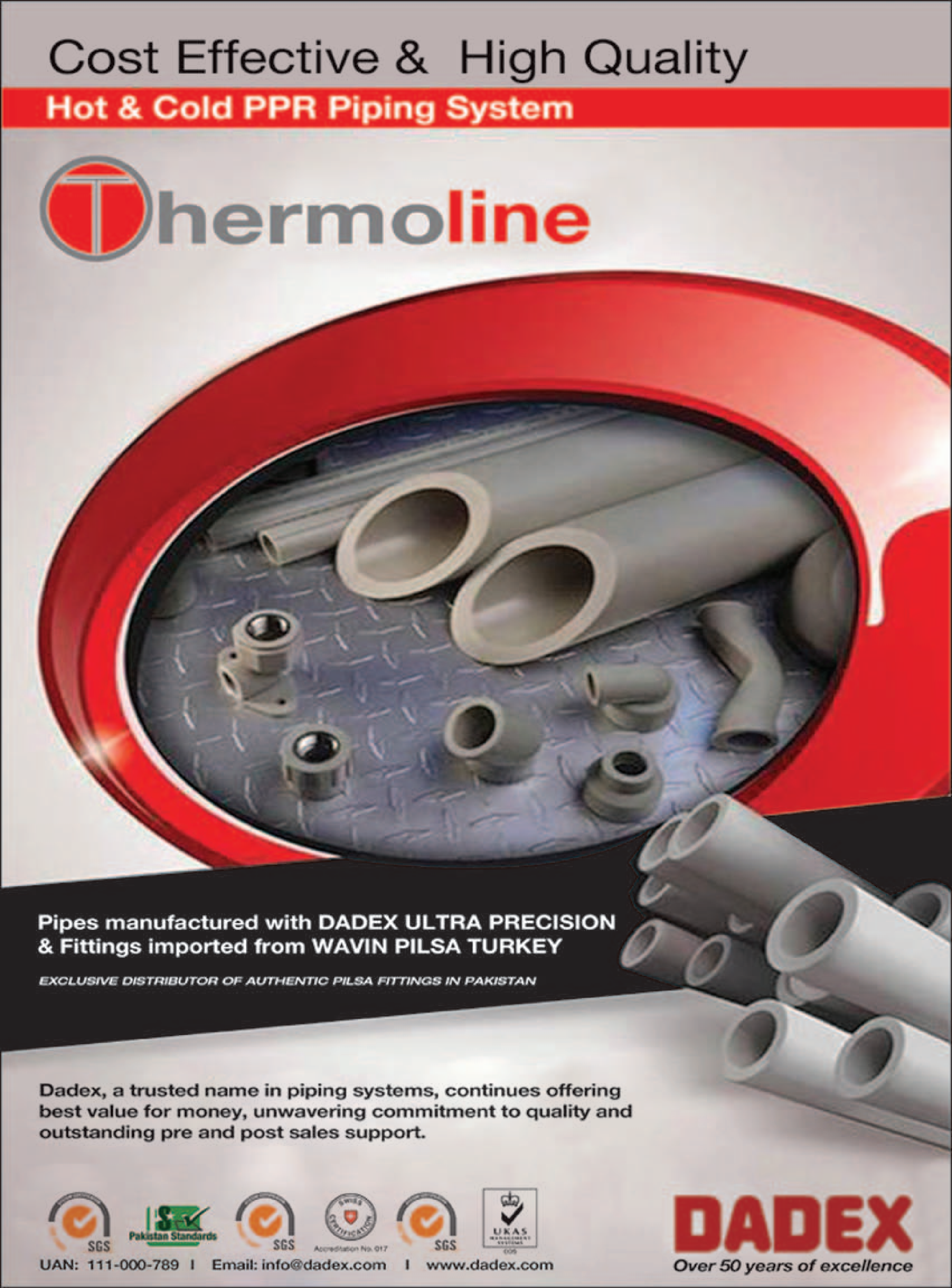
DADEX

ANNUAL REPORT

2014

MOVING FORWARD


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
Accreditation No. 017
SGS
UKAS
UAN: 111-000-789 I Email: info@dadex.com I www.dadex.com
DADEX
Over 50 years of excellence

DADEX

55th Annual Report 2014

For the year ended June 30, 2014

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.

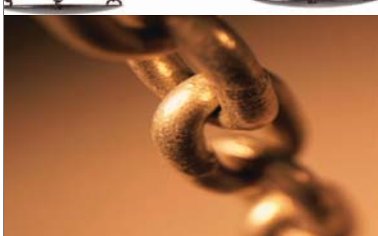
Building Blocks of Dadex Values

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.

55 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.

