expenses	19	(15,884)	(3,129)	(13,502)	(6,000)
Other operating income	20	24,880	23,586	14,385	16,200
Operating profit / (loss)		19,966	(4,445)	6,300	5,073
Finance cost	21	(26,667)	(24,575)	(18,016)	(14,534)
Share of profit / (loss) on investment in an associate	6.2	-	(80)	-	(80)
Loss before taxation		(6,701)	(29,100)	(11,716)	(9,541)
Taxation	22	31,704	(3,577)	38,424	(11,730)
Profit / (loss) for the period		25,003	(32,677)	26,708	(21,271)
Earnings / (loss) per share - Basic and diluted		Rs. 2.32	Rs. (3.04)	Rs. 2.48	Rs. (1.98)

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DADEX ETERNIT LIMITED

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)**

	Half year ended		Quarter ended	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
Note	----- (Rupees in `000) -----			
Profit / (loss) for the period	25,003	(32,677)	26,708	(21,271)
Other comprehensive income / (loss) for the period				
Net movement in cash flow hedge	-	65	-	275
Income tax effect	-	(314)	-	(314)
	-	(249)	-	(39)
Total comprehensive income / (loss) for the period	25,003	(32,926)	26,708	(21,310)

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.

ABU TALIB H.K. DADA
CHAIRMAN

SIKANDER DADA
CHIEF EXECUTIVE OFFICER

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DADEX ETERNIT LIMITED

**CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)**

	Note	Half year ended	
		December 31, 2011	December 31, 2010
		----- (Rupees in `000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	24	(146,374)	(177,688)
Income tax paid		(25,601)	(14,071)
Long-term loans – net		1,049	(142)
Long-term deposits – net		72	(2)
Net cash flows used in operating activities		(170,854)	(191,903)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure	5.1.1 & 5.2.1	(8,622)	(2,292)
Proceeds from disposal of property, plant and equipment		2,187	2,890
Interest received		1,634	1
Net cash flows (used in) / from investing activities		(4,801)	599
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing – net		-	(30,000)
Short-term borrowing – net		447,821	218,272
Finance cost paid		(22,364)	(24,562)
Payment for derivative financial instruments - cross currency swap		-	(6,651)
Payment for cash flow hedge – interest rate swap		-	(973)
Dividends paid	25	(146,059)	(20)
Net cash flows from financing activities		279,398	156,066
Net increase / (decrease) in cash and cash equivalents		103,743	(35,238)
Cash and cash equivalents at the beginning of the period		4,741	38,001
Cash and cash equivalents at the end of the period		108,484	2,763

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.

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CHAIRMAN

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DADEX ETERNIT LIMITED

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)**

	Issued, subscribed and paid-up capital	Reserves					Grand total
		Capital reserves – share premium	Revenue reserves		Other	Total	
			General	Unappropri- ated profit			
(Rupees in '000)							
Balance as at July 1, 2010	107,640	5,655	395,000	16,858	(4,274)	413,239	520,879
Loss for the period	-	-	-	(32,677)	-	(32,677)	(32,677)
Other comprehensive loss for the period, net of tax	-	-	-	-	(249)	(249)	(249)
Total comprehensive loss for the period ended December 31, 2010	-	-	-	(32,677)	(249)	(32,926)	(32,926)
Balance as at December 31, 2010	<u>107,640</u>	<u>5,655</u>	<u>395,000</u>	<u>(15,819)</u>	<u>(4,523)</u>	<u>380,313</u>	<u>487,953</u>
Balance as at July 1, 2011	107,640	5,655	411,500	(18,592)	-	398,563	506,203
Transfer from general reserve for the year ended June 30, 2011	-	-	(200,000)	200,000	-	-	-
Interim dividend on ordinary shares @ 178% for the year ending June 30, 2012	-	-	-	(191,598)	-	(191,598)	(191,598)
Profit for the period	-	-	-	25,003	-	25,003	25,003
Other comprehensive income for the period, net of tax	-	-	-	-	-	-	-
Total comprehensive income for the period ended December 31, 2011	-	-	-	25,003	-	25,003	25,003
Balance as at December 31, 2011	<u>107,640</u>	<u>5,655</u>	<u>211,500</u>	<u>14,813</u>	<u>-</u>	<u>231,968</u>	<u>339,608</u>

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.

