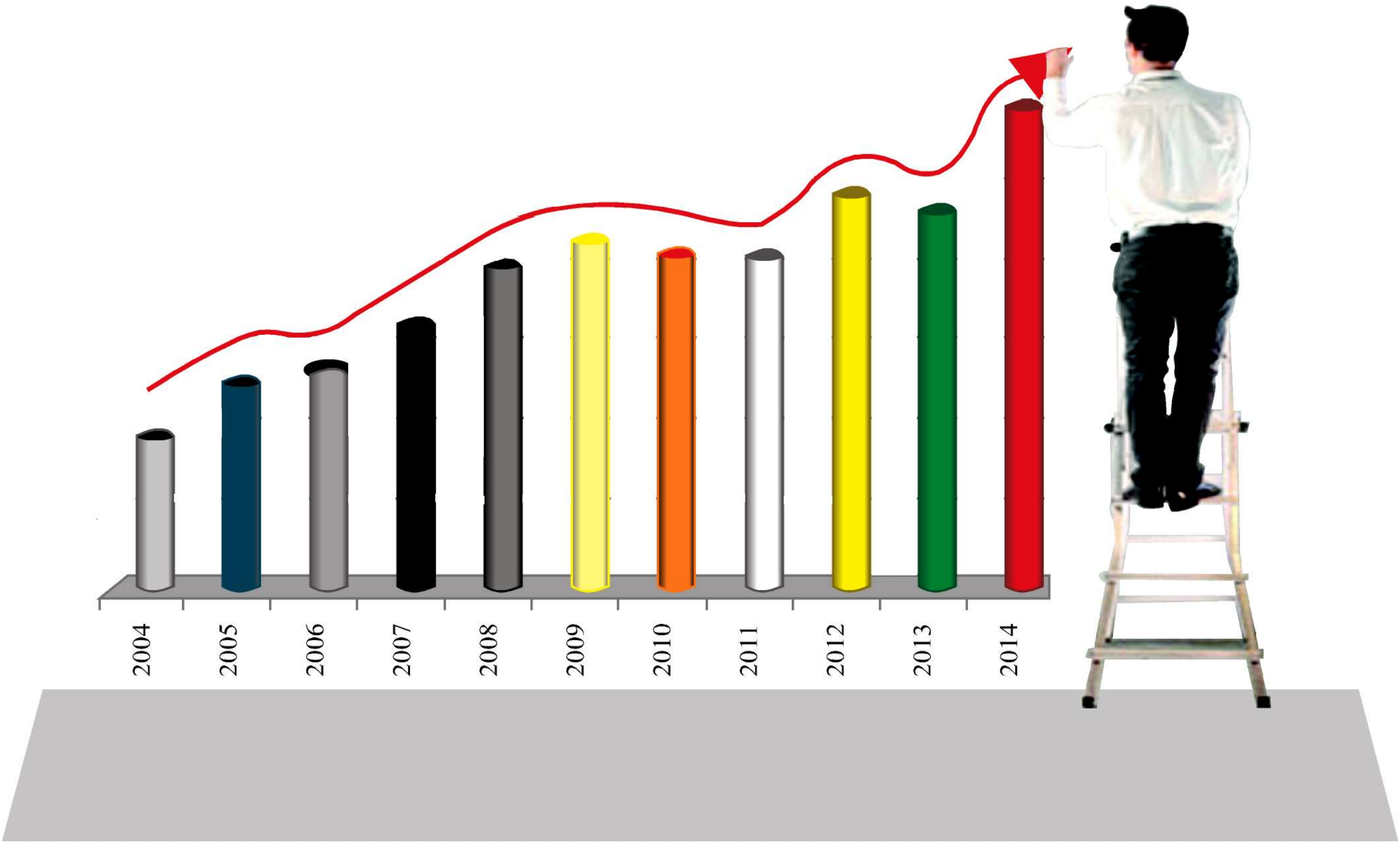
Annual Report 2013



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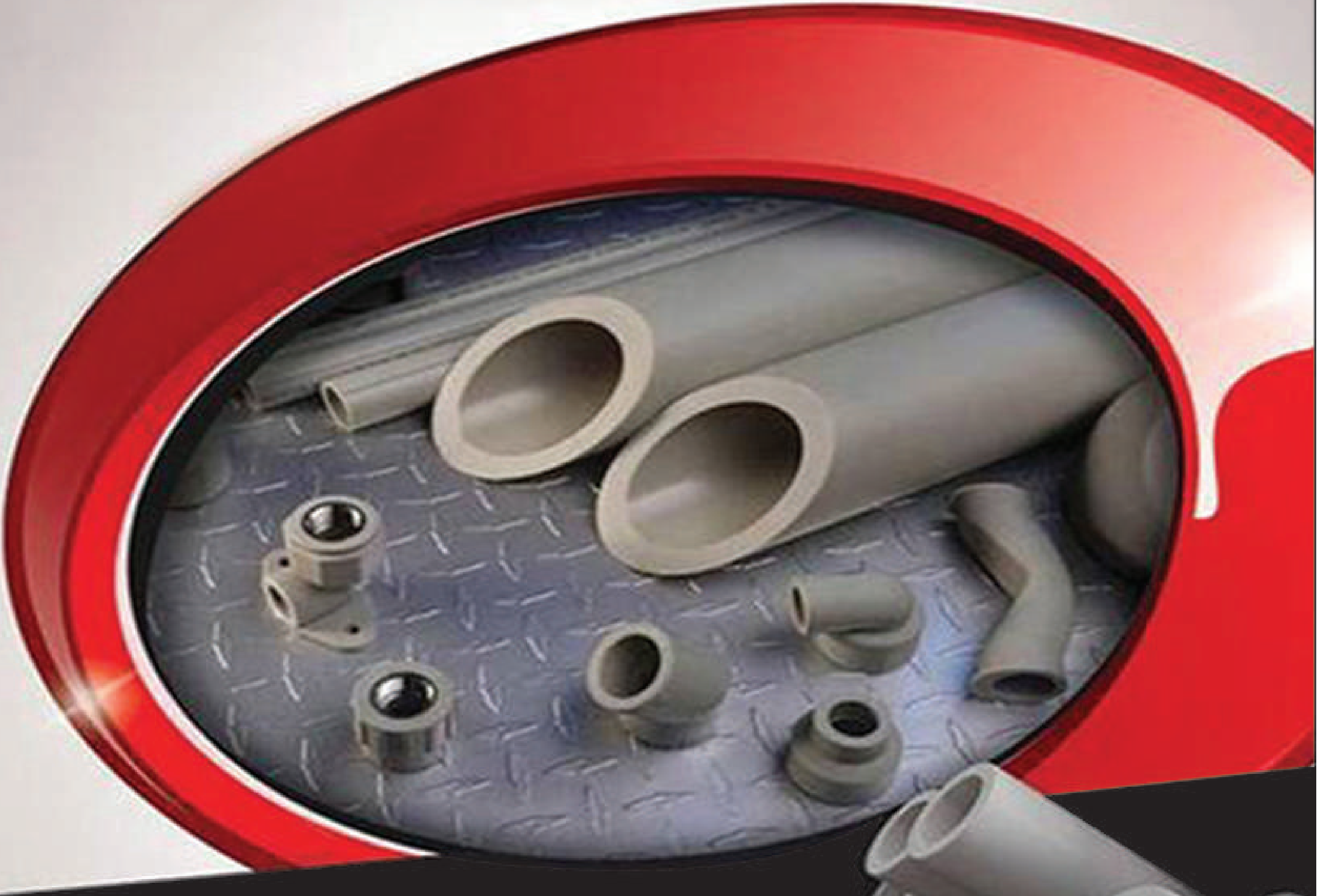
Cost Effective & High Quality

Hot & Cold PPR Piping System

Thermoline



Pipes manufactured with DADEX ULTRA PRECISION
& Fittings imported from WAVIN PILSA TURKEY

EXCLUSIVE DISTRIBUTOR OF AUTHENTIC PILSA FITTINGS IN PAKISTAN

Dadex, a trusted name in piping systems, continues offering best value for money, unwavering commitment to quality and outstanding pre and post sales support.

SGS | Pakistan Standards | SGS | Swiss Certification Accreditation No. 017 | SGS | UKAS Management Systems

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DADEX

Over 50 years of excellence

DADEX

54th Annual Report 2013

For the year ended June 30, 2013

Vision

To be the most valued Company for all stakeholders, renowned for customer focus, innovation, quality reliability and ethical practices.

Mission Statement

- We shall provide unparalleled service and best value to our customers through a responsive and cost effective chain.

- We are committed to provide quality products by strict adherence to international standards and best practices through technical collaboration with leading global companies in this business.

- We are committed to follow business ethics, comply with SH&E standards and enhance our contribution to society.

- We shall strive to maximize our shareholders value through sustained profitable growth.

- We shall enhance existing employees' productivity, hire, retain and develop best talent and provide them competitive environment to excel and grow.

- We will aggressively focus on increasing our penetration in the piping systems market by exploring new channels.

- We shall continue to set new trends through innovative marketing and manufacturing.

Building Blocks of Dadex Values

Customer Focus

Superior Customer Support -
Magnified Focus

Innovation

Boundless Thinking.
Timeless innovation

Quality

Quality Assured is
Quality Delivered.

Reliability

Reliability and Trust -
A Secure Balance.

Ethical Practices

Solid Links to
Strong Principles.

DADEX

Our Philosophy

Our forte has been and continues to be, to manufacture and market innovative customer-oriented products. Focusing on superiority, reliability and durability - we believe that these characteristics must embody not just our products but also our business practices. We believe in transparency; integrity, sound business practices and in presenting the best products and services to customers at all times.

At Dadex, our aim is to continue to be an organization renowned for its principled approach in all spheres of work. Be it the production of piping systems or roofing material or customer service - integrity is a force we believe in. And reliability is the foundation of all that we do.

54 years of existence has only strengthened our commitment. Excelling in piping systems, roofing materials, building products, irrigation systems and customer service - today, we stand poised to offer you the fundamentals upon which to build your future.

Contents

Company Information

Board of Directors	Abu Talib H.K. Dada- Chairman	(Non - Executive Director)
	Sikander Dada	(Executive Director)
	Maqbool H.H. Rahimtoola	(Non - Executive Director)
	Qazi Sajid Ali	(Non - Executive Director)
	Shahzad M. Husain	(Non - Executive Director)
	Zulfiqar Ali Lakhani	(Non - Executive Director)
	Samad Dada	(Non - Executive Director)
Chief Executive Officer	Sikander Dada	
Chief Financial Officer/ Company Secretary	Shazam Butt	
Board Audit Committee	Qazi Sajid Ali - Chairman Shahzad M. Husain Samad Dada	
Human Resource and Remuneration Committee	Maqbool H.H. Rahimtoola - Chairman Sikander Dada Qazi Sajid Ali	
Management Team	Sikander Dada - Chief Executive Officer Tanveer Saleem - Chief Operating Officer (Technical & Operations) Syed Ashar Husain - Chief Operating Officer (Commercial Services) Shazam Butt - Chief Financial Officer / Company Secretary Muhammad Ebrahim - General Manager (Zarkaasht) Munawar Abbas - General Manager (Operations)	
Auditors	Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants	
Bankers	Dubai Islamic Bank Pakistan Limited Habib Bank Limited Habib Metropolitan Bank Limited HSBC Bank Middle East Limited MCB Bank Limited National Bank of Pakistan Standard Chartered Bank (Pakistan) Limited United Bank Limited (UBL Ameen)	
Legal Advisor	Surridge & Beecheno 3rd 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	M/s. JWAFFS Registrar Services (Private) Limited 505, 5th Floor, Kashif Centre, Near Hotel Mehran, Main Shahrah-e-Faisal, Karachi. Phone: (92-21) 35643871-72 Fax: (92-21) 35643873 Email: jwaffs@live.com	
Web Site	www.dadex.com	

Notice of 54th Annual General Meeting

Notice is hereby given that the 54th Annual General Meeting of the **Dadex Eternit Limited** will be held on Thursday, October 24, 2013 at 12:30 p.m., at Dadex House, 34-A/1, Block-6, PECHS, Shahrah-e-Faisal, Karachi to transact the following ordinary business:

1. To receive, consider and adopt the following:
   a) Audited Financial Statements for the year ended June 30, 2013 and the Auditors' Report thereon; and
   b) The Report of the Board of Directors for the year ended June 30, 2013.

2. To appoint auditors of the Company for the year ending June 30, 2014, and authorize the Directors to fix their remuneration. The present auditors, M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, being eligible have offered themselves for reappointment. As required by the paragraph (xxxv) of the Code of Corporate Governance 2012, the Board of Directors recommends, based on the recommendation of the Audit Committee the appointment of M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants.

By Order of the Board
(Shazam Butt)
Company Secretary

Karachi: September 23, 2013

NOTES:

1. The Register of Members and the Share Transfer Books of the Company shall remain closed from October 15, 2013 to October 24, 2013 (both days inclusive). Transfers received in order at the office of our Share Registrar, M/s. JWAFFS Registrar Services (Pvt.) Limited, 505, 5th Floor, Kashif Centre, Main Shahrah-e-Faisal, Karachi by the close of business hours on October 14, 2013 will be treated in time for incorporating the change in the Register of Members as at October 15, 2013.

2. Entitlement to attend, participate and vote at the 54th Annual General Meeting will be according to the Register of Members as at October 15, 2013.

3. A member of the Company entitled to attend and vote may appoint another member as his/her proxy to attend, speak and vote for him/her. An instrument of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must, to be valid, be deposited at the Registered Office of the Company not less than 48 hours before the time of the Meeting.

4. An instrument of the proxy applicable for the Meeting, in which a Member can direct the proxy how he/she wishes the proxy to vote, is being provided with the notice sent to Members. Further copies of the instrument of proxy may be obtained from the Registered Office of the Company during normal office hours.