Company Information

Board of Directors	Sikander Dada - Chairman	(Non - Executive Director)
	Abu Talib H.K. Dada	(Non - Executive Director)
	Maqbool H.H. Rahimtoola	(Non - Executive Director)
	Shahzad M. Husain	(Non - Executive Director)
	Danish Dada	(Non - Executive Director)
	Syed Shahid Ali Bukhari	(Independent Director)
	Qazi Sajid Ali	(Executive Director)

Chief Executive Officer — Qazi Sajid Ali

Company Secretary — Umar Rasheed

Acting Chief Financial Officer — Muhammad Yousuf

Board Audit Committee
Shahzad M. Husain - Chairman
Danish Dada
Syed Shahid Ali Bukhari

Head of Internal Audit / Secretary Board Audit Committee
Mustafa Kamal Khan

Human Resource and Remuneration Committee
Maqbool H.H. Rahimtoola - Chairman
Abu Talib H.K. Dada
Qazi Sajid Ali

Management Team
Qazi Sajid Ali - Chief Executive Officer
Tanveer Saleem- Chief Operating Officer (Technical & Operations)
Syed Ashar Husain - Chief Operating Officer (Commercial Services)
Muhammad Yousuf -Acting Chief Financial Officer
Munawar Abbas- General Manager (Operations)

Auditors
Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants

Bankers
National Bank of Pakistan
MCB Bank Limited
The Bank of Punjab
Habib Metropolitan Bank Limited
United Bank Limited (UBL Ameen)
Dubai Islamic Bank Pakistan Limited
Standard Chartered Bank (Pakistan) Limited
Habib Bank Limited
HSBC Bank Middle East Limited

Legal Advisor
Abrar Hasan & Co.
9 Mezzanine Floor, Beaumont Plaza,
Near PIDC House, 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
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

NOTICE OF 55TH ANNUAL GENERAL MEETING

Notice is hereby given that the 55th Annual General Meeting of the **Dadex Eternit Limited** will be held on Thursday, October 23, 2014 at 09:30 a.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 documents for the year ended June 30, 2014:

   a) Audited Financial Statements and the Auditors' Report thereon; and
   b) The Report of the Board of Directors.

2. To appoint auditors of the Company for the year ending June 30, 2015, 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
(Umar Rasheed)
Company Secretary

Karachi: September 24, 2014

NOTES:

1. The Register of Members and the Share Transfer Books of the Company shall remain closed from October 16, 2014 to October 23, 2014 (both days inclusive). Transfers received in order at the office of our Share Registrar, JWAFFS Registrar Services (Pvt.) Limited, 505, 5th Floor, Kashif Centre, Main Shahrah-e-Faisal, Karachi by the close of business hours on October 15, 2014 will be treated in time for incorporating the change in the Register of Members as at October 16, 2014.

2. Entitlement to attend, participate and vote at the 55th Annual General Meeting will be according to the Register of Members as at October 16, 2014.

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 or can be downloaded from our website www.dadex.com.

5. Members are requested to notify change, if any, in their registered addresses to our Share Registrar at above mentioned address.

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

7. As per SECP directives all the shareholders of the Company are requested to provide bank mandate details to our Share Registrar, so 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. As per SECP directives issued through SRO 634 (I)/2014, the Annual Report 2014 of the Company along with Notice of Annual General meeting is available for download at Company's website i.e. www.dadex.com.

9. 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.

10. Transport will be available for members at 08:30 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 55th Annual Report along with the Audited Financial Statements for the year ended June 30, 2014.

NATIONAL ECONOMY

The economy of Pakistan, during the year under review, achieved a growth of 4.1 percent which is the highest level achieved in last six years. The growth momentum is broad based, as the major sectors i.e. agriculture, industry and services have provided support to economic growth. Early positive results, particularly stabilizing foreign exchange reserves, appreciation of exchange rate, increase in remittances, stability in prices despite heavy adjustments, shift in market based (T-bills and PIB) public debt towards medium to long term, successful launching of Euro Bond and auction of 3G/4G licenses, historical heights of Karachi Stock Exchange have all contributed in boosting the economy.

The Manufacturing sector is the most important sub-sector of the industrial sector containing 64.92 percent share in the overall industrial sector. The manufacturing sector registered growth of 5.55 percent compared to 4.53 percent last year. The construction sector has registered a growth of 11.31 percent against a negative growth of 1.68 percent last year. Construction sector contributes considerably to industrial growth and most relevant sector to our business.

BUSINESS

The year under review has been the most challenging for Dadex. In the first half, weakening of the Pak Rupee against foreign currencies increased prices of raw materials and related chemicals, as well as the cost of imported fittings, making our products more expensive while putting severe pressure on our margins. This led to substantial shortages in PVC and PPR raw materials, consequently curtailed production and increased conversion costs, as well as a continuous shortage of essential fittings of our premium products in PVC and PPR.

To counter the above issues, alternate sources of production and imports were quickly established, as well as swapping high cost bank liabilities at lower rates.

In the second half, due to non availability of fiber, our mainstay product, FC pipes, could not be produced between December and May, while Karachi Factory operations remained completely suspended for three months, affecting production and sales of premium products like LSC Sheets, PVC and PPR pipes.

Production and Sales were severely hampered throughout the year by the law and order situation in Karachi. New import laws and restrictions imposed in Afghanistan have virtually wiped out any potential for exporting our products during 2013/14.

OPERATIONS

During the year ended June 30, 2014, Karachi Factory (KF) continued facing challenging situation in terms of worker's unrest and illegal strikes thus bringing production to halt, one of the reason was retrenchment of redundant workers by the management. Another challange was unjustified disconnection of electric supply by K-Electric since October 2012, KF is being run on captive power generation. However, by end of last quarter, the management has been able to overcome the challenges. Production has resumed employing limited number of work force; the manpower is being shuffled internally wherever required. New hiring is being done under extreme situation and mostly at operator level.

Hyderabad Factory has shown sustainable growth in increasing production capability in Plastics, due to various measures taken by the Management cost of production has significantly come down.