ABU TALIB H.K. DADA
CHAIRMAN

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CHIEF EXECUTIVE OFFICER

ZAHID MAHMOOD
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DADEX ETERNIT LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2011

1. NATURE AND STATUS OF BUSINESS

Dadex Eternit Limited (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 Company has three factories situated at Karachi, Hyderabad and Sunder (Lahore). The principal business of the Company is to manufacture and the sale of construction material, which mainly includes piping systems and other allied products manufactured from chrysotile cement, rubber and plastics, merchandising of imported pipe fittings, accessories and other building products. The Company is also engaged in providing irrigation solutions for agriculture and landscaping.

2. STATEMENT OF COMPLIANCE

This condensed interim financial report of the Company for the six months period ended December 31, 2011 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

3. BASIS OF PRESENTATION

- 3.1 These condensed interim financial statements are unaudited but subject to limited scope review by the auditors and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2011.
- 3.2 The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2011 and December 31, 2010 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the half years ended December 31, 2011 and December 31, 2010.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial report are the same as those applied in the preparation of the financial statements for the year ended June 30, 2011, except for the adoption of new and amended standards and interpretations and accounting policy for non-current assets held for sale.

4.1 New and amended standards and interpretations

The Company has adopted the following amended IFRSs and IFRIC interpretations which became effective during the period:

IFRS 7 – Financial Instruments: Disclosures

IAS 24 – Related Party Disclosures (Revised)

IFRIC 14 – Prepayments of a Minimum Funding Requirement (Amendment)

In May 2010, International Accounting Standards Board (IASB) issued amendments to various standards primarily with a view to removing inconsistencies and clarifying wordings. The improvements are made in the following standards and interpretations:

IFRS 7 – Financial Instruments: Disclosures

IAS 1 – Presentation of Financial Statements

IAS 34 – Interim Financial Reporting

IFRIC 13 – Customer Loyalty Programmes

The adoption of the above standards, amendments, interpretations and improvements did not have any effect on these condensed interim financial statements.

4.2 Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

	Note	December 31, 2011 (Unaudited) ----- (Rupees in `000) -----	June 30, 2011 (Audited)
5. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	5.1	259,176	282,668
Capital work-in-progress	5.2	7,675	7,669
		266,851	290,337
5.1 The following is the movement in operating assets during the period/year:			
Opening balance		282,668	337,754
Add: Additions during the period/year	5.1.1	8,616	4,628
		291,284	342,382
Less: Transfer to investment property (WDV) [costing Rs.7.422 million]	5.1.2	3,195	-
Transfer to non-current assets held for sale (WDV)	14	2,204	-
Disposals during the period / year (WDV)	5.1.3	1,048	267
Depreciation charge for the period / year	5.1.4	25,661	59,447
Operating assets (WDV)		259,176	282,668
5.1.1 Additions including transfers during the period / year			
Building		-	1,094
Plant and machinery		7,880	1,668
Furniture and fittings		-	165
Vehicle and transportation equipment		602	-
Office and factory equipment		134	1,701
	17.1.1	8,616	4,628
5.1.2 During the period, the Company has reconsidered the current and expected future use of the part of the building on leasehold land. Keeping in view the business needs and requirements, the Company has decided to reclassify a portion of building on leasehold land from operating assets to "Investment Property". There is no impact of above change on condensed interim profit and loss account.			
Further, based on the valuation carried out by Iqbal A. Nanjee & Co. (Private) Limited, an independent valuer using present market value method, the fair value of aforementioned property was determined to be Rs.40.912 million as at June 30, 2011 and management is of the view that there is no significant change in the fair value of aforementioned property as at December 31, 2011.			
	Note	December 31, 2011 (Unaudited) ----- (Rupees in `000) -----	June 30, 2011 (Audited)
5.1.3 Disposals during the period / year – at WDV			
Plant and machinery (costing Rs.2.023 million (June 30, 2011: Rs.Nil))		1,048	-
Vehicle and transportation equipment (costing Rs.1.205 million (June 30, 2011: Rs.5.333 million))		-	209
Office and factory equipments (costing Rs.0.042 million (June 30, 2011: Rs.0.081 million))		-	58
		1,048	267
5.1.4 Depreciation charged during the period / year			
Cost of sales	18	21,084	48,605
Distribution cost		2,636	5,329
Administrative expenses		1,941	5,513
		25,661	59,447