5. Members are requested to submit declaration for Zakat on the required format and to notify immediately change, if any, in their registered addresses to our Share Registrar as mentioned above.

6. Members who have not yet submitted photocopy of their Computerized National Identity Cards are requested to send the same to our Share Registrar as mentioned above at the earliest.

7. As per the Securities and Exchange Commission of Pakistsan directives issued through circular no. 8(4) SM/CDC 2008 dated April 05, 2013. All the shareholders of the Company are requested to provide bank mandate details to the Share Registrar of the Company at the abovementioned address, so that in future any entitlement, if declared, may directly be deposited in your respective bank accounts to avoid delay in payment of entitlement amount and or risk of loss or non-delivery of dividend warrants.

8. CDC Account Holders will further have to follow the under-mentioned guidelines as laid down in Circular 1 dated January 26, 2000, issued by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting:

i. In the case of individuals, the account holder or sub-account holder whose securities and registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his original CNIC or original passport at the time of attending the meeting.

ii. In the case of a corporate entity, the Board of Directors' resolution/power of attorney with the specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of attending the meeting.

B. For Appointing Proxies:

i. In the case of individuals, the account holder or sub-account holder whose securities and registration details are uploaded as per the Regulations shall submit the proxy form as per the above requirement.

ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii. Attested copies of the CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.

v. In the case of a corporate entity, the Board of Directors' resolution/power of attorney with the specimen signature shall be submitted (unless it has been provided earlier) along with the proxy form to the Company.

9. Transport will be available for members at 11:30 a.m., sharp outside the premises of the Karachi Stock Exchange Building to take them to the venue of the meeting.

Report Of The Board Of Directors

The Board of Directors of **Dadex Eternit Limited ("Company")** would like to present the 54th Annual Report along with the Audited Financial Statements for the year ended June 30, 2013.

NATIONAL ECONOMY

During the past few years the economy has faced numerous challenges on the external and internal fronts primarily on account of power crisis, persistent inflationary pressures, unprecedented floods, low tax to GDP ratio, high fiscal deficit, mounting public debt, high interest payments, high growth in subsidies on account of circular debt and deteriorating law and order situation of the country. Consequently, the expenditure overrun surpassed the revenue increases, thereby resulted pressure on the fiscal deficit.

Energy outages hampered economic growth of the country. Since early 2000s, the energy sector (especially its sub sector electricity) received greater attention because of the faster rate of growth in its demand. The crisis has affected every one and there is no doubt that there exists high correlation between growth rate of GDP and that of energy consumption.

The inflationary trend in the economy subdued during 2012/13. The annualized inflation rate measured in terms of Consumer Price Index (CPI) for 2012/13 averaged at 7.5% as against 10.9% recorded in the same period of 2011/12.

BUSINESS

The year under review has been the most challenging for Dadex. Sales efforts were severely hampered by increasing energy crisis in the country, law and order situation, curtailment of Government funding, election activities during the peak sales period, and economic hardships across Pakistan.

Internally, we were beset with production issues, dearth of raw material, increasing raw material prices and cost of production, and shortage of essential fittings, thus sales focus shifted to fire-fighting rather than a systematic approach to increase sales and meet targets.

SALES AND PROFITABILITY

Current year's sales revenue was Rs. 2,374 million (2012/13: Rs. 2,469 million), an overall drop of only 3.87%, considering the severe consequences of the above factors.

To counter the shortfall in sales, targeted cost cutting measures were carried out, along with significant increases in prices of finished goods. The Cost of Sales was reduced by 12.7%, from Rs. 2,116 million to Rs. 1,861 million. In real terms Cost of Sales was 78% of total sales in 2013 compared to 85.7% in 2012. Distribution costs were curtailed by 24% from Rs. 292 million to Rs. 222 million. However, Administrative expenses went up by 17%, from Rs. 201.66 million in 2012 to Rs. 236.66 million, due to Ijarah Rental. Without the Ijarah Rental, the Administrative costs actually went down 27%, from Rs. 199.43 million to Rs. 146.08 million.

However, the year ended with a net loss after tax of Rs. 12.310 million (2011/12: profit of Rs. 114.12 million), with a loss per share of Rs. 1.14 (2011/12: earning of Rs. 10.60 per share), the major contributors being the Ijarah Rental of Rs. 90.57 million and Financial cost going up from Rs. 68.88 million in 2012 to Rs. 120.74 million in 2013. These Ijarah costs and financial charges are as a result of the financing the Company had to obtain last year for acquiring the minority shareholding.

The sales outlook for 2013/14 looks promising, thus a challenging sales target of Rs. 3,022 million is being proposed, which is a 27.3% higher than the actual sales of 2013.

A focused program is in place to turn the Company around, which includes strategies to increase sales, reduce costs, reduce financial burden, as well as rationalize manpower.

OPERATIONS

During the year, the Company focused on the development of the utility infra-structures/modification of existing structures. The Company shifted its plant/equipments of PVC pipes manufacturing facilities from Karachi Factory to the Hyderabad factory. Planning, designing and supervision of the construction work was carried out in- house. The Plastics plant at Hyderabad Factory commenced its commercial production during May 2013.

The Company has also installed and commissioned a new PVC pipe extrusion line at Hyderabad Factory. This additional PVC line, along with other initiatives taken to upgrade other plastic pipe facilities has led to the enhancement of the overall capacity to cater to future growth.

Report Of The Board Of Directors

During the year, the Company successfully completed the Fourth Surveillance Audit of Quality Management System (ISO 9001: 2008) certification.

The Company also got renewal and revalidation of Certificates/Licenses from Pakistan Standards & Quality Control Authority (PSQCA) for its various products

DIVIDENDS AND APPROPRIATIONS

The Company declared Rs. Nil dividend during the year under review.

Summary of profits available for appropriations is as follows:

	(Rupees in thousand)
Un-appropriated profit as at July 01, 2012	170,143
Prior year adjustment	-
Transfer from Un-appropriated Profit to general reserves	(160,000)
Surplus on revaluation of fixed assets on account of incremental depreciation charged on related assets	14,454
Loss after taxation for the year ended June 30, 2013	(12,310)
Un-appropriated Profit as at June 30, 2013	12,287
Subsequent Effects	
Proposed final dividend per share of Rs. Nil	-
Transfer to general reserves for the year ended June 30, 2013	-
Un-appropriated Profit as at July 01, 2013	12,287

Break-up value per share as at June 30, 2013 is Rs.26.53 (2011/12:Rs.26.33).

BOARD OF DIRECTORS AND ITS COMMITTEES

A. The Board will complete its term on July 12, 2014.

   During the year, five Board meetings, five Audit Committee meetings and one Human Resource and Remuneration Committee meeting were held. The attendance of the Directors attending Board meetings is annexed with this Report.

B. The Board has formed its Audit Committee & Human Resource and Remuneration Committee and approved the terms of reference for compliance by these Committees. The Audit Committee is comprised of three members and all are non executive Directors. The Human Resource and Remuneration Committee comprises of one executive and two non-executive Directors.

ENERGY CONSERVATION

Increase in Diesel prices & Gas load shedding remained big concern as these impact costs of production of both Plastics and CC Products. Various initiatives were taken in factories to reduce energy consumption.

The Company has used Bi-Fuel system on Diesel Generator at Karachi Factory which has brought down the cost of energy produced.

The Company also encourages its employees to conserve electricity by switching off lighting, computer systems, electronic equipments when not in use and all electrical equipments are properly maintained to save the energy.

INFORMATION COMMUNICATION TECHNOLOGY

In order to meet its ever growing needs and to adapt itself to the dynamic era of information and communication technologies the ICT Department of DADEX launches new programs and update its existing programming library. The Company uses information and communication technologies as a tool to remain upbeat in cut throat competition prevailing in the market thus making sure continuous improvement in business solutions and connectivity amongst its internal and external stakeholders.

The ICT Department is committed towards delivering cutting edge and consistent IT and SAP support services to its end users. The Company is working on lines to develop enhanced controls in existing SAP processes, updating applications and implementing new SAP processes / modules to achieve targets of efficiently synergizing sales, marketing, operations, human resource, internal audit and finance departments.

Report Of The Board Of Directors

In order to stick to our commitment towards IT self sufficiency, during the financial year a renowned SAP management consultant was hired to implement /revamp Production Planning Module(PP), Product Costing Module(PC), Profitability Analysis Module(COPA), and Material Management Module(MM).

COPC and COPA have been successfully implemented while MRP is currently undergoing through rejuvenation phase and hopefully will be implemented by October 2013. Further, new reports related to the above mentioned modules were also developed in order to enable our self to attain utmost advantage of the system.

CORPORATE PHILANTHROPY AND COMMUNITY WELFARE

The Company during the year has taken part in various philanthropic and welfare activities and has made contribution of Rs. 0.22 million (2011/12: Rs. 0.02 million).

BUSINESS ETHICS AND ANTI-CORRUPTION MEASURES

The Company believes that corporate success has always been and always will be based on the respect for the moral values and the satisfaction of the ethical, legal and social expectations. The Company does not discriminate on the basis of race, sex, religion, disability or family status in the recruitment, training or advancement of its employees.

The Company has well established internal controls in place. The Board Audit Committee regularly reviews the internal audit reports and measures are taken to implement the recommendations of the internal auditors.

The Company's philosophy and policy continues to be to follow sound corporate practices which provide consumer protection and ensure effective anti-corruption measures.

RURAL DEVELOPMENT

The Company through its Zarkaasht Division is the pioneer in starting a revolution in the country by improving its agriculture and is contributing in changing the mindset of the agriculture community. The Punjab Government has got large funding from the World Bank for this project and the future is extremely bright for this division. The Company encourages the employment of local people from adjourning rural areas.

CONTRIBUTION TO THE NATIONAL EXCHEQUER AND THE ECONOMY OF THE COUNTRY

The Company has contributed in excess of Rs. 476 million (2011/12: Rs.509 million) towards the National Exchequer in the form of income tax, sales tax, duties, levies and other taxes.

HEALTH, SAFETY, ENVIRONMENT (HSE) AND QUALITY

The HSE program has been further consolidated at all three factories during this year, third HSE - IMS surveillance audit conducted by SGS (the international certifying body) has vetted continual improvement process. The Company is moving towards re-certification of OHSAS 18001 / ISO 14001 standards during the fourth quarter of the year ended June 30, 2013.

HSE initiative is pro-active in nature, compliant with local applicable laws and is fully aligned with guidelines from ILO / WHO and Chrysotile Institute - Canada.

One of the highlights is a structured risk based HSE training program, modules are offered to the Company and contract employees, as per (TNA) training need analysis & job competency profiling (JCP) for various job types. At Karachi Factory there is a dedicated Training Centre, which is equipped with all modern facilities.

All targeted audience regularly undergo Fire Fighting and First Aid Training at all three manufacturing facilities and Head Office. External agencies like civil defense is also engaged in "Emergency Preparedness and Response" related drills / mock exercises.

As part of the Company's policy, the Company is offering "Periodic Medical Examinations" to its serving and retired employee, as per international standards. The Company is also in the process of upgrading its in-house Environmental Laboratory at Karachi Factory, in line with global standards. A structured Industrial Hygiene program is in place.

As per "Environmental Plan" Air Monitoring Tests are being conducted and analyzed for both area and personal sampling, one of the best practices in the developing countries despite difficult business environment in Pakistan

Report Of The Board Of Directors

EMPLOYMENT OF SPECIAL PERSONS

The Company has put in place a mechanism to ensure the employment of special persons in all future appointments and a special quota will be kept for them as per requirement.

INDUSTRIAL RELATIONS

The Company maintains cordial relations with its employees and agreements are in place with the respective Collective Bargaining Agents [CBA Union's] based on negotiated Charter of Demands ('COD'). This year we have signed COD with Hyderabad Factory CBA.

Both the employees & the Unions are motivated enough to play their positive roles to handle the challenges in productivity improvements.

HUMAN RESOURCES

Human Capital is our vital and most valuable asset. We pursue a comprehensive human capital strategy that integrates talent, leadership, culture and organization models with business goals to maximize the investment in people. We continue to work for development and retention of the best talent through our transparent succession planning, career building and compensation.

The Company endeavours to take good care of its human resources in order to provide a safe and good working environment to achieve its vision and goals.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

A) The Board of Directors are pleased to confirm that:

1) The Company has applied the principles contained in the Code of Corporate Governance and relevant listing regulations, as narrated in the "Statement of Compliance with Code of Corporate Governance" for the year ended June 30, 2013 annexed with this Report.

2) The Company while complying with the applicable regulations has applied the principles contained in the Code of Corporate Governance, relating to "Related Party Transaction".

3) The Board of Directors have adopted the "Code of Conduct" and measures have and are being taken to ensure that the employees within the organisation effectively observe these rules of conduct.

4) The following statements which have also been certified by the External Auditors in their Report to the Members:

   a. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
   b. Proper books of accounts of the Company have been maintained.
   c. Appropriate accounting policies have been consistently applied in the preparation of the financial statements, and accounting estimates are based on reasonable and prudent judgment.
   d. International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements.

5) The system of internal controls and such other procedures, which are in place, are being continuously reviewed by the Board's Audit Committee. The Internal Audit function which was outsourced was being performed by one of the top five audit firms i.e. KPMG Taseer Hadi & Company, Chartered Accountants. The internal auditors have carried out the internal audit as per the approved audit plan for the year 2012/13.

6) There are no significant doubts upon the Company's ability to continue as a going concern.

7) There has been no material departure from the best practices of corporate governance, as detailed in the applicable Listing Regulations.

B) The further information in accordance with the Corporate and Financial Reporting Framework laid down in the Code of Corporate Governance is as follows:

1) The summary of the key operating and financial data of the Company, spanning the last ten years is annexed with this Report.

2) Taxes and levies are as disclosed in the Notes to the Accounts.