Sunder Factory has been steady in meeting the production requirements, the output has been increased. New developments on equipment and tooling have been undertaken to meet sales requirement mostly utilizing in-house capabilities in design and development. Sunder Factory has now added capability to produce "Polydex" pipes of different diameters. At Karachi Factory we are in process of increasing capability to produce "Thermoline" pipes of different smaller diameters. Larger diameter sizing tool of Flowline pipes being developed locally at Karachi Factory.

SALES AND PROFITABILITY

During the year under review, due to abovementioned factors the Sales revenue was severely hampered and Company achieved sales revenue of Rs.1.916 billion, against a target of Rs. 2.503 billion, drop of 24 percent and against sales revenue of Rs. 2.385 billion during 2012/13, a drop of 20 percent.

The year ended with a net Loss after tax of Rs. 189.334 million, (2012/13: net loss of Rs. 12.310 million), the major contributors being lower production and sales, higher conversion costs and financial cost have increased by 22.7 percent as compared to corresponding period last year. That have resulted in a loss per share of Rs. 17.59 (2012/13: loss per share Rs. 1.14).

The sales outlook for 2014/15 has been rationalized positively which is 40% higher than the actual sales of 2013/14.

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, 2013	12,287
Prior year adjustment	-
Transfer from Un-appropriated Profit to general reserves	-
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, 2014	(189,334)
Accumulated loss as at June 30, 2014	**(162,593)**
Subsequent Effects	
Proposed final dividend per share of Rs. Nil	-
Transfer to general reserves for the year ended June 30, 2014	-
Accumulatedloss as at July 01, 2014	**(162,593)**

Break-up value per share as at June 30, 2014 is Rs. 10.28 (2012/13:Rs.26.53).

BOARD OF DIRECTORS AND ITS COMMITTEES

A. Following the resignation of Mr. Sikander Dada as the Chief Executive Officer of the Company. The Directors appointed Mr. Qazi Sajid Ali as the new Chief Executive Officer of the Company with effect from May 01, 2014 for a period of three years.

B. The Board completed its term on July 12, 2014 and a new Board comprising seven directors, including one independent director who meets the criteria of independence under clause i(b) of the CCG, were elected in the Extraordinary General meeting of the Shareholders of the Company held on June 26, 2014 for a period of three years commencing from July 13, 2014. During the year, six Board meetings were held. The attendance of the Directors attending Board meetings is annexed with this Report.

C. 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. During the year four Audit Committee meetings and two Human Resource and Remuneration Committee meetings were held.

ENERGY CONSERVATION

We recognize the need to protect and preserve our planet and we care about the welfare and well-being of our people. Therefore, we go the extra mile to prevent unnecessary wastage of our natural resources and make a conscious effort to protect the environment. Our business strategies are fully aligned with this vision and have been designed taking in account the far-reaching environmental impact of our business decisions.

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 is using Bi-Fuel system on Diesel Generator at Karachi Factory which has brought down the cost of energy produced. At Hyderabad Factory Company is using a Gas fired Generator and a Diesel Generator.

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 meets its ever growing need to adapt itself to the dynamic era of information and communication technologies the ICT department of DADEX will update its existing software licenses / hardware. 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 and existing SAP processes, updating applications, software, hardware, data communication to achieve business targets.

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. 0.02 million (2012/13: Rs. 0.22 million).

BUSINESS ETHICS AND ANTI-CORRUPTION MEASURES

The Company believes that corporate success is 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 encourages the employment of local people from adjoining rural areas at its all three manufacturing facilities.

CONTRIBUTION TO THE NATIONAL EXCHEQUER AND THE ECONOMY OF THE COUNTRY

The Company has contributed in excess of Rs. 398 million (2012/13: Rs.476 million) towards the National Exchequer in the form of income tax, sales tax, duties, levies and other taxes.

HEALTH, SAFETY, ENVIRONMENT (HSE) AND QUALITY

At Dadex, our employees are expected to conform to our HSE management systems and processes which have been designed keeping in view international best practices. During the year under review, the re-certification audit of OSHAS 18001 & 14001 was conducted during October 2013 and the Company was re-certified for the next three years. The next surveillance audit for OSHAS 18001 & 14001 is due in October 2014.

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.

The company has been successful in getting the ISO 9001:2008 re-certification of Quality Management System during June 2014 for Head Office, Karachi Factory and Sunder Factory. The auditors (SGS) have given a clean chit with minor Non-Conformities and Observations. In addition, renewal and revalidation of product licenses were done from Pakistan Standard Quality Control Authority (PSQCA). New license requests for "Thermoline" and "Flowline" submitted.

EMPLOYMENT OF SPECIAL PERSONS

The Company considers it a social and moral responsibility to accommodate 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, agreements are in place with the respective Collective Bargaining Agents [CBA Union's] based on negotiated charter of demands ('COD').

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

HUMAN RESOURCES

Human Capital at DADEX is seen as the most important resource in terms of our organization's growth. We pursue a comprehensive Human Capital strategy that integrates talent, leadership, culture and organization models with business goals to maximize the investment in people. The passion to perform and excel binds the diverse work force at DADEX.

We are committed to enhance the skills and competencies of our Human Capital as well as to augment their personal growth and development through an honest and transparent culture which nurtures learning, growth and empowerment.