		December 31, 2011 (Unaudited)	June 30, 2011 (Audited)
	Note	----- (Rupees in `000) -----	
5.2 Capital work-in-progress			
Plant and machinery – Green House Farming System		13,979	13,979
Impairment loss on plant and machinery		<u>(8,213)</u>	<u>(8,213)</u>
		5,766	5,766
Advance against purchase of operating assets	5.2.1	<u>1,909</u>	<u>1,903</u>
		<u>7,675</u>	<u>7,669</u>

5.2.1 During the period, additions of Rs.1.717 million were made to capital work-in-progress and assets of Rs.1.711 million were transferred to operating assets.

6. LONG-TERM INVESTMENT – Equity method

- 6.1 The Company has 48.04 percent (June 30, 2011: 48.04 percent) shareholding [i.e. 625,000 (June 30, 2011: 625,000) ordinary shares of Rs.10/- each] in Berdex Construction Chemicals (Private) Limited (Berdex). Berdex is engaged in marketing and distribution of construction chemicals in Pakistan. The cost of investment in Berdex amounted to Rs.5 million.
- 6.2 Based on the audited financial statements of Berdex for the year ended June 30, 2011, Berdex has reported a profit of Rs.2.862 million and accumulated losses of Rs.11.230 million. Due to unavailability of the financial statements of the Berdex for the half year ended December 31, 2011, the Company has not accounted for an adjustment in these condensed interim financial statements. Further, the impact of such adjustment, if any, are considered immaterial by the management of the Company due to limited operations by Berdex during the period.

		December 31, 2011 (Unaudited)	June 30, 2011 (Audited)
	Note	----- (Rupees in `000) -----	
7. DEFERRED TAX ASSET / (LIABILITY)			
Deferred tax liabilities on taxable temporary difference:			
- accelerated tax depreciation on owned assets		(25,061)	(29,946)
Deferred tax assets on deductible temporary differences:			
- provision for slow moving and obsolete stores, spare parts and loose tools		5,410	5,382
- taxable losses		24,342	18,868
- minimum tax	7.1	36,737	-
- other deductible temporary differences		<u>3,800</u>	<u>3,780</u>
		<u>70,289</u>	<u>28,030</u>
		<u>45,228</u>	<u>(1,916)</u>

- 7.1 During the period, the Company has recognized the deferred tax asset on minimum tax for the tax years 2010, 2011 and 2012 under section 113 of the Income Tax Ordinance, 2001 in accordance with the Company's accounting policy and financial projection for future years.
- 7.2 Deferred tax asset to the extent of Rs.41.274 million (June 30, 2011: Rs.39.700 million) has not been recognized in these condensed interim financial statements due to uncertainty about the timing of reversal of such temporary differences in line with the accounting policy of the Company.

		December 31, 2011 (Unaudited)	June 30, 2011 (Audited)
	Note	----- (Rupees in `000) -----	
8. STOCK-IN-TRADE			
Raw materials			
- in hand	8.1	208,652	186,536
- in transit		<u>10,210</u>	<u>17,052</u>
		218,862	203,588
Work-in-process	8.2	81,441	72,903
Finished goods			
- Manufactured	8.3	<u>225,116</u>	<u>217,411</u>
- Trading [including in transit of Rs.Nil (June 30, 2011: Rs.10.7 million)]	8.4	<u>141,084</u>	<u>133,012</u>
		<u>366,200</u>	<u>350,423</u>
		<u>666,503</u>	<u>626,914</u>

- 8.1 Includes raw materials costing Rs.6.630 million (June 30, 2011: Rs.163.832 million) which are carried at net realizable value of Rs.5.834 million (June 30, 2011: Rs.146.912 million).
- 8.2 Includes products costing Rs.Nil (June 30, 2011: Rs.6.671 million) which are carried at net realizable value of Rs.Nil (June 30, 2011: Rs.2.829 million).
- 8.3 Includes products costing Rs.39.917 million (June 30, 2011: Rs.31.205 million) which are carried at net realizable value of Rs.24.078 million (June 30, 2011: Rs.16.473 million).
- 8.4 Includes products costing Rs.62.210 million (June 30, 2011: Rs.64.115 million) which are carried at net realizable value of Rs.42.341 million (June 30, 2011: Rs.41.456 million).