3) The following is the value of investments, held by the Provident Fund based on the latest audited accounts as at June 30, 2013:

2013	2012
(Rupees in '000')	
176,632	158,718

4) The statement, showing the pattern of shareholding of the Company as at June 30, 2013 is annexed with this Report.

5) The Directors, CEO, CFO, Head of Internal Audit and the Company Secretary, and their spouses and minor children did not carry out any trade in the shares of the Company during the year, except as those disclosed in the pattern of shareholding.

HOLDING COMPANY

M/s. Sikander (Private) Limited is the holding company of Dadex Eternit Limited by virtue of its 63.18% shareholding in the Company.

AUDITORS

The present auditors M/s Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants retire at the conclusion of the 54th Annual General Meeting. Being eligible, they have offered themselves for re-appointment. As required by the Code of Corporate Governance, the Board Audit Committee has recommended their re-appointment as auditors of the Company for the financial year ending June 30, 2014 and the Board agrees with the recommendation of the Board Audit Committee and therefore have recommended their re-appointment to the Shareholders of the Company.

Auditors recommended for appointment hold a satisfactory rating under the "Quality Control Review Programme" of the Institute of Chartered Accountants of Pakistan.

MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company, to which the Balance Sheet relates and the date of this Report.

FUTURE PROSPECTS AND CHALLENGES

The growth and profitability are affected by a number of external factors. Inflation, political turmoil, power shortages and uncertain law and order tend to upset the Company's set targets. However, the Company is making all out efforts to improve the internal efficiencies and searching for increased revenue sources.

ACKNOWLEDGEMENTS

Achieving customers' trust is the key to our success so far and we are determined to provide the quality of service that will continue to retain this trust. We are most grateful to all our customers for their support and seek their continued patronage.

The Company would like to take this opportunity to thank all its shareholders and other stakeholders including suppliers, service providers, banks / financial institutions and insurers for reposing their trust in the Company.

The Company would also like to thank its employees who have stood firm with the Company in this challenging phase. We are sure that with their dedication, commitment and hard work, the Company shall attain greater heights.

Karachi: September 23, 2013

On behalf of the Board of Directors

ABU TALIB H.K. DADA
CHAIRMAN

Attendance of Board of Directors Meeting

For the year ended June 30, 2013

Name of Director	Total number of meetings held during the year	Number of meetings attended
Mr. Abu Talib H.K. Dada - Chairman	5	5
Mr. Sikander Dada - CEO & Director	5	5
Mr. Maqbool H.H. Rahimtoola	5	4
Mr. Qazi Sajid Ali	5	5
Mr. Shahzad M. Husain	5	5
Mr. Zulfiqar Ali Lakhani	5	2
Mr. Samad Dada [Alternate: Mr. Shahid Islam]	5	4

Leave of absence was granted to Directors who could not attend some of the Meetings.

Statement of Compliance with the Code of Corporate Governance

Dadex Eternit Limited, year ended June 30, 2013.

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No 35 (XI) of Listing Regulations of Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of non-executive Directors and Directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Name
Independent Directors	None
Executive Directors	Mr. Sikander Dada
Non-Executive Directors	Mr. Abu Talib H.K. Dada
	Mr. Maqbool H.H. Rahimtoola
	Mr. Qazi Sajid Ali
	Mr. Shahzad M. Husain
	Mr. Zulfiqar Ali Lakhani
	Mr. Samad Dada

2. The Directors have confirmed that none of them is serving as a director on more than ten listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that Stock Exchange.

4. During the year, no casual vacancy occurred on the Board of Directors of the Company.

5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The Board has developed vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other Executive and non-executive Directors, have been taken by the Board/Shareholders.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose and the Board has met at least once in every quarter. Written notices of the Board meetings, along with the agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board is well aware of their duties and responsibilities under the Code. All the Directors, except one, have confirmed that they possess requisite educational and directorship experience on the board of listed companies and hence are exempted from the requirement of attending Directors' Training Program. The Company will take necessary steps to fully comply with the requirement of the CCG by the end of next accounting year.

10. The Board approved the resignation of the Company's CFO and Company Secretary, and authorised the CEO to select a suitable candidate for both designation from both within or outside the Company. The CEO appointed the acting CFO and acting Company Secretary for the interim period. However, subsequent to the balance sheet date, the Board of Directors through a Resolution by Circular on August 21, 2013 has approved the appointment of the CFO & Company Secretary of the Company on recommendation of the Human Resource & Remuneration Committee with effect from August 16, 2013, including the terms and conditions of his employment as determined by the CEO.

11. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an Audit Committee. It comprises of three (03) members, and they all are non-executive Directors, including the Chairman.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed a Human Resource & Remuneration Committee. It comprises of three (03) members, one is an executive Director and two are non-executive Directors and the Chairman of the committee is a non-executive Director.

18. The Board had outsourced the internal audit function to M/s. KPMG Taseer Hadi & Co., Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company. During the year, a qualified Head of Internal Audit was appointed as required by the Code. However, subsequent to balance sheet date, the Head of Internal Audit has been elevated to the post of the Chief Financial Officer and Company Secretary. From next financial year, the Company's in-house internal audit department will solely carry out the internal audit function and Company will soon appoint new Head of Internal Audit.

19. The statutory auditors of the Company have confirmed that they have been given satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its

partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The "closed period", prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to Directors, Employees and Stock Exchange.

22. Material/price sensitive information has been disseminated among all market participants at once through Stock Exchange.

23. We confirm that all material principles enshrined in the CCG have been complied with, except for the matter as stated in point 9 above towards which reasonable progress will be made by the Compay to seek compliance by the end of next accounting year.

Karachi: September 23, 2013

SIKANDER DADA
CHIEF EXECUTIVE

DADEX

FINANCIAL STATEMENTS

For the year ended June 30, 2013

Building a better
working world

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Progressive Plaza,Beaumont Road
P.O..Box 15541, Karachi 75530
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REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) for the year ended **30 June 2013** prepared by the Board of Directors of **Dadex Eternit Limited (the Company)** to comply with the Listing Regulation No. 35 (Chapter XI) of the Karachi Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, the Listing Regulation of the Karachi Stock Exchange require the Company to place before the Board of Directors for their consideration and approval, related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance, for the year ended **30 June 2013.**

We draw your attention to clause 23 of the Statement of Compliance which explains the status of directors' training program. Our conclusion is not qualified in respect of this matter.

Chartered Accountants
Date: 23 September 2013
Karachi

EY
Building a better working world

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Dadex Eternit Limited (the Company)** as at **30 June 2013** and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

  (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change as stated in note 4.1 to the accompanying financial statements, with which we concur;

  (ii) the expenditure incurred during the year was for the purpose of the Company's business; and

  (iii) the business conducted, investments made and expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at **30 June 2013** and of the loss, its comprehensive loss, cash flows and changes in equity for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Chartered Accountants
Audit Engagement Partner: Shariq Ali Zaidi
Date: 23 September 2013
Karachi

Balance Sheet

As at June 30, 2013

	Note	2013	2012
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	5	**1,301,522**	1,296,736
Intangible assets	6	**-**	-
		1,301,522	1,296,736
Long-term investment	7	**-**	494
Long-term loans	8	**2,225**	2,120
Long-term deposits	9	**46,668**	46,668
Deferred tax assets	10	**62,105**	52,012
		1,412,520	1,398,030
CURRENT ASSETS			
Stores, spare parts and loose tools	11	**33,147**	34,275
Stock-in-trade	12	**982,607**	796,422
Trade debts	13	**161,080**	126,616
Loans and advances	14	**61,713**	44,054
Trade deposits and short-term prepayments	15	**25,994**	21,529
Interest accrued and other receivables	16	**13,096**	2,390
Sales tax and excise duty - net		**28,157**	73,216
Taxation - net	17	**144,964**	96,840
Cash and bank balances	18	**17,782**	4,676
		1,468,540	1,200,018
TOTAL ASSETS		**2,881,060**	2,598,048
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	19	**107,640**	107,640
Reserves	20	**177,942**	175,798
		285,582	283,438
SURPLUS ON REVALUATION OF FIXED ASSETS	21	**795,226**	809,680
NON-CURRENT LIABILITIES			
Long-term financing	22	**88,889**	-
CURRENT LIABILITIES			
Trade and other payables	23	**854,271**	810,058
Accrued mark-up		**21,691**	18,259
Short-term borrowings	24	**824,290**	676,613
Current portion of long-term financing	22	**11,111**	-
		1,711,363	1,504,930
CONTINGENCIES AND COMMITMENTS	25		
TOTAL EQUITY AND LIABILITIES		**2,881,060**	2,598,048

The annexed notes from 1 to 42 form an integral part of these financial statements.

Abu Talib H.K. Dada
Chairman

Sikander Dada
Chief Executive

Shazam Butt
Chief Financial Officer

Profit And Loss Account

For the year ended June 30, 2013

	Note	2013	2012
		(Rupees in thousand)	
Turnover - net	26	**2,374,266**	2,469,834
Cost of sales	27	**(1,861,293)**	(2,116,349)
Gross profit		**512,973**	353,485
Distribution costs	28	**(222,014)**	(292,434)
Administrative expenses	29	**(236,657)**	(201,660)
Other operating expenses	30	**(23,030)**	(70,035)
Other income	31	**89,470**	372,504
Operating profit		**120,742**	161,860
Finance costs	32	**(120,485)**	(68,887)
Share of loss on investment in an associate	7	**(494)**	(361)
(Loss) / profit before taxation		**(237)**	92,612
Taxation	33	**(12,073)**	21,505
(Loss) / profit for the year		**(12,310)**	114,117
		(Rupees)	
(Loss) / earnings per share - basic and diluted	34	**(1.14)**	10.60

The annexed notes from 1 to 42 form an integral part of these financial statements.

Abu Talib H.K. Dada	Sikander Dada	Shazam Butt
Chairman	Chief Executive	Chief Financial Officer

Statement Of Comprehensive Income

For the year ended June 30, 2013

	Note	2013	2012
		(Rupees in thousand)	
(Loss) / profit for the year		**(12,310)**	114,117
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive (loss) / income for the year, net of tax		**(12,310)**	114,117

The annexed notes from 1 to 42 form an integral part of these financial statements.

Abu Talib H.K. Dada
Chairman

Sikander Dada
Chief Executive

Shazam Butt
Chief Financial Officer

Cash Flow Statement

For the year ended June 30, 2013

	Note	2013	2012
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows from / (used in) operations	38	**20,023**	(54,975)
Income tax paid	17	**(70,290)**	(70,763)
Long-term loans - net		**(105)**	1,873
Long-term deposits - net		**-**	(39,928)
Net cash flows used in operating activities		**(50,372)**	(163,793)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure	5.2.3	**(66,017)**	(265,618)
Proceeds from disposal of property, plant and equipment			
-operating assets		**-**	327,969
-investment property		**-**	65,081
-non-current assets held for sale		**-**	235,000
Interest received		**50**	4,157
Net cash flows (used in) / from investing activities		**(65,967)**	366,589
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing	22	**100,000**	-
Short-term borrowings - net		**147,677**	476,066
Interest / mark-up paid		**(117,053)**	(61,599)
Dividend paid		**(1,179)**	(617,328)
Net cash flows from / (used in) financing activities		**129,445**	(202,861)
Net increase / (decrease) in cash and cash equivalents		**13,106**	(65)
Cash and cash equivalents at the beginning of the year	18	**4,676**	4,741
Cash and cash equivalents at the end of the year	18	**17,782**	4,676

The annexed notes from 1 to 42 form an integral part of these financial statements.

Abu Talib H.K. Dada
Chairman

Sikander Dada
Chief Executive

Shazam Butt
Chief Financial Officer

Statement Of Changes In Equity

For the year ended June 30, 2013

	Issued, Subscribed and paid-up capital	RESERVES				Total Equity
		Capital reserves- share premium	REVENUE RESERVES General	REVENUE RESERVES Un-appropriated profit	Total	
	---------- (Rupees in thousand) ----------					
Balance as at June 30, 2011	107,640	5,655	411,500	(18,592)	398,563	506,203
Transfer from general reserve for the year ended June 30, 2011	-	-	(411,500)	411,500	-	-
First interim dividend on ordinary shares @ 178% for the year ended June 30, 2012	-	-	-	(191,599)	(191,599)	(191,599)
Second interim dividend on ordinary shares @ 405% for the year ended June 30, 2012	-	-	-	(435,940)	(435,940)	(435,940)
Surplus on revaluation of fixed assets realised on account of incremental depreciation charged on related assets for the year	-	-	-	10,039	10,039	10,039
Surplus on revaluation of fixed assets realised on account of disposal of assets and incremental depreciation charged on related asset for the year	-	-	-	280,618	280,618	280,618
Profit for the year	-	-	-	114,117	114,117	114,117
Other comprehensive income for the year, net of tax	-	-	-	-	-	-
Total comprehensive income for the year, net of tax	-	-	-	114,117	114,117	114,117
Balance as at June 30, 2012	**107,640**	**5,655**	**-**	**170,143**	**175,798**	**283,438**
Transfer to general reserve for the year ended June 30, 2012	**-**	**-**	**160,000**	**(160,000)**	**-**	**-**
Surplus on revaluation of fixed assets realised on account of incremental depreciation charged on related assets for the year	**-**	**-**	**-**	**14,454**	**14,454**	**14,454**
Loss for the year	**-**	**-**	**-**	**(12,310)**	**(12,310)**	**(12,310)**
Other comprehensive income for the year, net of tax	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive loss for the year, net of tax	**-**	**-**	**-**	**(12,310)**	**(12,310)**	**(12,310)**
Balance as at June 30, 2013	**107,640**	**5,655**	**160,000**	**12,287**	**177,942**	**285,582**

The annexed notes from 1 to 42 form an integral part of these financial statements.