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, 2014 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 Board has set up an effective Internal Audit function by appointing qualified and experienced head of internal audit who is well conversant with the policies and procedures of the Company. The system of internal controls and such other procedures, which are in place, are being continuously reviewed by the Board's Audit Committee.

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, 2014:

2014	2013
(Rupees in thousand)	
205,279	176,632

4) The statement, showing the pattern of shareholding of the Company as at June 30, 2014 is annexed with this Report.

5) The Directors, CEO, acting 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 55th 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, 2015 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, a focused program to turn the Company around is under implementation, including targeted cost cutting measures, moving towards a lean and efficient human resource setup curtailing overtime expenses, as well as controlling Distribution and Administration expenditure, wastages and other losses.

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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 also like to take this opportunity to thank its outgoing directors who have, over their tenure, rendered invaluable services and contribution towards the progress of the Company and achievement of our objectives.

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 remain committed to improve the way we work, to be more professional, efficient and profitable to deliver sustained return to our shareholders in a well diversified manner.

Karachi: September 24, 2014

On behalf of the Board of Directors

Sikander Dada
Chairman

ATTENDANCE OF BOARD OF DIRECTORS MEETING

For the year ended June 30, 2014

Name of Director	Total number of meetings held during the year	Number of meetings attended
Mr. Sikander Dada	6	6
Mr. Abu Talib H.K. Dada	6	6
Mr. Maqbool H.H. Rahimtoola	6	6
Mr. Qazi Sajid Ali	6	5
Mr. Shahzad M. Husain	6	6
Mr. Zulfiqar Ali Lakhani	6	0
Mr. Samad Dada	6	0

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, 2014.

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. Qazi Sajid Ali
Non-Executive Directors	Mr. Sikander Dada Mr. Abu Talib H.K. Dada Mr. Maqbool H.H. Rahimtoola 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 seven 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. Election of Directors was held on June 26, 2014, in an extraordinary general meeting in which seven directors, including one independent director who meets the criteria of independence under clause i (b) of the CCG, were elected for a period of 03 years commencing from July 13, 2014.

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 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 Ex-Chief Executive Officer and appointment of a new Chief Executive Officer with effect from May 01, 2014, Head of Internal Audit with effect from May 02, 2014. The Board also approved the resignation of the Company's CFO and Company Secretary with effect from June 30, 2014 and appointment of acting CFO and Company Secretary with effect from July 01, 2014 on the recommendation of the Human Resource & Remuneration Committee.

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 Acting 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 has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

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.

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 24, 2014

Qazi Sajid Ali
Cheif Executive

DADEX

FINANCIAL STATEMENTS

For the year ended June 30, 2014

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 2014** 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 2014.**

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: September 24, 2014
Karachi

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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 2014** 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 CompaniesOrdinance, 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 2014** 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: Omer Mustafa Ansari
Date: 24 September 2014
Karachi

Balance Sheet
As at June 30, 2014

	Note	2014	2013
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	5	**1,508,224**	1,301,522
Intangible assets	6	**-**	-
		1,508,224	1,301,522
Investment property	7	**49,493**	-
Long-term investment	8	**20**	-
Long-term loans	9	**1,619**	2,225
Long-term deposits	10	**6,597**	46,668
Deferred tax assets	11	**129,940**	62,105
		1,695,893	1,412,520
CURRENT ASSETS			
Stores, spare parts and loose tools	12	**34,694**	33,147
Stock-in-trade	13	**556,245**	982,607
Trade debts	14	**130,036**	161,080
Loans and advances	15	**26,146**	61,713
Trade deposits and short-term prepayments	16	**20,897**	25,994
Other receivables	17	**18,891**	13,096
Sales tax and excise duty - net		**-**	28,157
Taxation - net	18	**159,166**	144,964
Cash and bank balances	19	**6,694**	17,782
		952,769	1,468,540
TOTAL ASSETS		**2,648,662**	2,881,060
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	20	**107,640**	107,640
Reserves	21	**3,062**	177,942
		110,702	285,582
SURPLUS ON REVALUATION OF FIXED ASSETS	22	**780,772**	795,226
NON-CURRENT LIABILITIES			
Long-term financing	23	**237,256**	88,889
CURRENT LIABILITIES			
Trade and other payables	24	**515,064**	854,271
Accrued mark-up		**33,600**	21,691
Short-term borrowings	25	**840,871**	824,290
Current portion of long-term financing	23	**119,702**	11,111
Sales tax and excise duty - net		**10,695**	-
		1,519,932	1,711,363
CONTINGENCIES AND COMMITMENTS	26		
TOTAL EQUITY AND LIABILITIES		**2,648,662**	2,881,060

The annexed notes from 1 to 44 form an integral part of these financial statements.

Sikander Dada	**Qazi Sajid Ali**	**Muhammad Yousuf**
Chairman	Chief Executive	Acting Chief Financial Officer

Profit And Loss Account

For the year ended June 30, 2014

	Note	2014	2013
		(Rupees in thousand)	
Turnover - net	27	**1,915,705**	2,385,546
Cost of sales	28	**(1,762,605)**	(1,872,573)
Gross profit		**153,100**	512,973
Distribution costs	29	**(150,870)**	(222,014)
Administrative expenses	30	**(175,395)**	(236,657)
Other operating expenses	31	**(16,447)**	(23,030)
Other income	32	**109,408**	89,470
Operating (loss) / profit		**(80,204)**	120,742
Finance costs	33	**(147,873)**	(120,485)
Share of profit / (loss) on investment in an associate	8	**20**	(494)
Loss before taxation		**(228,057)**	(237)
Taxation	34	**38,723**	(12,073)
Loss for the year		**(189,334)**	(12,310)
		(Rupees)	
Loss per share - basic and diluted	35	**(17.59)**	(1.14)

The annexed notes from 1 to 44 form an integral part of these financial statements.