9. TRADE DEBTS

The carrying value of the trade debts is adjusted after taking the effect of the provision of Rs.128.308 million (June 30, 2011: Rs.123.796 million). Such provision includes an amount of Rs.15.632 million (June 30, 2011: Rs.15.632 million) recoverable from an ex-employee who had reportedly collected the amount from customers and did not surrender the same to the Company. A law suit has been filed against the ex-employee to recover the above amount.

10. LOANS AND ADVANCES

Included herein advance given to various local and foreign suppliers amounting to Rs.34.820 million and Rs.13.669 million (June 30, 2011: Rs.9.658 million and Rs.0.362 million) respectively on account of purchase of raw materials.

December 31, 2011 (Unaudited)	June 30, 2011 (Audited)
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----- (Rupees in `000) -----

11. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Trade deposits	13,826	13,772
Provision for doubtful trade deposits	<u>(5,958)</u>	<u>(5,958)</u>
	7,868	7,814
Other deposits	10,622	4,481
Prepayments		
Rent	160	72
Others	<u>747</u>	<u>1,088</u>
	907	1,160
	<u>19,397</u>	<u>13,455</u>

12. ACCRUED INTEREST AND OTHER RECEIVABLES

Included herein accrued interest on PLS saving account and receivable from provident fund amounting to Rs.1.180 million and Rs.Nil (June 30, 2011: Rs.Nil and Rs.8.185 million).

December 31, 2011 (Unaudited)	June 30, 2011 (Audited)
-------------------------------------	-------------------------------

----- (Rupees in `000) -----

13. CASH AND BANK BALANCES

Cash in hand	1,050	262
Cash at banks in:		
Current accounts		
- Foreign currency	2,364	2,265
- Local currency	<u>27,288</u>	<u>2,214</u>
	29,652	4,479
PLS saving account	77,782	-
	<u>108,484</u>	<u>4,741</u>

14. NON-CURRENT ASSETS HELD FOR SALE

During the period, the Company has decided to reclassify its Lahore office from 'property, plant and equipment' at the written down value of Rs.2,204 million (having cost of Rs.4,417 million) as 'non-current assets held for sale' within the current assets in accordance with the requirements of the International Financial Reporting Standards 5 "Non-Current Assets Held for Sale and Discontinued Operations" (IFRS 5). In this regard, the Board of Directors has passed the resolutions approving the sale of its Lahore office to an appropriate buyer. The above change has no impact on the condensed interim profit and loss account of the Company. Subsequent to the balance sheet date, the Company has entered into a sale agreement of Lahore office at a consideration of Rs.235.0 million.

15. TRADE AND OTHER PAYABLES

Included herein advance from customers and unclaimed dividend amounting to Rs.94.561 million and Rs.54.365 million (June 30, 2011: Rs.229.780 million and Rs.8.826 million) respectively.

Note	December 31, 2011 (Unaudited)	June 30, 2011 (Audited)
	----- (Rupees in `000) -----	

16. SHORT-TERM BORROWINGS - secured

Running finances utilized under mark-up arrangements	566,878	123,119
Foreign currency term finances	59,890	46,428
Export refinance	21,600	31,000
16.1	<u>648,368</u>	<u>200,547</u>

16.1 Represents facilities obtained from various commercial banks amounting to Rs.780 million (June 30, 2011: Rs.780 million) out of which Rs.133.263 million (June 30, 2011: Rs.579.257 million) remains unutilized as at the balance sheet date. The principal terms and conditions of the outstanding loans have remained the same as disclosed in the financial statements of the Company for the year ended June 30, 2011.

17. CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

17.1.1 A suit has been filed by some of the directors of the Company (Plaintiffs) in the Honorable High Court of Sindh (the Court), praying for certain reliefs wherein the Company including some directors / employees have been made defendants. In addition, the Plaintiffs had filed several Applications including those relating to the grant of a temporary injunction for the appointment of an inspector and forensic auditors, as well as, an interim injunction application for restraining the Company from incurring further capital expenditure. The Court in its Order dated July 10, 2009 vacated the Plaintiffs' Applications with respect to restraining the Company from incurring capital expenditure (subject to prior approval of the Board of Directors) and for the appointment of forensic auditors. However, except for the above, the remaining Applications are pending before the Court for a hearing.