Abu Talib H.K. Dada
Chairman

Sikander Dada
Chief Executive

Shazam Butt
Chief Financial Officer

For The Year Ended June 30, 2013

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 the 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 Sundar (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.

Sikander (Private) Limited is the holding company, which held 6,800,648 (2012: 6,800,648) ordinary shares of Rs.10/- each of the Company representing 63.18 percent (2012: 63.18 percent) shareholding as of the balance sheet date.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

3. BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention except for freehold land and leasehold land, which are stated at revalued amounts as referred to in notes 4.3.1 and 5.1.1 to these financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Standards, amendments and interpretations adopted during the year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as follows:

New and amended standards and interpretations

The Company has adopted the following new and amended IFRSs and interpretations which became effective during the year:

IAS 1 - Presentation of Financial Statements (Amendment)

IAS 12 - Income Taxes (Amendment)

The adoption of the above standards, amendments and interpretations did not have any material effect on the financial statements of the Company.

4.2 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Judgments, estimates and assumptions are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In the process of applying the accounting policies, management has made the following judgments, estimates and assumptions which are significant to these financial statements:

(a) determining the impairment, residual values, useful lives, method of depreciation, valuation and pattern of flow of economic benefits of property, plant and equipment, intangible assets and investment property (notes 4.3, 4.4 and 4.5);
(b) provision against stores, spare parts and loose tools and stock-in-trade / adjustment of stores, spare parts and loose tools, stock-in-trade to their net realisable value (notes 4.8 and 4.9);
(c) provision and impairment of financial assets (note 4.6);

(d) recognition of taxation and deferred tax (note 4.20); and
(e) derivative financial instruments (note 4.23).

Other areas where judgments, estimates and assumptions involved are disclosed in respective notes to these financial statements.

4.3 Property, plant and equipment

4.3.1 Owned

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for freehold land and leasehold land.

Freehold land and leasehold land are stated at revalued amounts, which are the fair value at the date of revaluation. Freehold land is stated at revalued amounts less accumulated impairment losses, if any and leasehold land is stated at revalued amount less accumulated depreciation and accumulated impairment losses, if any, recognised subsequent to the date of revaluation.

Depreciation is charged to profit and loss account using the straight-line method over their estimated useful lives at the rates disclosed in note 5.1 to these financial statements, whereby the cost of an asset less residual value is written-off over its estimated useful life. A full month's depreciation is charged for assets in the month of purchase and no depreciation is charged in the month of disposal.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset are calculated as the difference between the net disposal proceeds and the carrying amount of the item.

Gains and losses on disposal of assets are taken to profit and loss account in the year the asset are derecognised. When revalued assets are sold, the relevant remaining surplus is transferred directly by the Company to its profit and loss account.

Assets residual values, useful lives and method of depreciation are reviewed, and adjusted, if appropriate at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount at the balance sheet date. Accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Capital stores and spare parts held by the Company for replacement of major items of plant and machinery are stated at cost less accumulated impairment losses, if any. Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements, if any, are capitalised.

4.3.2 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any, and consists of expenditure incurred and advances made in respect of operating assets in the course of their acquisition, erection, construction and installation. The assets are transferred to relevant category of operating assets when they are available for use.

4.3.3 Assets subject to finance lease

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of leased items are capitalised at the inception of lease. Assets subject to finance lease are stated at the lower of the present value of minimum lease payments under the lease agreements and their fair value. Depreciation is charged using the same basis and rates used for similar owned assets whereby the cost of assets less residual value is written off over their estimated useful lives. Income arising from sale and lease back transactions, if any, is deferred and is amortised equally over the lease period.

The outstanding obligations under the lease less finance charges allocated to future period are shown as a liability. Financial charges are calculated at the interest rate implicit in the lease and are charged to the profit and loss account.

4.4 Intangible assets

An intangible asset is recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and that the cost of such asset can also be measured reliably.

Generally, costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. However, costs that are directly associated with identifiable software and have probable economic benefit exceeding the cost beyond one year, are recognised as an intangible asset. Direct costs include the purchase cost of software and related overhead cost.

Intangible assets are stated at cost less accumulated amortisation and impairment, if any. Amortisation is charged to the profit and loss account using the straight-line method over their estimated useful lives at the rate disclosed in note 6 to these financial statements. A full month's amortisation is charged for assets in the month of purchase and no amortisation is charged in the month of disposal.

4.5 Investment property

These are assets held for capital appreciation and for rental earnings and are measured under the cost model. These are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Investment property is derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from it disposal. The difference between the net disposals and carrying amount of the asset is recognised in the profit and loss account in the period of derecognition.

Transfers are made to or from the investment property only when there is a change in use. If owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment upto the date of change in use.

Depreciation is charged to the profit and loss account using the straight-line method over their estimated useful lives, whereby the cost of an asset less residual value is written-off over its estimated useful life. A full month's depreciation is charged for assets in the month of purchase and no depreciation is charged in the month of disposal.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements, if any, are capitalised.

4.6 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses. If any such indication exists, the recoverable amounts are estimated and impairment losses or reversal of impairment losses are recognised in the profit and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

4.7 Investments

4.7.1 Investment in an associate

The Company's investment in its associate is accounted for using the equity method of accounting. An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a jointly control entity.

Under the equity method, the investment in the associate is carried in the balance sheet at cost plus post acquisition changes in the Company's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. The profit and loss account reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Company recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Profits and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate. The Company recognises the share of loss in an associate to the extent of carrying value of its investment in an associate.

The financial statements of the associate are prepared for the same reporting period as of the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

4.7.2 Held-to-maturity

Held-to-maturity investments are non-derivative financial assets which carry fixed or determinable payments and fixed maturities and which the Company has positive intention and ability to hold till maturity. Held-to-maturity investments are initially measured at fair value plus transaction costs. Subsequent to initial measurement, held-to-maturity investments are measured at amortised cost less accumulated impairment losses, if any. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount, less allowance for repayment. This calculation includes all the fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transactions cost and all other premiums and discounts. Gains and losses are recognised in the profit and loss account when the investments are derecognised or impaired, as well as through the amortisation process.

4.8 Stores, spare parts and loose tools

These are valued at the lower of cost and net realisable value. Cost is determined on the weighted average cost less provision for obsolete and slow moving items except for items in transit which are stated at invoice values plus other charges incurred thereon.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale which is generally equivalent to the estimated replacement cost.

The Company reviews the carrying amount of stores, spare parts and loose tools on an annual basis and provision is made for obsolescence where necessary and is recognised as such in the profit and loss account.

4.9 Stock-in-trade

4.9.1 Raw materials

Raw materials are valued at the lower of weighted average cost and net realisable value except for items in transit which are valued at cost comprising invoice values plus other charges incurred thereon.

4.9.2 Work-in-process

Work-in-process is valued at average cost comprising prime cost and an appropriate portion of manufacturing overheads.

4.9.3 Finished goods

Finished goods are valued at the lower of weighted average cost and net realisable value. Cost in the case of manufactured finished goods includes prime cost and an appropriate portion of manufacturing overheads. Items in transit are valued at cost comprising invoice values plus other charges incurred thereon.

Net realisable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs necessarily to be incurred to make the sale.

4.10 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount less an estimate made for doubtful receivables based on the review of outstanding amounts at the year end. No provision is made in respect of the active customers which are considered good. Balances considered bad and irrecoverable are written off when identified.

4.11 Cash and cash equivalents

Cash and cash equivalents are stated at cost. For the purposes of cash flow statement, cash and cash equivalents comprises cash in hand, bank balances, short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and bank overdraft, if any.

4.12 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 for 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.

4.13 Surplus on revaluation of fixed assets

The surplus arising on revaluation of fixed assets is credited to the "Surplus on Revaluation of Fixed Assets Account" shown below equity in the balance sheet in accordance with the requirements of section 235 of the Companies Ordinance 1984. The said section was amended through the Companies (Amendment) Ordinance, 2002 and accordingly the Company has adopted the following accounting treatment of depreciation on revalued assets, keeping in view the Securities and Exchange Commission of Pakistan's (SECP) SRO 45(1)/2003 dated January 13, 2003:

- depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account; and

- an amount equal to incremental depreciation for the year net of deferred taxation is transferred from "Surplus on Revaluation of Fixed Assets account" to accumulated profit through Statement of Changes in Equity to record realisation of surplus to the extent of the incremental depreciation charge for the year.

4.14 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost at the balance sheet date, which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

4.15 Operating leases / Ijarah contracts

Leases, where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating lease. Payments made under operating leases (net of any incentives received from the lessor) / ijarah agreements are charged to the profit and loss account on a straight line basis over the lease / ijarah term.

4.16 Provisions

Provisions are recognised when:

a) the Company has a present obligation (legal or constructive) as a result of past events;
b) it is probable that an outflow of resources will be required to settle the obligation; and
c) a reliable estimate of the amount can be made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.17 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at fair value of the consideration received, excluding discounts, rebates, and sales tax or duty. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or an agent. The Company has concluded that it is acting as a principal in all its revenue arrangements. The following are the specific recognition criteria that must be met before revenue is recognised:

a) Revenue from sale of goods is recognised when significant risk and rewards of ownership of goods have passed to the buyers, usually on delivery of goods.
b) Service income is recognised when related services are rendered. In such case, revenue is recognised by reference to the stage of completion of a transaction as of the balance sheet date to the extent of cost incurred and, accordingly adjusting the same against other receivables / advances from customers.
c) Sales of scrap goods are recorded net of cost on receipt basis.
d) Interest income is recorded using effective interest rate.
e) Rental income is recorded on accrual basis.
f) Dividend income is recognised when the right to receive the dividend is established.

4.18 Retirement benefits

The Company operates an approved contributory provident fund for all permanent employees for which the employer's contribution is charged to the profit and loss account for the year.

4.19 Compensated absences

The Company provides for its estimated liability towards leaves accumulated by employees on an accrual basis using current salary levels.

4.20 Taxation

Current

Provision for taxation is computed on taxable income at the current rates of taxation or based on turnover at the specified rates, whichever is higher, after taking into account tax credits and rebates available, if any, in accordance with the provision of the Income Tax Ordinance, 2001. It also includes any adjustment to tax payable in respect of prior years. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred

Deferred tax is provided in full using the liability method on all temporary differences arising at the balance sheet date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, while deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax losses and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax losses and unused tax credits can be recognised.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset is recognised or the liability is settled based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirement of Accounting Technical Release - 27 of the Institute of Chartered Accountants of Pakistan. Deferred tax is charged or credited to profit and loss account.

Deferred tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit and loss account.

Deferred tax assets and deferred tax liabilities are offset only if there is a legally enforceable right to offset current tax assets and liabilities and they relate to the income tax levied by the same tax authority.

4.21 Foreign currency translation

The financial statements are presented in Pakistani Rupee, which is the Company's functional and presentation currency. Foreign currency transactions during the year are translated at the exchange rates ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange ruling at the balance sheet date. Any resulting gain or loss arising from changes in exchange rates is taken to the profit and loss account. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

4.22 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. All financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled or expired. Any gain or losses on derecognition of financial assets and financial liabilities are taken to the profit and loss account.

4.23 Derivative financial instruments

The Company uses derivative financial instruments such as cross currency swaps and interest rate swaps to hedge its foreign market risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Derivatives that do not qualify for hedge accounting are recognised in the balance sheet at fair value with corresponding effect to profit and loss account.

The fair values of the cross currency swap and interest rate swap represent the discounted value of the future cash flows estimates based on relevant economic assumptions for the period till the maturity of the swap contracts.

The fair value of the forward currency contracts is calculated with reference to current forward exchange rates for contracts with similar maturity terms.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Company will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedge risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair values or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash flow hedges

Cash flow hedges are when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss account.

On an ongoing basis, the Company assesses whether each derivative continues to be highly effective in offsetting changes in the cash flows of hedged items. If and when a derivative is no longer expected to be highly effective, hedge accounting is discontinued.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income and is recognised when the forecast transaction is ultimately recognised in the profit and loss account. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the profit and loss account. Movements on the hedging reserve are shown in other comprehensive income.

Derivative instruments that are designated as, and are effective hedging instruments, are classified consistent with the classification of the underlying hedged item. The derivative instrument is separated into a current portion and non-current portion only if a reliable allocation can be made.

4.24 Offsetting of financial assets and financial liabilities

A financial asset and financial liability is offset and the net amount is reported in the balance sheet, if the Company has a legally enforceable right to set-off the transactions and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

4.25 Borrowing costs

Borrowing and other related costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

4.26 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

4.27 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessments.

Segment results, assets and liabilities include items directly attributable to a segment as well as those allocated on a reasonable basis. Unallocated items mainly comprise investment and related income, loans and borrowings and related expenses, corporate assets and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.

4.28 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretations:

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 7	Financial Instruments : Disclosures (Amendments) Amendments enhancing disclosures about offsetting of financial assets and financial liabilities	January 01, 2013
IAS 19	Employee Benefits (Amendment)	January 01, 2013
IAS 32	Offsetting Financial Assets and Financial Liabilities (Amendment)	January 01, 2014
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	January 01, 2014

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not have any material impact on the Company's financial statements in the period of initial application.