Sikander Dada Chairman	**Qazi Sajid Ali** Chief Executive	**Muhammad Yousuf** Acting Chief Financial Officer

DADEX

Statement Of Comprehensive Income

For the year ended June 30, 2014

	Note	2014	2013
		(Rupees in thousand)	
Loss for the year		**(189,334)**	(12,310)
Other Comprehensive income / (loss) for the year		**-**	-
Total comprehensive loss for the year		**(189,334)**	(12,310)

The annexed notes from 1 to 44 form an integral part of these financial statements.

Sikander Dada
Chairman

Qazi Sajid Ali
Chief Executive

Muhammad Yousuf
Acting Chief Financial Officer

Cash Flow Statement

For the year ended June 30, 2014

	Note	2014	2013
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows generated from operations	39	**159,535**	20,023
Income tax paid	18	**(43,313)**	(70,290)
Long-term loans - net		**606**	(105)
Long-term deposits - net		**40,071**	-
Net cash generated from / (used in) operating activities		**156,899**	(50,372)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure	5.1 & 5.2.3	**(323,865)**	(66,017)
Proceeds from disposal of operating assets		**18,622**	-
Interest received		**66**	50
Net cash used in investing activities		**(305,177)**	(65,967)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing	23	**256,958**	100,000
Short-term borrowings - net		**16,581**	147,677
Interest / mark-up paid		**(135,964)**	(117,053)
Dividend paid		**(385)**	(1,179)
Net cash generated from financing activities		**137,190**	129,445
Net (decrease) / increase in cash and cash equivalents		**(11,088)**	13,106
Cash and cash equivalents at the beginning of the year	19	**17,782**	4,676
Cash and cash equivalents at the end of the year	19	**6,694**	17,782

The annexed notes from 1 to 44 form an integral part of these financial statements.

Sikander Dada
Chairman

Qazi Sajid Ali
Chief Executive

Muhammad Yousuf
Acting Chief Financial Officer

Statement Of Changes In Equity

For the year ended June 30, 2014

	Issued, Subscribed and paid-up capital	RESERVES					Total Equity
		Capital reserves- share premium	REVENUE RESERVES			Total	
			General	Un-appropriated profit/(accumulated loss)	Sub-Total		
	---------- (Rupees in thousand) ----------						
Balance as at June 30, 2012	107,640	5,655	-	170,143	170,143	175,798	283,438
Transfer from 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 asset for the year	-	-	-	14,454	14,454	14,454	14,454
Loss for the year	-	-	-	(12,310)	(12,310)	(12,310)	(12,310)
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(12,310)	(12,310)	(12,310)	(12,310)
Balance as at June 30, 2013	107,640	5,655	160,000	12,287	172,287	177,942	285,582
Surplus on revaluation of fixed assets realised on account of incremental depreciation charged onrelated assets for the year	**-**	**-**	**-**	**14,454**	**14,454**	**14,454**	**14,454**
Loss for the year	**-**	**-**	**-**	**(189,334)**	**(189,334)**	**(189,334)**	**(189,334)**
Other comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive loss for the year	**-**	**-**	**-**	**(189,334)**	**(189,334)**	**(189,334)**	**(189,334)**
Balance as at June 30, 2014	**107,640**	**5,655**	**160,000**	**(162,593)**	**(2,593)**	**3,062**	**110,702**

The annexed notes from 1 to 44 form an integral part of these financial statements.

Sikander Dada
Chairman

Qazi Sajid Ali
Chief Executive

Muhammad Yousuf
Acting Chief Financial Officer

Notes To The Financial Statements

For the year ended June 30, 2014

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 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 sell 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. During the year, the Company entered into a Toll manufacturing agreement for the northern region with a U-PVC Company at the end of December 2013 for manufacturing of U-PVC pipes in order to make prices and logistics more competitive in that region.

Sikander (Private) Limited is the holding company, which held 6,800,648 (2013: 6,800,648) ordinary shares of Rs.10/-each of the Company representing 63.18 percent (2013: 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 4.4.1 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

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

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

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IFRS 10 - Consolidated Financial Statements	January 01, 2015
IFRS 11 - Joint Arrangements	January 01, 2015
IFRS 12 - Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13 - Fair Value Measurement	January 01, 2015
IAS 16 & 38 - Clarification of Acceptable Method of Depreciation and Amortization	January 01, 2016
IAS 19 - Employee Contributions	July 01, 2014
IAS 32 - Offsetting Financial Assets and Financial liabilities (Amendment)	January 01, 2014
IAS 36 - Recoverable Amount for Non-Financial Assets (Amendment)	January 01, 2014
IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting (Amendment)	January 01, 2014

The Company is currently evaluating the impact of the above standards and interpretation on the Company's financial statements in the period of initial application.