Some members of the Company have filed two Petitions in the Court mainly alleging the violation of Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Ordinance, 2002 (Takeovers Ordinance), wherein the Securities and Exchange Commission of Pakistan (SECP) and the Company have also been made parties. The matter is still pending in the Court for adjudication. The Petitioners have also referred to the proceedings by SECP on the matter in their respective Petitions. SECP by its Order dated July 28, 2009 has held that the Takeovers Ordinance has not been violated in which respect certain parties have also filed an Appeal to the Appellate Bench of the SECP. However, this aspect of the matter is also pending in the Court.

As mentioned above, during the year ended June 30, 2010, the Company has filed Applications for becoming a party to the Petitions and restraining the members who are Parties to the Petitions from the sale and purchase of shares of the Company. In addition, certain applications have been filed by the Company / members of the Company seeking to stay the Board Meeting and Annual General Meeting (AGM) of the Company and alleging violations of a Court Order. The Court in its Order dated June 17, 2010 has disposed off the Application pertaining to becoming a party to the petitions in favor of the Company. However, except for the above, the remaining Applications are pending before the Court for hearing.

As per legal counsel of the Company, no significant damages have been claimed by the Plaintiffs in the Suit against the Company other than for recovery on behalf of the Company including certain amounts allegedly paid to a related party and an ex-employee (see note 9). The legal counsel further states that since no damages have been claimed by the Plaintiffs against the Company in the above Suit, it would appear that the Suit and its related Applications would have no financial exposure to the Company.

During the period, the two shareholders group (the parties) of the Company have entered into a Settlement Agreement (the Agreement) on November 28, 2011 with the objective of amicably resolving the various disputes between the two groups in accordance with the terms of the said Agreement including the withdrawal of the ongoing litigation between some of these parties.

- 17.1.2 The Environmental Protection Tribunal initiated proceedings against the Company on February 18, 2010, containing allegations of pollution, under the Pakistan Environmental Protection Act, 1997 based on the complaint filed by the brother of an ex-employee of the Company through its Chief Executive Officer.

The Company has submitted an application before the Environmental Protection Tribunal raising the issue of the maintainability of the Complaint and its lack jurisdiction to hear the same. The said application was dismissed vide Order dated June 29, 2010. Being aggrieved by the said Order, the Company filed Constitutional Petition before Sindh High Court (SHC) seeking reliefs that the proceedings before Environmental Protection Tribunal vis-à-vis the Complainant were taken coram non iudice and has maintained that Tribunal has no jurisdiction of the subject matter and further sought a declaration that the Order dated June 29, 2010 was illegal and void. The said Constitutional Petition was dismissed by SHC vide its Judgment dated March 9, 2011.

Being aggrieved by the Judgment of SHC, the Company filed petition for leave to appeal against the judgment of SHC before Honorable Supreme Court of Pakistan (SCP). The SCP has granted leave to appeal to the Company vide its Order dated June 23, 2011 and converted the Petition into Appeal. Thereafter, after the partial hearing of the Civil Appeal, the SCP vide its order dated 25 October 2011 has directed a commission constituted by the Environmental Tribunal to submit the report of the environmental audit of the Company's factory and surrounding premises, which is pending for submission before the SCP.

Based on the opinion of the legal counsel of the Company, the Company has an arguable case and it is not possible at this stage to give a definitive opinion on the ultimate outcome or any losses that may be incurred by the Company. In view of the above, the management is confident that the ultimate outcome will be in favour of the Company. Accordingly, no provision in respect of above has been made in these condensed interim financial statements.