In addition to the above amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after January 01, 2013. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard		IASB Effective date (annual periods beginning on or after)
IFRS 9	Financial Instruments	January 01, 2015
IFRS 10	Consolidated Financial Statements	January 01, 2013
IFRS 11	Joint Arrangements	January 01, 2013
IFRS 12	Disclosure of Interests in Other Entities	January 01, 2013
IFRS 13	Fair Value Measurement	January 01, 2013

The Company expects that above new standards will not have any impact on the Company's financial statements in the period of initial application.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	2013	2012
		(Rupees in thousand)	
Operating assets - owned	5.1	**1,285,694**	1,291,077
Capital work-in-progress	5.2	**15,828**	5,659
		1,301,522	1,296,736

DADEX

5.1 Operating assets

	COST / REVALUED AMOUNT			ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	
	As at July 01, 2012	Addition (disposals) *transfers	As at June 30, 2013	As at July 01, 2012	For the year/ (on disposals) (on tranferly) (note 5.1.2)	As at June 30, 2013	As at June 30, 2013	Depre-ciation rate per annum
	----------------------------------	(Rupees in thousand)	----------------------------------					%
Freehold land (note 5.1.1)	**307,151**	**-**	**307,151**	**-**	**-**	**-**	**307,151**	**-**
Leasehold land (note 5.1.1)	**778,867**	**-**	**778,867**	**6,062**	**14,467**	**20,529**	**758,338**	**1-2.5**
Factory buildings on freehold and leasehold land (note 5.1.3)	**187,141**	***9,625**	**196,766**	**107,032**	**15,725**	**122,757**	**74,009**	**10**
Buildings on freehold land other than factory	**1,616**	**-**	**1,616**	**76**	**110**	**186**	**1,430**	**5**
Buildings on leasehold land other than factory	**13,203**	**-**	**13,203**	**10,091**	**337**	**10,428**	**2,775**	**5**
Plant and machinery (note 5.1.4)	**725,483**	***43,516**	**768,999**	**615,533**	**23,450**	**638,983**	**130,016**	**10**
Furniture and fittings	**10,084**	***562**	**10,646**	**7,136**	**741**	**7,877**	**2,769**	**10**
Vehicles and transportation equipment	**46,195**	**-**	**46,195**	**39,567**	**4,408**	**43,975**	**2,220**	**20**
Office and factory equipment	**33,157**	***1,943**	**35,100**	**26,323**	**1,791**	**28,114**	**6,986**	**10-33.3**
2013	**2,102,897**	***55,646**	**2,158,543**	**811,820**	**61,029**	**872,849**	**1,285,694**	

* Represents transfers from capital work-in-progress (note 5.2.3)

	COST / REVALUED AMOUNT			ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	
	As at July 01, 2011	Addition/ (disposale)/ transferal **revaluation/ *(adjustment)	As at June 30, 2012	As at July 01, 2011	For the year/ (on disposals)/ (on tranferly)/ *(adjustment) (note 5.1.2)	As at June 30, 2012	As at June 30, 2012	Depre-ciation rate per annum
	----------------------------------	(Rupees in thousand)	----------------------------------					%
Freehold land (note 5.1.1)	25,211	245,400 **37,245 ***(705)	307,151	-	-	-	307,151	-
Leasehold land (note 5.1.1)	3,596	**1,063,092 (286,195) *(1,626)	778,867	1,626	10,084 (4,022) *(1,626)	6,062	772,805	1-2.5
Factory buildings on freehold and leasehold land (note 5.1.3)	187,141	-	187,141	91,629	15,403	107,032	80,109	10
Buildings on freehold land other than factory	3,712	1,616 ***(3,712)	1,616	2,160	129 ***(2,213)	76	1,540	5
Buildings on leasehold land other than factory	44,699	(24,299) *225 ****(7,422)	13,203	27,670	1,478 (14,830) ****(4,227)	10,091	3,112	5
Plant and machinery (note 5.1.4)	757,983	6,405 (51,611) *12,706	725,483	641,047	24,881 (50,395)	615,533	109,950	10
Furniture and fittings	10,050	*34	10,084	6,383	753	7,136	2,948	10
Vehicles and transportation equipment	47,744	602 (2,151)	46,195	35,36	6,167 (1,962)	39,567	6,628	2 0
Office and factory equipment	33,025	*244 (112)	33,157	24,616	1,763 (56)	26,323	6,834	10-33.3
2012	1,113,161	254,023 (364,368) *13,209 **1,100,337 ***(4,417) ****(7,422) *(1,626)	2,102,897	830,493	60,658 (71,265) ***(2,213) ****(4,227) *(1,626)	811,820	1,291,077	

* Represents transfers from capital work-in-progress.
***Represents transfers from owned assets to non-current assets held for sale.
****Represents transfers from owned assets to investment property sale.
*( )Represents reversal of cost and accumulated depreciation at the time of revaluation.

5.1.1 Freehold land and leasehold land

These represent freehold land and leasehold land owned by the Company which are freely transferrable. During the year ended 30 June 2012, the Company caused to carry out a revaluation exercise by an independent valuer, Iqbal A Nanjee & Co. (Pvt) Limited on January 23, 2012 and K.G. Traders (Private) Limited on February 13, 2012. The revaluation has resulted in surplus on freehold land and leasehold land of Rs. 37.245 million and Rs. 1,063.092 million over their cost of Rs.24.506 million and Rs.3.596 million and written down value of Rs.24.506 million and Rs.1.970 million, respectively.

Had there been no revaluation, the cost and written down value of revalued freehold land and leasehold land in the balance sheet would have been Rs.270.737 million and Rs.270.326 million and surplus on revaluation of fixed assets would have been lower by Rs.795.226 million.

The fair values were determined with reference to market based evidence, based on active market prices and relevant enquiries and information as considered necessary, adjusted for any difference in nature, location or condition of the specific property.

	Note	2013	2012
		(Rupees in thousand)	
5.1.2 The depreciation charge for the year has been allocated as follows:			
Cost of sales	27	**54,739**	49,207
Distribution costs	28	**3,956**	4,848
Administrative expenses	29	**2,334**	6,603
		61,029	60,658

5.1.3 Represents cost of Rs.131.630 million (2012: Rs.131.630 million) and Rs.65.136 million (2012: Rs.55.511 million) and written down value of Rs.60.330 million (2012: Rs. 73.732 million) and Rs.13.679 million (2012: Rs 6.377 million) of factory buildings on freehold and leasehold land respectively.

5.1.4 Plant and machinery includes items such as fusion machine and related equipments having written down value of Nil (2012: Rs.0.089 million) which are in possession of customers for use on a temporary basis.

5.1.5 The cost of fully depreciated assets as at June 30, 2013 is Rs.524.916 million (2012: Rs.508.212 million).

5.2 Capital work-in-progress

	Note	2013	2012
		(Rupees in thousand)	
Plant and machinery - Green House Farming System		**13,979**	13,979
Impairment loss on plant and machinery	5.2.1	**(8,811)**	(8,609)
		5,168	5,370
Advance against purchase of operating assets	5.2.3	**10,660**	289
		15,828	5,659
5.2.1 Impairment loss on plant and machinery			
Opening balance		**8,609**	8,213
Charge for the year	30	**202**	396
Closing balance	5.2.2	**8,811**	8,609

5.2.2 Impairment loss has been recognised on the abovementioned plant and machinery which has been determined using fair value (re-export value) as per the valuation by an independent valuer and part of the cost of services, i.e. agronomic support, the labor and logistics, which remained un-availed by the Company as of the balance sheet date and the supplier of abovementioned plant and machinery has committed to provide the aforesaid services to the Company or any of its customers.

5.2.3 Included herein advances given for purchase / construction of items of factory buildings on freehold land and leasehold land and plant and machinery aggregating to Rs.10.366 million. Further, during the year, additions of Rs.66.017 million (2012: Rs.11.595 million) were made to capital work-in-progress which majorly relates to plant and machinery, and assets of Rs.55.646 million (2012: Rs.13.209 million) were transferred to operating assets (note 5.1).

6. INTANGIBLE ASSETS

	COST			ACCUMULATED AMORTISATION			WRITTEN DOWN VALUE	
	As at July 01, 2011	Addition	As at June 30, 2013	As at July 01, 2012	For the year (note 29)	As at June 30, 2013	As at June 30, 2013	Amortis-ation rate
	(Rupees in thousand)							%
SAP Software and licenses	20,700	-	20,700	20,700	-	20,700	-	33.33
2013	**20,700**	**-**	**20,700**	**20,700**	**-**	**20,700**	**-**	
2012	20,700	-	20,700	20,249	451	20,700	-	33.33

	Note	2013	2012
		(Rupees in thousand)	
7. LONG-TERM INVESTMENT - Equity method			
Movement of investment in an associate			
Balance at beginning of the year		**494**	855
Share of loss - current year	7.1	**(113)**	(361)
Adjustment for last year's loss based on un-audited financial statements		**(381)**	-
		(494)	(361)
Balance at end of the year		**-**	494

7.1 The Company has 48.04 percent (2012: 48.04 percent) shareholding [i.e. 625,000 (2012: 625,000) ordinary shares of Rs.10/- each] in Berdex Construction Chemicals (Private) Limited (Berdex). Berdex is engaged in the marketing and distribution of construction chemicals in Pakistan.

Based on the un-audited financial statements of Berdex for years ended 30 June 2013 and 2012, Berdex has reported a loss of Rs.0.401 million and accumulated losses of Rs.13.175 million (2012: reported a loss of Rs.1.545 million and accumulated losses of Rs.12.774 million). The Company has discontinued recognising its share of further loss of Rs.0.080 million as it exceeds its interest in the associate.

7.2 The summarised financial information of the associate of the Company, based on the un-audited financial statements for the year ended June 30, 2013 are as follows:

	2013	2012
	(Rupees in thousand)	
	(Un-audited)	
Total assets	**88**	10,327
Total liabilities	**253**	10,091
Revenue	**-**	1,629
Loss after tax	**401**	1,545

	Note	2013	2012
		(Rupees in thousand)	
8. LONG-TERM LOANS - secured, considered good			
Employees	8.1	**2,882**	2,714
Current portion	14	**(657)**	(594)
		2,225	2,120

8.1 This represents interest free loans given for purchase of vehicles. These loans are repayable over periods ranging between four months to five years. All loans are granted in accordance with the terms of the employment and are secured by way of registration of vehicles purchased in the name of the Company.

8.2 The maximum aggregate amount of loans due from the executives at the end of any month during the year was Nil (2012: Rs.0.052 million).

	Note	2013	2012
		(Rupees in thousand)	
9. LONG-TERM DEPOSITS			
Deposits against:			
- services and supplies	9.1 & 9.2	**6,668**	6,668
- ijarah agreements	25.2.2	**40,000**	40,000
		46,668	46,668

9.1 These are non-interest bearing and generally on a term of more than a year.

9.2 This includes deposit with Sikander (Private) Limited, the holding company, amounting to Rs.0.100 million (2012: Rs.0.100 million).

	Note	2013	2012
		(Rupees in thousand)	
10. DEFERRED TAX ASSETS			
Deferred tax liabilities on taxable temporary difference:			
- accelerated tax depreciation on owned assets		**(34,729)**	(25,634)
Deferred tax assets on deductible temporary differences:			
- provision for slow moving and obsolete stores, spare parts and loose tools		**4,400**	4,669
- taxable losses		**88,678**	69,234
- other deductible temporary differences		**3,756**	3,743
		96,834	77,646
	10.1	**62,105**	52,012

10.1 Deferred tax asset to the extent of Rs.87.302 million (2012: Rs.75.857 million) has not been recognised in these financial statements due to future projections and uncertainty about the timing of reversal of such temporary differences in line with the accounting policy of the Company (note 4.20).

	Note	2013	2012
		(Rupees in thousand)	
11. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		**4,067**	4,060
Spare parts		**35,193**	38,342
Consumable accessories		**6,063**	5,224
Loose tools		**2,355**	2,130
	27.1	**47,678**	49,756
Provision for slow moving and obsolete stores, spare parts and loose tools	11.1	**(14,531)**	(15,481)
		33,147	34,275

11.1 Provision for slow moving and obsolete stores, spare parts and loose tools

	Note	2013	2012
Opening balance		**15,481**	17,663
Reversal for the year	27	**(950)**	(2,182)
Closing balance		**14,531**	15,481

	Note	2013	2012
		(Rupees in thousand)	
12. STOCK-IN-TRADE			
Raw materials			
- in hand	12.1	**364,579**	385,365
- in transit		**187,909**	79,477
	27	**552,488**	464,842
Work-in-process	27	**83,853**	91,979
Finished goods			
- Manufactured	12.2 & 27	**235,764**	186,232
- Trading [including in transit Rs.15.089 million (2012: Rs.16.730 million)]	12.3 & 27	**110,502**	53,369
		346,266	239,601
		982,607	796,422

12.1 Includes raw materials costing Rs.2.563 million (2012: Rs.1.860 million) which are carried at net realisable value of Rs.1.383 million (2012: Rs. 0.737 million).

12.2 Includes products costing Rs.43.428 million (2012: Rs.55.946 million) which are carried at net realisable value of Rs.27.946 million (2012: Rs.19.187 million).

12.3 Includes products costing Rs.70.645 million (2012: Rs.110.213 million) which are carried at net realisable value of Rs.37.434 million (2012: Rs.24.666 million).

13. TRADE DEBTS - unsecured

	Note	2013 Turnkey	2013 Other than Turnkey (notes 13.3 and 13.4)	2013 Total	2012 Turnkey	2012 Other than Turnkey	2012 Total
		(Rupees in thousand)					
Considered good		**-**	**161,080**	**161,080**	-	126,616	126,616
Considered doubtful		**17,414**	**99,103**	**116,517**	17,414	96,540	113,954
	13.3	**17,414**	**260,183**	**277,597**	17,414	223,156	240,570
Provision for doubtful debts	13.1	**(17,414)**	**(99,103)**	**(116,517)**	(17,414)	(96,540)	(113,954)
		-	**161,080**	**161,080**	-	126,616	126,616
13.1 Provision for doubtful debts							
Opening balance		**17,414**	**96,540**	**113,954**	17,414	106,382	123,796
Charge for the year		**-**	**10,560**	**10,560**	-	10,746	10,746
Reversal during the year		**-**	**(7,997)**	**(7,997)**	-	(20,588)	(20,588)
	30	**-**	**2,563**	**2,563**	-	(9,842)	(9,842)
Closing balance		**17,414**	**99,103**	**116,517**	17,414	96,540	113,954

13.2 Provision for doubtful debts against turnkey projects represents estimate of the loss expected to be incurred on pipes supplied but not installed / certified to date on various projects.