In addition to the above, 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 (accounting periods Beginning on or after)
IFRS 9 - Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 - Regulatory Deferral Accounts	January 01, 2016
IFRS 15 - Revenue from Contracts with Customers	January 01, 2017

4.3 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 consider industry practices and exercise its judgments in the process of applying the Company's accounting policies. Estimates and judgments 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 Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

Property, plant and equipment

The Company reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

Stock-in-trade

The Company reviews the net realisable values of stock in trade to assess any diminution in the respective carrying values. Net realisable value is estimated with reference to the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

Trade debts

The Company reviews its doubtful trade debts at each reporting date to assess whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

Taxation

In making the estimate for income tax payable by the Company, the Company takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past. With regard to deferred taxation, the Company applies various assumptions on future projections and applicability of different tax regime, as well as recoverability of various deferred tax assets.

Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates contingent and exercise its judgment regarding the likelihood and impact, if any of the same and determined as to whether there is a need of creating and making provision, which may differ on the occurrence / non-occurrence of the uncertain future event(s).

4.4 Property, plant and equipment

4.4.1 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.

4.4.2 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, and installation. The assets are transferred to relevant category of operating assets when they are available for use.

4.4.3 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.

4.5 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 Company 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.

4.6 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 its 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 profit and loss account using the straight-line method over their estimated useful lives at the rates disclosed in note 7 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.

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

4.7 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.

4.8 Investments

4.8.1 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.

4.8.2 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.

4.9 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.

4.10 Stock-in-trade

4.10.1 Raw materials

Raw Materials, except in transit, are valued at the lower of weighted average cost and net realisable value. Stock in transit is valued at cost comprising invoice values plus other charges and taxes.

4.10.2 Work-in-process

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

4.10.3 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.

4.11 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.

4.12 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.

4.13 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.

4.14 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.

4.15 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.

4.16 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 / Ijarah agreements (net of any incentives received from the lessor) are charged to the profit and loss account on a straight line basis over the lease / Ijarah term.

4.17 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.

4.18 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 beforerevenue 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 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.

4.19 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.

4.20 Compensated absences

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

4.21 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.

4.22 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 ratesruling 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.

4.23 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.

4.24 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.

4.25 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.

4.26 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.

4.27 Dividend and appropriation to reserves

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

4.28 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.

	Note	**2014**	2013
		(Rupees in thousand)	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating assets - owned	5.1	**1,496,501**	1,285,694
Capital work-in-progress	5.2	**11,723**	15,828
		1,508,224	1,301,522

5.1 Operating assets

	COST				ACCUMULATED DEPRECIATION				WRITTEN DOWN VALUE	
	As at July 01, 2013	Additions / *transfers	(Disposals)	As at June 30, 2014	As at July 01, 2013	Charge for the year	(On disposals) / transfer	As at June 30, 2014	As at June 30, 2014	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	185,030	-	963,897	20,529	16,780	-	37,309	926,588	1-2.5
Factory buildings on freehold and leasehold land (note 5.1.3)	**196,766	741 *2,485	-	199,992	122,757	16,367	-	139,124	60,868	10
Buildings on freehold land other than factory	1,616	-	-	1,616	186	142	-	328	1,288	5
Buildings on leasehold land other than factory	13,203	32,454	-	45,657	10,428	1,146	-	11,574	34,083	5
Plant and machinery (note 5.1.4)	**768,999	52,487 *3,118	(13,851)	810,753	638,983	24,702	(11,798)	651,887	158,866	10
Furniture and fittings	10,646	-	(169)	10,477	7,877	784	(154)	8,507	1,970	10
Vehicles and transportation equipment	46,195	-	(13,640)	32,555	43,975	1,585	(13,223)	32,337	218	20
Office and factory equipment	35,100	414	(1,575)	33,939	28,114	1,720	(1,364)	28,470	5,469	10-33.3
2014	2,158,543	276,729	(29,235)	2,406,037	872,849	63,226	(26,539)	909,536	1,496,501	

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

** Includes assets costing Rs. 100 million under common ownership under Diminishing Musharaka arrangement as explained in note 23.2.

	COST			ACCUMULATED DEPRECIATION			DOWN VALUE	
	As at July 01, 2012	Additions / *transfers	As at June 30, 2013	As at July 01, 2012	Charge for the year	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.

** Includes assets costing Rs. 100 million under common ownership under Diminishing Musharaka arrangement as explained in note 23.2.

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 June 30, 2012, the Company caused to carry out a revaluation exercise by independent valuers, Iqbal A Nanjee & Co. (Private) 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 of revalued freehold land and leasehold land would have been Rs. 269.906 (2013: Rs. 269.906) million and Rs. 185.861 (2013: Rs. 0.831) million respectively, and written down value of revalued freehold land and leasehold land would have been Rs. 269.906 (2013: Rs. 269.906) million and Rs. 183.111 (2013: Rs. 0.420) million, respectively, in the balance sheet and surplus on revaluation of fixed assets would have been lower by Rs. 780.772 (2013: 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	**2014**	2013
		(Rupees in thousand)	
5.1.2 The depreciation charge for the year has been allocated as follows:			
Cost of sales - manufacturing overheads	28	**53,763**	54,739
Distribution costs	29	**2,270**	3,956
Administrative expenses	30	**7,193**	2,334
		63,226	61,029

5.1.3 Represents cost of Rs. 131.630 (2013: Rs. 131.630) million and Rs. 65.136 (2013: Rs. 65.136) million and written down value of Rs. 46.929 (2013: Rs. 60.330) million and Rs. 10.259 (2013: Rs. 13.679) 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 (2013: 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, 2014 is Rs. 650.863 (2013: Rs. 524.916) million.