December 31, 2011 (Unaudited)	June 30, 2011 (Audited)
----- (Rupees in '000) -----	

17.2 Commitments

Commitments are as follows:

Bonds and letters of guarantee issued by banks	52,614	84,422
Letters of credit	133,288	141,807
Post dated cheques	70,608	74,893
Import contracts	5,097	45,893
Local purchase contracts	4,342	12,253
	<u>265,949</u>	<u>359,268</u>

- 17.2.1 The Company has entered into commercial property leases on its investment property. These non-cancellable leases have remaining terms of between three to five years. Future minimum rentals receivable under non-cancellable operating leases as at period / year end are as follows:

	December 31, 2011 (Unaudited)	June 30, 2011 (Audited)
	----- (Rupees in '000) -----	
Not later than one year	45,316	32,973
Later than one year	48,396	58,967
	<u>93,712</u>	<u>91,940</u>

Note	Half year ended		Quarter ended	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
	(Rupees in '000)			

18. COST OF SALES

Manufactured

Raw materials consumed				
Opening stock	203,588	332,318	191,487	250,737
Purchases	643,582	544,951	300,818	408,583
Closing stock	(218,862)	(408,945)	(218,862)	(408,945)
	8 & 18.1			
	628,308	468,324	273,443	250,375
Export rebate - Duties	(421)	(218)	(421)	(82)
	627,887	468,106	273,022	250,293
Stores, spare parts and loose tools consumed	24,667	23,995	12,247	14,949
Salaries, wages and benefits [including Rs.1.80 million (December 31, 2010: Rs.1.588 million) in respect of bonus to workers]	57,804	58,712	30,061	31,579
Procured services	11,693	13,971	3,198	6,460
Fuel, water and power	45,756	36,533	20,556	15,013
Insurance	3,026	3,013	1,513	1,513
Traveling	91	217	46	100
Communication	969	627	420	315
Depreciation	21,084	24,364	10,559	12,192
Rent, rates and taxes	2,645	1,277	1,545	478
Repairs and maintenance	8,720	9,085	4,700	4,584
Technical assistance fee	-	4,203	-	2,432
Printing and stationery	313	368	98	165
Other expenses	773	692	521	280
	5.1.4			
	177,541	177,057	85,464	90,060
Opening stock of work-in-process	72,903	104,734	90,910	60,482
Closing stock of work-in-process	(81,441)	(67,531)	(81,441)	(67,531)
Cost of goods manufactured	796,890	682,366	367,955	333,304
Opening stock of finished goods	217,411	216,548	233,593	231,779
Closing stock of finished goods	(225,116)	(237,195)	(225,116)	(237,195)
	8 & 18.1			
	789,185	661,719	376,432	327,888

Trading

Opening stock	133,012	129,612	165,944	132,959
Purchases	62,079	52,117	8,177	21,984
	195,091	181,729	174,121	154,943
Closing stock	(141,084)	(130,932)	(141,084)	(130,931)
	8			
	54,007	50,797	33,037	24,012
Sale of scrap	(4,329)	(6,410)	(3,183)	(3,150)
	838,863	706,106	406,286	348,750

18.1 These are net of adjustments of Rs.0.439 million (December 31, 2010: Rs.Nil) relating to raw material and manufactured finished goods written off during the period.

19. OTHER OPERATING EXPENSES

Included herein is exchange loss (net) and provision against doubtful debts (net) amounting to Rs.10.939 million and Rs.4.512 million (December 31, 2010: Rs.2.615 million and Rs.Nil) respectively.

	Half year ended	
	December 31, 2011	December 31, 2010
	----- (Rupees in `000) -----	
20. OTHER OPERATING INCOME		
Income from financial assets		
Income from bank deposits	2,814	1
Reversal of provision against doubtful debts – net	-	5,972
Income from non-financial assets		
Gain on disposal of operating assets	1,139	2,862
Rental income – investment property	20,303	13,013
Net income from services	624	1,297
Gain on fair value of cross currency swap	-	441
	<u>24,880</u>	<u>23,586</u>
21. FINANCE COST		
Mark-up on long-term financing	-	3,249
Mark-up on short-term borrowings	24,070	20,258
Bank and other charges	2,597	1,068
	<u>26,667</u>	<u>24,575</u>
22. TAXATION		
Current	(15,440)	(12,357)
Deferred	47,144	8,780
	<u>31,704</u>	<u>(3,577)</u>

23. TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise of associated companies, staff retirement funds, chief executive, directors and key management personnel. Transactions with related parties and associated undertakings during the period, other than those which have been disclosed elsewhere in these condensed interim financial statements, are as follows:

	Related parties	Nature of transaction	Half year ended	
			December 31, 2011	December 31, 2010
			----- (Rupees in `000) -----	
Transactions with associated companies due to common directorship:				
	Berger Paints Pakistan Limited	Purchase and sale of goods	86	318
	Sikandar (Private) Limited	Rent paid	319	290
	Cyber Internet Services (Private) Limited	Sale of goods	16,892	-
	Century Insurance Company Limited (CICL)	General Insurance Insurance premium paid to New Jubilee Insurance Company Limited [CICL is co-insurer with 20% share (December 31, 2010:25% share)]	389	2,581
Staff retirement benefits				
	Dadex Eternit Limited - Provident Fund	Employer Contribution	4,455	4,954
Key management personnel				
	Sikandar Dada (Chief Executive)	Salary and other employment benefits	3,287	4,073
	Danish Dada (Director)	Salary and other employment benefits 23.1	-	-

23.1 Mr. Danish Dada was an employee since May 06, 2008 and then was elected as a director at the election of directors held at the Extraordinary General Meeting on July 10, 2008. After his election as a director, the monthly remuneration being paid to him as an employee remained unchanged. As regards to non-compliance with section 218 of the Companies Ordinance 1984, relating to disclosure of interest, the legal counsel states, "it was well within the knowledge of all concerned that Mr. Sikander Dada is the father of Mr. Danish Dada and thus had constructive notice about the interest of Mr. Danish Dada in the appointment of Mr. Sikander Dada as the Chief Executive of the Company." Mr. Danish Dada has resigned on March 17, 2010 from the directorship of the Company.

During the year ended June 30, 2009, the then directors representing 38% shareholding (as at June 30, 2011 Mahvash & Jahangir Siddiqui Foundation, Jahangir Siddiqui Securities Services Limited, Jahangir Siddiqui & Sons Limited, Jahangir Siddiqui and Ali Jahangir Siddiqui were the shareholders of the 38% shareholding) filed an application under Suit No. 166 of 2009 pending in the Honourable High Court of Sindh (the Court) for restraining the Company "from approving the accounts for the year ending 30.06.09" at "the Board meeting on 15.04.10 or thereafter and/or the general body meeting". The Court has issued the following Order dated 14.04.2010 on the said application:

"2. Counsel for the plaintiff states that on 15.04.2010, the accounts are being submitted to the Board for approval wherein inter alia three items i.e., remuneration of Chief Executive, Remuneration to Director Mr. Danish Dada and authorization of Chief Executive on the basis of Power of Attorney, may be ordered not to be approved as their approval would be unlawful.

In so far as the objections as to the remuneration of the Chief Executive and his power of attorney are concerned any interim order at this stage may hamper the smooth running of the company, therefore no interim orders can be passed at this stage unless the other side is also heard. As regards objection to the remuneration of son of Chief Executive is concerned, it is hereby directed that accounts relating to his remuneration shall not be approved till the next date of hearing. Issue notice for 23.04.2010. Office to fix all pending applications on the said date".

Accordingly, the remuneration of the director aggregating to Rs.7.479 million for the years ended June 30, 2009 and June 30, 2010, was not considered and hence not approved by the Board of Directors / Members of the Company.

	Note	Half year ended	
		December 31, 2011	December 31, 2010
----- (Rupees in `000) -----			
24. CASH USED IN OPERATIONS			
Loss before taxation		(6,701)	(29,100)
Adjustments for non cash charges and other items:			
Depreciation – property, plant and equipment	5.1.4	25,661	29,940
– investment property		913	758
Amortization		451	3,450
Gain on disposal of property, plant and equipment		(1,139)	(2,862)
Interest income	20	(2,814)	(1)
Share of profit on investment in an associate		-	80
Finance cost	21	26,667	24,575
Provision / (reversal) of provision against doubtful debts - net of provision	19	4,512	(5,972)
Gain on fair value of cross currency swap		-	(441)
Working capital changes	24.1	(193,924)	(198,115)
		<u>(146,374)</u>	<u>(177,688)</u>
24.1 Working capital changes			
Decrease / (increase) in current assets			
Stores, spare parts and loose tools		366	7,106
Stock-in-trade		(39,589)	(61,392)
Trade debts		42,807	(27,077)
Loans and advances		(38,964)	(51,431)
Trade deposits and short-term prepayments		(5,942)	(4,127)
Other receivables		8,466	558
Sales tax and excise duty – net		(23,805)	-
		<u>(56,661)</u>	<u>(136,363)</u>
(Decrease) / increase in current liabilities			
Trade and other payables		(137,263)	(64,280)
Sales tax and excise duty payable (net)		-	2,528
		<u>(137,263)</u>	<u>(61,752)</u>
		<u>(193,924)</u>	<u>(198,115)</u>