13.3 Includes amount due from a related party, Cyber Internet Services (Private) Limited amounting to Rs.1.727 million (2012: Rs.3.480 million).

13.4 The provision for doubtful debts includes an amount of Rs.15.632 million (2012: 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.

13.5 As at June 30, 2013 and 2012, the ageing analysis of unimpaired trade debts are as follows:

	Total	Neither past due nor impaired	Past due but not impaired >30 days upto 90 days	>90 days upto 180 days	>180 days upto 360 days	>360 days
	------(Rupees in '000)------					
Related parties	**1,727**	**1,727**	**-**	**-**	**-**	**-**
Other than related parties	**159,353**	**52,690**	**14,832**	**23,363**	**46,538**	**21,930**
2013	**161,080**	**54,417**	**14,832**	**23,363**	**46,538**	**21,930**
Related parties	3,480	3,480	-	-	-	-
Other than related parties	123,136	79,602	26,610	9,852	7,072	-
2012	126,616	83,082	26,610	9,852	7,072	-

13.6 These are non-interest bearing and generally on an average term of 30 days.

	Note	2013	2012
		(Rupees in thousand)	
14. LOANS AND ADVANCES			
Loans - secured, considered good			
Current portion of long-term loans	8	**657**	594
Advances - unsecured, considered good			
Employees		**7,145**	4,988
Suppliers / contractors		**53,771**	38,332
Others		**140**	140
	14.1	**61,056**	43,460
Advances - considered doubtful			
Suppliers / contractors		**500**	500
Provision for doubtful advances		**(500)**	(500)
		-	-
		61,713	44,054

14.1 These are non-interest bearing and generally on an average term of 1 to 6 months.

	Note	2013	2012
		(Rupees in thousand)	
15. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Trade deposits		**11,354**	11,873
Provision for doubtful trade deposits	15.1	**(5,107)**	(5,960)
		6,247	5,913
Margin deposits		**15,301**	7,063
Other deposits		**1,930**	7,535
		23,478	20,511
Prepayments			
Rent		**-**	484
Insurance		**1,275**	-
Technical fee		**761**	-
Others		**480**	534
		2,516	1,018
	15.2	**25,994**	21,529

	Note	2013	2012
		(Rupees in thousand)	
15.1 Provision for doubtful trade deposits			
Opening balance		**5,960**	5,958
Charge for the year	30 & 31	**576**	2
Reversal for the year	31	**(1,429)**	-
Closing balance		**5,107**	5,960

15.2 These are non-interest bearing and generally on an average term of 1 to 6 months.

16. INTEREST ACCRUED AND OTHER RECEIVABLES

	Note	2013	2012
Interest accrued		**6**	24
Other receivables			
- Provident fund		**1,278**	-
- Others	16.1	**11,812**	2,366
		13,090	2,366
	16.2	**13,096**	2,390

16.1 Included herein receivable from Karachi Electric Supply Company Limited (KESC) of Rs.10.227 million on account of excess electricity charges billed by KESC to the Company. During the year, based on the advice of its legal counsel in light of the favorable decision of Honorable High Court of Sindh dated March 22, 2011 the Company has made an adjustment for aforesaid amount being an excess amount paid in prior years. In this respect, the Company has taken legal action to recover the above amount from KESC.

16.2 These are non-interest bearing and generally on an average term of 1 to 6 months.

	Note	2013	2012
		(Rupees in thousand)	
17. TAXATION - NET			
Opening refundable		**96,840**	58,500
Less: Provision for current and prior year tax	33	**22,166**	32,423
Add: Income tax paid / deducted at source during the year		**70,290**	70,763
Closing refundable		**144,964**	96,840
18. CASH AND BANK BALANCES			
Cash in hand		**488**	634
Cash at banks in:			
Current accounts - local currency		**16,919**	815
PLS saving account	18.1	**375**	3,227
		17,782	4,676

18.1 This carries mark-up at the rate of 6 percent (2012: 6 percent) per annum at the year end.

19. SHARE CAPITAL

19.1 Authorised capital

2013	2012		2013	2012
(Number of shares)			(Rupees in thousand)	
12,000,000	12,000,000	Ordinary shares of Rs.10/- each	**120,000**	120,000
8,000,000	8,000,000	'B' class ordinary shares of Rs.10/- each	**80,000**	80,000
20,000,000	20,000,000		**200,000**	200,000

19.2 Issued, subscribed and paid-up capital (note 19.3)

2013	2012		2013	2012
(Number of shares)			(Rupees in thousand)	
		Ordinary shares of Rs.10/- each:		
1,714,264	1,714,264	fully paid in cash	**17,143**	17,143
476,386	476,386	issued as fully paid for consideration other than cash	**4,764**	4,764
8,573,309	8,573,309	issued as fully paid bonus shares	**85,733**	85,733
10,763,959	10,763,959		**107,640**	107,640

19.3 Ordinary shares include 4,090,536 shares of B class of Rs.10/- each converted into and deemed to be ordinary shares on disposal by a foreign shareholder, in prior years, in accordance with the Articles of Association of the Company.

19.4 Sikander (Private) Limited holds 6,800,648 (2012: 6,800,648) ordinary shares having face value of Rs.10/- each (2012: Rs.10/- each) representing 63.18 percent (2012: 63.18 percent) shareholding as of balance sheet date.

	2013	2012
	(Rupees in thousand)	
20. RESERVES		
Capital reserves - share premium	**5,655**	5,655
Revenue reserves		
- General reserve	**160,000**	-
- Un-appropriated profit	**12,287**	170,143
	172,287	170,143
	177,942	175,798
21. SURPLUS ON REVALUATION OF FIXED ASSETS		
Opening balance of surplus on revaluation of fixed assets	**809,680**	-
Surplus arising as a result of revaluation of freehold land and leasehold land during the current year	**-**	1,100,337
Transferred to un-appropriated profit on account of:		
- incremental depreciation charged during the year	**(14,454)**	(10,039)
- disposal of leasehold land under an Ijarah agreement during the year	**-**	(280,618)
	(14,454)	(290,657)
Closing balance of surplus on revaluation of fixed assets	**795,226**	809,680
22. LONG-TERM FINANCING - secured		
Long-term financing	**100,000**	-
Current portion of long-term financing	**(11,111)**	-
	88,889	-

22.1 During the year, the Company has obtained a diminishing musharika financing of Rs.100 million from United Bank Limited for a period of 5 years with a grace period of six months, carrying mark-up at the rate of 6 months KIBOR plus 2 percent per annum with a floor of 10 percent and collar of 18 percent. The facility is repayable in 54 monthly installments latest by June 28, 2018 and is subject to revision bi-annually. This facility is secured against first charge of Rs 130.42 million on land and buildings situated at Plot No. 561 & 561A, Sunder Industrial Estate, Multan Road, Raiwind, Lahore. In the event of default in monthly payment, the Company is liable to pay 20 percent per annum on unpaid outstanding amounts for each day default continues.

	Note	2013	2012
		(Rupees in thousand)	
23. TRADE AND OTHER PAYABLES			
Creditors			
- trade and non-trade (local)	23.1	**109,916**	106,856
- trade (foreign)		**384,203**	241,973
		494,119	348,829
Accrued liabilities		**96,736**	212,700
Accrual for compensated absences		**34,083**	25,731
Advances from customers		**177,433**	159,346
Advance from tenants		**4,875**	5,903
Security deposits from distributors and others		**23,062**	24,079
Workers' Profit Participation Fund	23.2	**594**	5,380
Workers' Welfare Fund		**1,890**	1,890
Unclaimed dividend		**17,858**	19,037
Book overdraft		**-**	6,537
Others		**3,621**	626
		854,271	810,058

23.1 This includes amounts due to a related party, Berger Paints Pakistan Limited amounting to Rs.0.01 million (2012: Rs.0.02 million) as of balance sheet date.

	Note	2013	2012
		(Rupees in thousand)	
23.2 Workers' Profit Participation Fund			
Balance as at July 01		**5,380**	361
Allocation for the year	30	**-**	4,931
		5,380	5,292
Interest on funds utilised in the Company's business	32	**2,576**	88
Amounts paid on behalf of the fund		**(7,362)**	-
Balance as at June 30		**594**	5,380

23.3 Trade and other payables are non-interest bearing and generally on an average term of 1 to 12 months.

	Note	2013	2012
		(Rupees in thousand)	
24. SHORT-TERM BORROWINGS - secured			
Running finances utilised under mark-up arrangements	24.1 & 24.2	**760,780**	632,334
Foreign currency term finances	24.1 & 24.3	**-**	44,279
Demand finance	24.1 & 24.2	**63,510**	-
		824,290	676,613

24.1 These finance facilities have been obtained from various commercial banks aggregating to Rs.900 million (2012: Rs.900 million) out of which Rs.75.710 million (2012: Rs.223.387 million) remains unutilised as at the balance sheet date. These facilities are secured by the creation of a first pari-passu charge against hypothecation of the Company's stock-in-trade and trade debts of Rs 1,287.333 million and equitable mortgage charge of Rs.134 million over property situtated at Plots # 36-37 N, Jinnah Park Industrial Area, Gulberg II, Lahore.

24.2 These facilities carry mark-up at the rate of 10.78 to 12.38 percent (2012: 13.94 to 14.79 percent) per annum.

24.3 During the year, the Company has repaid these facilities carry mark-up of 3 to 6 months LIBOR plus spread at the rate of 1.75 to 3.5 percent per annum.

24.4 During the year, the Company has availed and repaid the finance against trust receipt facility of Rs.67 million carrying markup at the rate of 3 months KIBOR plus 1.75 percent per annum.

25. CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

25.1.1 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 against the Company through it 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 compliant was taken corum non judice and has maintained that Tribunal has no jurisdiction of the subject matter and further sought a declaration that the Order dated June 29, 2011 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 environmental audit of the Company's factory and surrounding premises. Pursuant to the direction of SCP, a report was filed ostensibly on behalf of a commission constituted by Environmental Tribunal to which objections have been filed by the Company before SCP. The hearing of Civil Appeal on merits is now pending.

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. Accordingly, no provision in respect of above has been made in these financial statements.

	2013	2012
	(Rupees in thousand)	
25.1.2 Bonds and guarantees issued by banks on behalf of the Company	**64,897**	78,913

These are secured by a first pari passu hypothecation charge as disclosed in note 24.1.

25.2 Commitments

Commitments are as follows:

	Note	2013 Capital expenditure	2013 Others	2013 Total	2012 Total
		(Rupees in thousand)			
Letters of credit		-	**249,281**	**249,281**	346,557
Post dated cheques	25.2.1	-	**110,781**	**110,781**	54,170
Import contracts		-	**144,722**	**144,722**	6,515
Local purchase contracts		-	**18,171**	**18,171**	96,228
		-	**522,955**	**522,955**	503,470

25.2.1 Represents post dated cheques of Rs.110.781 million (2012: Rs.54.170 million) issued in favour of Collector of Customs on account of import of raw material under SRO 565(I)/2006 dated June 05, 2006 as amended vide SRO 564(I)/2008 dated June 11, 2008.

25.2.2 The Company has entered into an Ijarah agreement dated June 15, 2012 with United Bank Limited in respect of commercial property (representing leasehold land, building and plant and machinery) for a period of five years. Total Ijarah payments due under the agreement is Rs. 499.726 million and are payable in monthly installments latest by June 15, 2017. Taxes, repairs (other than major repairs) and replacement costs incidental to ownership and insurance costs are to be borne by the Company (lessee). These payments are secured against a promissory note in favour of the lessor for the entire amount of the Ijarah rentals and security deposit of Rs. 40 million (note 9). Under an ijarah agreement, the lessee has a right to sub lease the portion of said commercial property. Future minimum rentals payable under Ijarah agreement as at year end are as follows:

	2013	2012
	(Rupees in thousand)	
Not later than one year	**99,348**	94,227
Later than one year but not later than five years	**293,897**	405,499
	393,245	499,726

25.2.3 Under an Ijarah agreement dated June 15, 2012 with United Bank Limited (note 25.2.2), the Company has a right to sub-lease the commercial property in the capacity of lessee which has already been rented out to tenants on the date of execution of aforesaid ijarah agreement. These non-cancellable sub-leases have remaining terms of between three to five years. Future minimum rentals receivable as at year end are as follows:

	2013	2012
	(Rupees in thousand)	
Not later than one year	**31,020**	35,037
Later than one year but not later than five years	**26,084**	71,740
	57,104	106,777

26. TURNOVER - net

	2013	2012
Local		
- manufactured	**2,401,366**	2,483,507
- trading	**231,149**	245,029
- others	**63,740**	19,916
	2,696,255	2,748,452
Export	**32,189**	104,259
	2,728,444	2,852,711
Less:		
Returns	**4,181**	10,803
Special excise duty	**-**	82
Sales tax	**349,997**	371,992
	354,178	382,877
	2,374,266	2,469,834

	Note	2013	2012
		(Rupees in thousand)	

27. COST OF SALES

	Note	2013	2012
Manufactured			
Raw materials consumed			
Opening stock	12	**464,842**	203,588
Purchases		**1,515,908**	1,780,137
Closing stock	12	**(552,488)**	(464,842)
		1,428,262	1,518,883
Export Rebate - Duties		**(99)**	(421)
		1,428,163	1,518,462
Stores, spare parts and loose tools consumed	27.1	**42,134**	46,336
Salaries, wages and other benefits [includes Nil (2012: Rs.5.190 million) in respect of bonus to workers]	27.2	**115,117**	119,036
Procured services		**36,378**	29,534
Fuel, water and power	16.1	**79,909**	97,361
Insurance		**5,459**	5,676
Traveling		**206**	341
Communication		**1,524**	1,967
Depreciation	5.1.2	**54,739**	49,207
Rent, rates and taxes		**5,491**	7,954
Repairs and maintenance		**26,032**	26,666
Technical assistance fee		**3,028**	-
Printing and stationery		**660**	674
Reversal for slow moving and obsolete stores, spare parts and loose tools	11.1	**(950)**	(2,182)
Other expenses		**2,390**	1,605
Opening stock of work-in-process	12	**91,979**	72,903
Closing stock of work-in-process	12	**(83,853)**	(91,979)
Cost of goods manufactured		**1,808,406**	1,883,561
Opening stock of finished goods	12	**186,232**	217,411
Closing stock of finished goods	12	**(235,764)**	(186,232)
		1,758,874	1,914,740
Trading			
Opening stock	12	**53,369**	133,012
Purchases		**170,832**	130,301
		224,201	263,313
Closing stock	12	**(110,502)**	(53,369)
		113,699	209,944
Sale of scrap		**(11,280)**	(8,335)
		1,861,293	2,116,349

27.1 Stores, spare parts and loose tools consumed

	Note	2013	2012
Opening stock	11	**49,756**	55,368
Purchases		**40,056**	40,724
Closing stock	11	**(47,678)**	(49,756)
		42,134	46,336

27.2 Staff retirement benefits

Salaries, wages and other benefits include Rs. 4.188 million (2012: Rs.4.353 million) in respect of staff retirement benefits (provident fund contribution).