	Note	**2014**	2013
		(Rupees in thousand)	
5.2 Capital work-in-progress			
Plant and machinery - Green House Farming System		**13,979**	13,979
Impairment loss on plant and machinery	5.2.1	**(9,312)**	(8,811)
		4,667	5,168
Advance against purchase of operating assets	5.2.3	**7,056**	10,660
		11,723	15,828
5.2.1 Impairment loss on plant and machinery			
Opening balance		**8,811**	8,609
Charge for the year	31	**501**	202
Closing balance	5.2.2	**9,312**	8,811

5.2.2 Impairment loss has been recognized 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. 7.056 million. Further, during the year, additions of Rs. 2.128 (2013: Rs. 66.017) million were made to capital work-in-progress which majorly relate to plant and machinery, and assets of Rs. 5.603 (2013: Rs. 55.646) million were transferred to operating assets (note 5.1).

6. INTANGIBLE ASSETS

	COST			ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	
	As at July 01, 2013	Addition	As at June 30, 2014	As at July 01, 2013	For the year	As at June 30, 2014	As at June 30, 2014	Amortis-ation rate %
	(Rupees in thousand)							
SAP Software and licenses	20,700	-	20,700	20,700	-	20,700	-	33.33
2014	**20,700**	**-**	**20,700**	**20,700**	**-**	**20,700**	**-**	

	COST			ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	
	As at July 01, 2012	Addition	As at June 30, 2013	As at July 01, 2012	For the year	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	-	

7. INVESTMENT PROPERTY

	COST			ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	
	As at July 01, 2013	Addition	As at June 30, 2014	As at July 01, 2013	For the year	As at June 30, 2014	As at June 30, 2014	Depre-ciation rate %
	(Rupees in thousand)							
Building on leasehold land	-	50,762	50,762	-	1,269	1,269	49,493	5
2014	**-**	**50,762**	**50,762**	**-**	**1,269**	**1,269**	**49,493**	
2013	-	-	-	-	-	-	-	

7.1 Depreciation charge for the year is allocated to administrative expenses (note 30).

7.2 The fair value of the Head Office building as of August 30, 2013 amounted to Rs. 80.932 million, determined by K.G. Traders - an independent professional valuer.

8. LONG-TERM INVESTMENT - Equity method

	Note	2014	2013
		(Rupees in thousand)	
Movement of investment in an associate			
Balance at beginning of the year		-	494
Share of loss - current year based on unaudited financial statements	8.1	(5)	(113)
Adjustment for last year's profit / (loss) based on un-audited financial statements		25	(381)
		20	(494)
Balance at end of the year		20	-

8.1 The Company has 48.04 (2013: 48.04 percent) shareholding [i.e. 625,000 (2013: 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 June 30, 2014 and 2013, Berdex has reported a loss of Rs. 0.011 million and accumulated losses of Rs. 12.732 (2013: reported a profit of Rs. 0.053 million and accumulated losses of Rs. 12.721) million.

8.2 The summarised financial information of the associate of the Company, based on the un-audited financial statements for the year ended June 30, 2014 are as follows:

	2014	2013
	(Rupees in thousand) (Un-audited)	
Total assets	482	542
Total liabilities	203	253
Revenue	-	-

9. LONG-TERM LOANS - secured, considered good

	Note	2014	2013
		(Rupees in thousand)	
Employees	9.1	1,916	2,882
Current portion	15	(297)	(657)
		1,619	2,225

9.1 This represents interest free loans given to employees for the 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.

10. LONG-TERM DEPOSITS

	Note	2014	2013
		(Rupees in thousand)	
Deposits against:			
- Services and supplies	10.1 & 10.2	6,597	6,668
- Ijarah agreements		-	40,000
		6,597	46,668

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

10.2 This includes deposit with Sikander (Private) Limited, the holding company, amounting to Rs. 0.100 (2013: Rs. 0.100) million.

	Note	2014	2013
		(Rupees in thousand)	
11. DEFERRED TAX ASSETS			
Deferred tax liabilities on taxable temporary difference:			
- accelerated tax depreciation on owned assets		**(39,620)**	(38,260)
Deferred tax assets on deductible temporary differences:			
- provision for slow moving and obsolete stores, spare parts and loose tools		**4,814**	4,941
- provision for doubtful debts		**39,790**	39,615
- other deductible temporary differences		**6,874**	6,125
- tax losses		**156,154**	88,678
		207,632	139,359
Minimum tax		**67,981**	50,433
		235,993	151,532
Temporary differences not expected to be reversed due to applicability of Final Tax Regime		**(1,398)**	4,188
Deferred tax assets not expected to be recovered with reasonable certainty including minimum tax credit		**(104,655)**	(93,615)
		129,940	62,105
12. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		**3,393**	4,067
Spare parts		**34,927**	35,193
Consumable accessories		**8,242**	6,063
Loose tools		**2,290**	2,355
	28.1	**48,852**	47,678
Provision for slow moving and obsolete stores, spare parts and loose tools	12.1	**(14,158)**	(14,531)
		34,694	33,147
12.1 Provision for slow moving and obsolete stores, spare parts and loose tools			
Opening balance		**14,531**	15,481
Reversal for the year	28	**(373)**	(950)
Closing balance		**14,158**	14,531
13. STOCK-IN-TRADE			
Raw materials			
- in hand	13.1	**178,744**	364,579
- in transit		**23,158**	187,909
	28	**201,902**	552,488
Work-in-process	28	**79,764**	83,853
Finished goods			
- Manufactured	13.2 & 28	**178,576**	235,764
- Trading [including in transit Rs. Nil (2013: Rs.16.730) million.	13.3 & 28	**96,003**	110,502
		274,579	346,266
		556,245	982,607