Half year ended	
December 31, 2011	December 31, 2010
----- (Rupees in `000) -----	

25. DIVIDEND PAID

Declared and paid during the six months period

Interim cash dividend declared Rs.191.598 million
(December 31, 2010: Nil)
Cash dividend paid

146,059	-
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Final cash dividend Nil (December 31, 2010: Nil)

-	20
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26. INFORMATION ABOUT OPERATING SEGMENTS

	Chrysotile Cement	Plastic	Others	Total
	----- (Rupees in `000) -----			
<u>Half year ended December 31, 2011</u>				
TURNOVER – net	450,054	567,984	14,761	1,032,799
RESULT				
Segment result	25,812	(15,518)	1,300	11,594
Unallocated expense				
Other operating expenses				(15,884)
Other operating income				24,256
Finance cost				(26,667)
Share of profit / (loss) on investment in an associate				-
Taxation				31,704
Profit for the period				<u>25,003</u>
<u>Half year ended December 31, 2010</u>				
TURNOVER – net	374,815	472,428	11,040	858,283
RESULT				
Segment result	5,090	(27,015)	(1,682)	(23,607)
Unallocated expense				
Other operating expenses				(3,129)
Other operating income				22,291
Finance cost				(24,575)
Share of profit / (loss) on investment in an associate				(80)
Taxation				(3,577)
Loss for the period				<u>(32,677)</u>
ASSETS AND LIABILITIES				
<u>December 31, 2011</u>				
Segment assets	339,867	669,177	36,364	1,045,408
Unallocated corporate assets				393,262
Total assets				<u>1,438,670</u>
Segment liabilities	119,198	138,417	44,848	302,463
Unallocated corporate liabilities				796,599
Total liabilities				<u>1,099,062</u>
<u>June 30, 2011</u>				
Segment assets	323,409	621,091	22,578	967,078
Unallocated corporate assets				279,703
Total assets				<u>1,246,781</u>
Segment liabilities	161,092	141,078	402	302,572
Unallocated corporate liabilities				438,006
Total liabilities				<u>740,578</u>

26.1 Geographical information

Turnover

The Company's turnover represents local and export sales of Rs.987.440 million and Rs.45.359 million (December 31, 2010: Rs. 831.200 million and Rs. 27.083 million) respectively.

	December 31, 2011 (Unaudited)	June 30, 2011 (Audited)
	---(Rupees in '000)---	
Non-current assets		
Pakistan	<u>338,004</u>	<u>315,552</u>

27. DATE OF AUTHORISATION FOR ISSUE

- 27.1** These condensed interim financial statements have been authorised for issue on February 29, 2012 by the Board of Directors of the Company.
- 27.2** During the period from May 19, 2009 to January 25, 2010 (for a period of approximately eight months), the members of the Board of Directors (the Board) were restrained from attending the meetings of the Board as directors or its various committees as a consequence of the Orders issued by the Honorable High Court of Sindh (Court) in the Petitions referred in note 17.1.1. In view of such restraint, over which the Company had no control, the powers which had to be exercised by the Board, as required, were not possible. During that period, the Chief Executive (CEO) continued to act in his capacity as CEO based on the powers incidental to his appointment as a CEO under the Companies Ordinance, 1984 and the Power of Attorney executed in his name dated March 30, 1989. The above restraint placed on the Board was removed by the Court on January 25, 2010, whereby the Board became functional again.
- 27.3** The Board of Directors in their meeting held on January 30, 2012 have approved interim cash dividend @ 405% amounting to Rs.435.940 million (December 31, 2010: Nil) on paid up value of ordinary share capital.

28. GENERAL

- 28.1** Certain prior period figures have been reclassified, wherever necessary. However, there are no material reclassifications to report.
- 28.2** All figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

ABU TALIB H.K. DADA
CHAIRMAN

SIKANDER DADA
CHIEF EXECUTIVE OFFICER

ZAHID MAHMOOD
ACTING CHIEF FINANCIAL OFFICER

DADEX