	Note	2013	2012
		(Rupees in thousand)	
28. DISTRIBUTION COSTS			
Transportation and other charges on local sales		**35,087**	89,153
Transportation and other charges on export sales		**235**	4,379
		35,322	93,532
Salaries and other benefits	28.1	**79,944**	61,213
Repairs and maintenance		**10,840**	10,925
Depreciation	5.1.2	**3,956**	4,848
Advertising and sales promotion		**6,422**	10,554
Commission expense		**42,412**	70,741
Communication		**2,722**	2,796
Traveling		**5,384**	5,846
Professional charges		**507**	363
Printing, stationery and subscription		**895**	920
Rent, rates and taxes		**26,123**	24,354
Fuel, water and power		**3,188**	2,905
Insurance		**603**	288
Procured services		**2,539**	2,241
Others		**1,157**	908
		222,014	292,434

28.1 Staff retirement benefits

Salaries and other benefits include Rs. 3.624 million (2012: Rs. 2.936 million) in respect of staff retirement benefits (provident fund contribution).

	Note	2013	2012
		(Rupees in thousand)	
29. ADMINISTRATIVE EXPENSES			
Salaries and other benefits	29.1	**55,561**	38,953
Rent, rates and taxes - investment property		**1,331**	1,310
- others	29.2	**351**	670
Ijarah rentals		**90,574**	2,229
Procured services		**3,700**	4,654
Insurance		**1,596**	1,823
Depreciation - operating assets	5.1.2	**2,334**	6,603
- investment property		**-**	1,698
Amortisation	6	**-**	451
Repairs and maintenance		**9,193**	7,358
Printing, stationery and subscription		**2,093**	2,357
Communication		**8,754**	8,234
Traveling		**10,821**	6,703
Fuel, water and power		**4,589**	5,562
Auditors' remuneration	29.3	**1,973**	5,147
Legal and professional		**42,193**	105,829
Others		**1,594**	2,079
		236,657	201,660

29.1 Staff retirement benefits

Salaries and other benefits include Rs.2.805 million (2012: Rs.1.727 million) in respect of staff retirement benefits (provident fund contribution).

29.2 Other rent, rates and taxes include rent amounting to Nil (2012: Rs.0.670 million) paid to Sikander (Private) Limited, the holding company during the year.

	2013	2012
	(Rupees in thousand)	
29.3 Auditors' remuneration		
Audit fee	**1,100**	900
Fee for half yearly review	**400**	400
Fee for review of compliance with Code of Corporate Governance	**100**	100
Special certifications	**145**	235
Other advisory services	**-**	3,316
Out of pocket expenses	**228**	196
	1,973	5,147

	2013	2012
	(Rupees in thousand)	
	(Un-audited)	(Audited)
29.4 Provident fund		
Size of the fund	**209,657**	183,561
Cost of investments made	**129,415**	95,566
Percentage of investments made	**61.73%**	52.06%
Fair value of investments	**176,362**	158,717

29.4.1 Break-up of investments of provident fund

The break-up of investments in terms of amount and percentage of the size of the provident fund are as follows:

	2013 (Un-audited)		2012 (Audited)	
	Investments (Rupees in '000)	% of investments as size of the fund	Investments (Rupees in '000)	% of investments as size of the fund
Mutual Fund	**78,947**	**37.65**	63,566	34.63
Term Finance Certificates	**97,415**	**46.46**	63,151	34.40
Fixed Deposit Receipts	**-**	**-**	32,000	17.43
	176,362		158,717	

29.4.2 Investments out of provident fund have been made in accordance with the provisions of the section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

	Note	2013	2012
		(Rupees in thousand)	
30. OTHER OPERATING EXPENSES			
Directors' fee		**1,180**	640
Audit committee fee		**670**	100
Workers' Profit Participation Fund	23.2	**-**	4,931
Workers' Welfare Fund		**-**	1,890
Impairment loss on plant and machinery	5.2.1	**202**	396
Donations	30.1	**221**	22
Restructuring cost	31.3	**-**	30,000
Exchange loss - net of exchange gain of Rs.1.040 million (2012: Rs.11.837 million)		**18,177**	31,957
Provision against doubtful trade debts - net	13.1	**2,563**	-
Provision against doubtful trade deposits - net	15.1	**-**	2
Others		**17**	97
		23,030	70,035

30.1 Recipients of donations do not include any donee in which a director or his spouse had any interest.

	Note	2013	2012
31. OTHER INCOME			
Income from financial assets			
Income from bank deposits		**50**	4,178
Reversal of provision against doubtful trade debts - net	13.1	**-**	9,842
Reversal of provision against doubtful trade deposits - net	15.1	**853**	-
		903	14,020
Income from non-financial assets			
Gain on disposal of:			
- operating assets		**-**	34,866
- investment property		**-**	50,408
-non-current assets held for sale		**-**	232,796
Rental income - sub-lease property under Ijarah	31.1	**38,233**	38,938
Liabilities written back	31.2	**18,735**	-
Reversal of restructuring cost	31.3	**30,000**	-
Net income from services	31.4	**1,599**	1,476
		88,567	358,484
		89,470	372,504

31.1 Expenses in respect of sub-lease commercial property have been allocated to administrative expenses (note 29).

31.2 During the year, the Company has written back liabilities outstanding for more than three years.

31.3 During the year, the Company has reversed the severance cost based on the positive development in Company's production plan.

31.4 Net income from services

Nature of services	2013 Revenue	2013 Expenses	2013 Income	2012 Revenue	2012 Expenses	2012 Income
	---------------------- (Rupees in thousand) ----------------------					
Jointing	**1,655**	**56**	**1,599**	1,766	290	1,476

	Note	2013	2012
		(Rupees in thousand)	
32. FINANCE COSTS			
Mark-up on:			
- short-term borrowings		**115,012**	63,863
Interest on Workers' Profit Participation Fund	23.2	**2,576**	88
Bank and other charges		**2,897**	4,936
		120,485	68,887
33. TAXATION			
Current - for the year		**22,821**	33,007
- prior year		**(655)**	(584)
	17	**22,166**	32,423
Deferred		**(10,093)**	(53,928)
	33.1	**12,073**	(21,505)

33.1 The income tax assessment of the Company has been finalised upto tax year 2012. The provision for current income tax is based on minimum tax under Section 113 of the Income Tax Ordinance, 2001 and income chargeable under final tax regime on applicable tax rates under such regime. Accordingly, no tax expense reconciliation with accounting profit is reported.

	2013	2012
	(Rupees in thousand)	
34. (LOSS) / EARNING PER SHARE - Basic and Diluted		
(Loss) / profit for the year after taxation	**(12,310)**	114,117
	(Number of shares)	
Weighted average ordinary shares in issue during the year	**10,763,959**	10,763,959
	(Rupees)	
(Loss) / Earning per share - basic and diluted	**(1.14)**	10.60

There is no dilutive effect on basic earnings per share of the Company.

35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements for the year in respect of remuneration and benefits to the chief executive, directors and executives of the Company were as follows:

	Chief Executive		Executives	
	2013	2012	2013	2012
	(Rupees in thousand)			
Managerial remuneration	**12,000**	5,209	**42,314**	25,840
Housing				
- Rent	**-**	270	**11,087**	5,646
- Utilities	**1,011**	521	**3,053**	2,435
- Other items	**1,143**	1,359	**620**	943
Medical	**-**	-	**1,377**	512
Retirement benefits	**1,320**	573	**3,288**	2,351
Compensated absences	**1,167**	1,050	**2,249**	2,374
Insurance	**881**	-	**-**	-
	17,552	8,982	**63,988**	40,101
Number of person(s)	**1**	1	**36**	24

35.1 In addition to the above, the Chief Executive and executives are provided with Company maintained cars.

35.2 Aggregate amount charged in these financial statements with respect to fee paid to executives and non-executives directors was Nil and Rs.1.85 million (2012: Rs.0.060 million and Rs.0.680 million) respectively (see note 30).

36. CAPACITY AND PRODUCTION

The production capacities of the plants depend on product mix. The name plate capacities are determined on a certain product mix whereas actual product mix is different and varies from year to year depending upon the orders from customers. Capacity is also influenced by the timing of the orders. Therefore, production is subject to annual variations and actual capacity of the plant is indeterminable.

37. TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise of holding company, associated companies, staff retirement funds, Chief Executive, directors and key management personnel. The transactions with related parties as mentioned below are entered under normal commercial terms. Transactions with related parties and associated undertakings during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Related parties	Nature of transaction	2013	2012
		(Rupees in thousand)	
Transaction with holding company:			
Sikander (Private) Limited	Rent paid	**-**	671
Transactions with associated companies due to common directorship:			
Berger Paints Pakistan Limited	Purchase of goods	**101**	31
	Sale of goods	**-**	55
Cyber Internet Services (Private) Limited	Sale of goods	**44,667**	31,582
Century Insurance Company Limited (CICL)	Insurance premium paid to New Jubilee Insurance Company Limited [(CICL is co-insurer with 20% share (2012: 20% share)]	**1,820**	2,482
Staff retirement benefits:			
Dadex Eternit Limited - Provident Fund	Employer contribution	**10,617**	9,016

37.1 For the year ended June 30, 2013, the Company has not made any provision for doubtful debts relating to amounts owed by related parties except as disclosed in note 13.3 to these financial statements.

	Note	2013	2012
		(Rupees in thousand)	
38. CASH FLOWS FROM / (USED IN) OPERATIONS			
(Loss) / profit before taxation		**(237)**	92,612
Adjustments for non cash and other items:			
Depreciation - property, plant and equipment	5.1	**61,029**	60,658
- investment property		**-**	1,698
Amortisation	6	**-**	451
Gain on disposal of :			
- operating assets	31	**-**	(34,866)
- investment property	31	**-**	(50,408)
- non-current assets held for sale	31	**-**	(232,796)
Interest income	31	**(50)**	(4,178)
Share of loss on investment in an associate	7	**494**	361
Impairment loss on plant and machinery	5.2.1	**202**	396
Finance costs	32	**120,485**	68,887
Working capital changes	38.1	**(161,900)**	42,210
		20,023	(54,975)

	Note	2013	2012
		(Rupees in thousand)	
38.1 Working capital changes			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		**1,128**	3,430
Stock-in-trade		**(186,185)**	(169,508)
Trade debts		**(34,463)**	24,696
Loans and advances		**(17,659)**	(31,934)
Trade deposits and short-term prepayments		**(4,465)**	(8,074)
Other receivables		**(10,706)**	8,901
Sales tax and excise duty - net		**45,059**	(58,000)
		(207,291)	(230,489)
Increase in current liabilities			
Trade and other payables		**45,391**	272,699
		(161,900)	42,210

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company finances its operations through equity, borrowings and management of working capital with a view of maintaining an appropriate mix between various sources of finance to minimize risk. Taken as a whole, the Company is exposed to market risk (including interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The Company's principal financial liabilities comprise long-term financing, short-term borrowings and trade and other payables. The main purpose of these financial liabilities is to raise finance for Company's operations. The Company has various financial assets such as loans, advances, deposits, trade and other receivables and cash and bank balances, which are directly related to its operations.

The Company's finance and treasury departments oversee the management of these risks and provide assurance to the Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company policies and risk appetite. No changes were made in the objectives, policies or processes and assumptions during the year ended June 30, 2013. The policies for managing each of these risks are summarised below:

39.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk. Financial instruments susceptible to market risk include borrowings and payable in foreign currencies. The sensitivity analysis in the following sections relate to the position as at June 30, 2013 and 2012.

39.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Company enters into various types of financing arrangements for financing its capital expenditure and to meet working capital requirements at variable rates. The Company is currently evaluating different options to mitigate its exposure against interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Company's (loss) / profit before tax (through impact on floating rate borrowings). This analysis excludes the impact of movement in market variables on non - financial assets and liabilities of the Company. Further, interest rate sensitivity does not have an asymmetric impact on the Company's result.

	Increase / decrease in basis points	Effect on (loss) / profit before tax
		(Rupees in thousand)
2013	**+100**	**9,239**
	-100	**(9,239)**
2012	+100	(6,734)
	-100	6,734

39.1.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities. The Company is currently evaluating different options to mitigate exposures against currency risk.

The following table demonstrates the sensitivity to a reasonably possible change in the USD exchange rate. As at June 30, 2013, if Pakistani Rupee (Pak Rupee) had weakened / strengthened by 5% against the USD and Euro, with all other variables held constant, the effect on the Company's (loss) / profit before tax (due to changes in the fair value of monetary assets and liabilities) as at June 30, 2013 and 2012 are as follows:

	Increase / decrease in US Dollar and Euro to Pak Rupee	Effect on (loss) / profit before tax
		(Rupees in thousand)
2013	**+5%**	**19,239**
	-5%	**(19,239)**
2012	+5%	(12,099)
	-5%	12,099

39.1.3 Other price risk

Other price risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market prices such as equity price risk. Equity price risk is the risk arising from uncertainties about future values of investment securities. As at the balance sheet date, the Company is not exposed to other price risk.

39.2 Credit risk

39.2.1 Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Out of the total financial assets of Rs.326.042 million (2012: Rs.247.035 million), the financial assets which are subject to credit risk amounted to Rs.325.554 million (2012: Rs.246.401 million). The Company's credit risk is primarily attributable to its trade debts, deposits, loans, interest accrued and other receivables, and bank balances. The Company manages its credit risk in respect of trade debts by obtaining advances from customers. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. Further, the Company's credit risk arises from loan, deposits and other receivables are managed by obtaining securities in respective notes to these financial statements.

The credit quality of financial assets that are past due but not impaired is disclosed in note 13.5 to these financial statements. As at balance sheet date, there are no financial assets that would otherwise be past due or impaired whose terms have been renegotiated.

39.2.2 The Company monitors the credit policy of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets which are neither past due nor impaired are as under:

	Note	2013	2012
		(Rupees in thousand)	
Long-term loans	8	**2,225**	2,120
Long-term deposits	9	**46,668**	46,668
Trade debts	13.5	**54,417**	83,082
Loans and advances	14	**61,713**	44,054
Deposits	15	**23,478**	20,511
Interest accrued and other receivables	16	**13,096**	2,390
Bank balances	18	**17,294**	4,042
		218,891	202,867

39.2.3 The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

Bank Balances by short-term rating category (note 18)

	Note	2013	2012
		(Rupees in thousand)	
A1+		**16,120**	3,228
A- 1+		**600**	711
A-1		**100**	-
P-1		**474**	88
A2		**-**	4
A3		**-**	11
		17,294	4,042

39.3 Liquidity risk

Liquidity risk represents the risk that a Company will encounter difficulties in meeting obligations with the financial liabilities. The Company monitors its risk to shortage of funds by maintaining a balance between continuity of funding and flexibility through the use of financing.

The table below summarises the maturity profile of the Company's financial liabilities at June 30, 2013 and 2012 based on contractual undiscounted payment dates:

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
	----------------------- (Rupees in '000') -----------------------					
June 30, 2013						
Long-term financing	**-**	**-**	**11,111**	**88,889**	**-**	**100,000**
Trade and other payables	**642,796**	**177,433**	**31,558**	**-**	**-**	**851,787**
Accrued mark-up	**-**	**-**	**21,691**	**-**	**-**	**21,691**
Short-term borrowings	**-**	**661,091**	**163,199**	**-**	**-**	**824,290**
	642,796	**838,524**	**227,559**	**88,889**	**-**	**1,797,768**
June 30, 2012						
Trade and other payables	612,834	159,346	30,611	-	-	802,791
Accrued mark-up	-	-	18,259	-	-	18,259
Short-term borrowings	-	46,279	630,334	-	-	676,613
	612,834	205,625	679,204	-	-	1,497,663

39.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction. The carrying amounts of all the financial instruments reflected in these financial statements are approximate to their fair value.

39.5 Capital management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business sustain future development of the business and maximize shareholders value.

The Company monitors capital using a debt equity ratio, which is net debt divided by total capital plus net debt. Equity comprises of share capital, revenue and other reserves. The gearing ratios as at June 30, 2013 and 2012 were as follows:

	Note	2013	2012
		(Rupees in thousand)	
Long-term financing	22	**100,000**	-
Trade and other payables	23	**854,271**	810,058
Accrued mark-up		**21,691**	18,259
Short-term borrowings	24	**824,290**	676,613
Total debt		**1,800,252**	1,504,930
Cash and cash equivalents	18	**(17,782)**	(4,676)
Net debt		**1,782,470**	1,500,254
Total equity		**285,582**	283,438
Total capital and net debt		**2,068,052**	1,783,692
Gearing Ratio		**86.19%**	84.11%

The Company finances its expansions projects through equity, borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

40. INFORMATION ABOUT OPERATING SEGMENTS

For management purposes, the activities of the Company are organised into business units based on their products and have two reportable operating segments as follows:

- The 'Chrysotile Cement' segment relates to manufacturing and supply of corrugated sheets and pipes, and manufacturing and supply of rubber rings.
- 'Plastic' products segment includes PVC, Polydex and Polyethylene pipes, and products relating to 'Agriculture and Irrigation'.
- All other segments include merchandising of imported other building's products and services.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on certain key performance indicators, including business volume, gross profit and reduction in operating cost.

	Chrysotile Cement	Plastic	Others	Total
	---------------- (Rupees in thousand) ------------------			
2013				
TURNOVER - net	913,586	1,454,042	6,638	2,374,266
RESULT				
Segment result	58,296	887	(3,282)	55,901
Unallocated expense				
Other operating expenses				(23,030)
Other income				87,871
Finance costs				(120,485)
Share of loss on investment in an associate				(494)
Taxation				(12,073)
Loss for the year				(12,310)
OTHER INFORMATION				
Capital expenditure	1,776	51,506	-	53,282
Unallocated corporate capital expenditure				12,735
Total capital expenditure				66,017
Depreciation	4,597	30,554	-	35,151
Unallocated corporate depreciation				25,878
Total depreciation and amortisation				61,029
ASSETS AND LIABILITIES				
Segment assets	478,330	1,113,523	125,021	1,716,874
Unallocated corporate assets				1,164,186
Total assets				2,881,060
Segment liabilities	391,710	397,185	5,414	794,309
Unallocated corporate liabilities				1,005,943
Total liabilities				1,800,252

	Chrysotile Cement	Plastic	Others	Total
	(Rupees in thousand)			
2012				
TURNOVER - net	1,043,762	1,390,982	35,090	2,469,834
RESULT				
Segment result	37,716	(174,002)	(2,847)	(139,133)
Unallocated expense				
Other operating expenses				(70,035)
Other income				371,028
Finance costs				(68,887)
Share of loss on investment in an associate				(361)
Taxation				21,505
Profit for the year				114,117
OTHER INFORMATION				
Capital expenditure	806	18,530	-	19,336
Unallocated corporate capital expenditure				246,282
Total capital expenditure				265,618
Depreciation	3,858	33,223	-	37,081
Unallocated corporate depreciation and amortisation				25,726
Total depreciation and amortisation				62,807
ASSETS AND LIABILITIES				
Segment assets	409,557	918,945	44,638	1,373,140
Unallocated corporate assets				1,224,908
Total assets				2,598,048
Segment liabilities	182,304	394,947	146,306	723,557
Unallocated corporate liabilities				781,373
Total liabilities				1,504,930

40.1 Geographical information

Turnover

The geographical information for turnover is given in note 26.

	2013	2012
	(Rupees in thousand)	
Non-current assets		
Pakistan	**1,350,415**	1,346,018

Non-current assets for this purpose consist of property, plant and equipment, intangible assets, investment property, long-term investment, loans and deposits.

40.2 Segment assets and liabilities

Segment assets include all operating assets by a segment and consist principally of property, plant and equipment, stores and spare parts and loose tools, stock- in- trade, trade debts and loans and advances net of impairment and provisions, if any. Segment liabilities include all operating liabilities and consist principally of trade and other payables.

40.3 Finance cost has not been allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Company. Further, income taxes are not allocated to operating segments.

40.4 There are no inter-segment sales / purchases.

41. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on September 23, 2013 by the Board of Directors of the Company.

42. GENERAL

42.1 Certain prior year's figures have been reclassified consequent upon certain changes in current year's presentation for more appropriate comparison. However, there are no material reclassifications to report.

42.2 Number of employees as at June 30, 2013 was 555 (2012: 563) and average number of employees during the year was 560 (2012: 571).

42.3 All figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

Abu Talib H.K. Dada Chairman	**Sikander Dada** Chief Executive	**Shazam Butt** Chief Financial Officer

Pattern Of Shareholding

As Of June 30, 2013

Categories of Share Holders	Number of Shares Held	Percentage of Issued Capital
Associated Companies, Undertakings & Related Parties	**6,800,648**	**63.18%**
Sikander (Private) Limited	6,800,648	63.18%
NIT	**442**	**0.00%**
National Bank of Pakistan - Trustee Department	442	0.00%
Directors, CEO & their Spouses	**955,237**	**8.87%**
Mr. Abu Talib H. K. Dada - Director	310,469	2.88%
Mrs. Halima w/o Abu Talib H.K. Dada	29,847	0.28%
Mr. Maqbool H.H. Rahimtoola - Director	5,300	0.05%
Mr. Qazi Sajid Ali - Director	1	0.00%
Mr. Shahzad M. Husain - Director	4	0.00%
Mr. Samad Dada - Director	25	0.00%
Mr. Zulfiqar Ali Lakhani - Director	5	0.00%
Mr. Sikander Dada - CEO & Director	609,586	5.66%
Executives	**2**	**0.00%**
Mr. Muhammad Yousuf	1	0.00%
Mr. Syed Sajjad Ahmed	1	0.00%
Banks, Insurance Company & Others	**43,475**	**0.40%**
Ideal Life Assurance Company Limited	25	0.00%
Muslim Commercial Bank Limited	440	0.00%
National Bank of Pakistan	3	0.00%
United Bank Limited	348	0.00%
Others	42,659	0.40%
Shareholders holding ten percent or more voting interest in the Company	**1,465,000**	**13.61%**
Province Limited	1,465,000	13.61%
Individuals	**1,499,155**	**13.93%**
Total Shareholding	**10,763,959**	**100.00%**

DETAILS OF TRADING IN THE SHARES OF THE COMPANY BY DIRECTORS, THEIR SPOUSES AND MINORS

During the year ended June 30, 2013, our Director, Mr. Samad Dada has sold his 259,100 shares to the General Public through Stock Exchange.

Pattern Of Shareholding

As Of June 30, 2013

Number of Share Holders	Share Holding from	Share Holding to	Total Shares Held
2,930	1	100	54,345
575	101	500	138,214
161	501	1,000	112,780
121	1,001	5,000	243,661
16	5,001	10,000	105,186
6	10,001	15,000	70,125
1	25,001	30,000	29,751
1	30,001	35,000	30,433
1	45,001	50,000	48,900
1	50,001	55,000	53,900
2	55,001	60,000	119,800
2	90,001	95,000	184,452
1	105,001	110,000	107,511
1	275,001	280,000	279,198
1	310,001	315,000	310,469
1	605,001	610,000	609,586
1	1,460,001	1,465,000	1,465,000
1	6,800,001	6,805,000	6,800,648
3,823			**10,763,959**

Categories of Share Holders	Numbers of Share Holders	Numbers of Shares Held	Percentage of Issued Capital
Individual	3,795	2,454,394	22.80
NIT	2	442	0.00
Associated Companies	1	6,800,648	63.18
Banks	3	791	0.01
Insurance Company	1	25	0.00
Foreign Shareholding	1	1,465,000	13.61
Others	20	42,659	0.40
	3,823	**10,763,959**	**100.00**

Last Ten Years At A Glance

Fiscal Year Ending June 30	Turnover	Profit / (Loss) After Taxation	Assets	Dividend Amount	Dividend Percentage (%)
---------------------------------------(Rupees in thousand) ---------------------------------------					
2013	**2,374,266**	**(12,310)**	**2,881,060**	**-**	**0.00%**
2012	2,469,834	114,117	2,598,048	627,538	583.00%
2011	2,086,451	(18,950)	1,246,781	-	0.00%
2010	2,101,734	10,016	1,438,006	-	0.00%
2009 (Restated)	2,189,890	25,772	1,540,412	-	0.00%
2008	2,017,194	72,430	1,708,276	43,056	40.00%
2007	1,657,144	42,291	1,430,517	32,292	30.00%
2006	1,335,387	14,548	1,492,196	18,837	17.50%
2005 (Restated)	1,290,858	54,505	1,234,610	37,674	35.00%
2004 (Restated)	946,854	37,577	1,183,292	32,292	30.00%

Form Of Proxy

The Company Secretary
Dadex Eternit Limited
Dadex House, 34-A/1, Block 6, PECHS,
Shahrah-e-Faisal,
Karachi-75400

FORM OF PROXY

I/We ________________________ son / daughter /wife of ________________________
of ____ (full address)
being a member(s) of Dadex Eternit Limited holding ________________________
ordinary shares hereby appoint ____
of ____ (full address)
or failing him ____ of
____ (full address)
who is/are also member(s) of **Dadex Eternit Limited** as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 54th Annual General Meeting of the Company to be held on Thursday October 24, 2013 at 12:30 p.m. and or at any adjournment thereof.

As witness my/our hand/seal this ______________ day of ______________ 2013

Signed by the said
in the presence of ____

1 ____

____

2 ____

____

Folio/CDC Account No

Signature on
Revenue Stamp
of Rs. 5/-

Important:

1 This proxy duly completed and signed, must be received at the Registered Office of the Company, Dadex House, 34-A/1, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi, not less than 48 hours before the time of holding the meeting.

2 No person shall act as proxy unless he himself is a member of the Company, except that a corporation may appoint a person who is not a member.

3 If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

For CDC Account Holders/Corporate Entities:

In addition to the above the following requirements have to be met:

i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

ii) Attested copies of CNIC and of the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iii) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.

iv) In the case of a corporate entity, the Board of Directors resolution/power of attorney with the specimen signature should be submitted (unless it has been provided earlier) along with the proxy form to the Company.

www.dadex.com

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