13.1 Includes raw materials costing Rs. Nil (2013: Rs. 2.563) million which are carried at net realisable value of Rs. Nil (2013: Rs. 1.383) million.

13.2 Includes products costing Rs. 47.048 (2013: Rs. 43.428) million which are carried at net realisable value of Rs. 31.537 (2013: Rs. 27.946) million.

13.3 Includes products costing Rs. Nil (2013: Rs. 70.645) million which are carried at net realisable value of Rs. Nil (2013: Rs. 37.434) million.

14. TRADE DEBTS - unsecured

	Note	**2014** Turnkey	**2014** Other than Turnkey	**2014** Total	2013 Turnkey	2013 Other than Turnkey (notes 14.3 and 14.4)	2013 Total
		(Rupees in thousand)					
Considered good		**-**	**130,036**	**130,036**	-	161,080	161,080
Considered doubtful		**17,414**	**99,615**	**117,029**	17,414	99,103	116,517
	14.3	**17,414**	**229,651**	**247,065**	17,414	260,183	277,597
Provision for doubtful debts	14.1	**(17,414)**	**(99,615)**	**(117,029)**	(17,414)	(99,103)	(116,517)
		-	**130,036**	**130,036**	-	161,080	161,080

14.1 Provision for doubtful debts

	Note	**2014** Turnkey	**2014** Other than Turnkey	**2014** Total	2013 Turnkey	2013 Other than Turnkey	2013 Total
Opening balance		**17,414**	**99,103**	**116,517**	17,414	96,540	113,954
Charge for the year		**-**	**6,739**	**6,739**	-	10,560	10,560
Reversal during the year		**-**	**(6,227)**	**(6,227)**	-	(7,997)	(7,997)
	31	**-**	**512**	**512**	-	2,563	2,563
Closing balance		**17,414**	**99,615**	**117,029**	17,414	99,103	116,517

14.2 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.

14.3 Includes amount due from a related party, Cyber Internet Services (Private) Limited amounting to Rs. 3.435 (2013: Rs. 1.727) million.

14.4 The provision for doubtful debts includes an amount of Rs.15.632 (2013: Rs.15.632) million recoverable from an ex-employee, who had reportedly collected the amount from customers during the year 2007 and did not surrender the same to the Company. A law suit has been filed against the ex-employee to recover the above amount.

14.5 As at June 30, 2014 and 2013, 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 days
	(Rupees in thousand)					
Related parties	**3,435**	**3,435**	**-**	**-**	**-**	**-**
Other than related parties	**126,601**	**13,447**	**9,185**	**10,164**	**33,833**	**59,972**
2014	**130,036**	**16,882**	**9,185**	**10,164**	**33,833**	**59,972**
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

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

	Note	2014	2013
		(Rupees in thousand)	
15. LOANS AND ADVANCES			
Loans - secured, considered good			
Current portion of long-term loans	9	**297**	657
Advances - unsecured, considered good			
Employees		**270**	7,145
Suppliers / contractors		**25,439**	53,771
Others		**140**	140
	15.1	**25,849**	61,056
Advances - considered doubtful			
Suppliers / contractors		**500**	500
Provision for doubtful advances		**(500)**	(500)
		-	-
		26,146	61,713

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

	Note	2014	2013
16. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Trade deposits		**5,662**	11,354
Provision for doubtful trade deposits	16.1	**(4,747)**	(5,107)
		915	6,247
Margin deposits		**11,997**	15,301
Other deposits		**2,167**	1,930
		15,079	23,478
Prepayments			
Rent		**800**	-
Insurance		**2,373**	1,275
Technical fee		**-**	761
Others		**2,645**	480
		5,818	2,516
	16.2	**20,897**	25,994

	Note	2014	2013
16.1 Provision for doubtful trade deposits			
Opening balance		**5,107**	5,960
Charge for the year	32	**140**	576
Reversal for the year	32	**(500)**	(1,429)
Closing balance		**4,747**	5,107

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

	Note	2014	2013
17. OTHER RECEIVABLES			
- Provident fund		**7,438**	1,278
- Others	17.1	**11,453**	11,818
	17.2	**18,891**	13,096

17.1 Includes herein receivable of Rs. 10.227 million from K-Electric Limited (KE) (formerly known as Karachi Electric Supply Company Limited) on account of excess electricity charges billed by KE 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 KE.

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

	Note	2014	2013
		(Rupees in thousand)	
18. TAXATION - NET			
Opening refundable		**144,964**	96,840
Less: Provision for current and prior year tax	34	**(29,111)**	(22,166)
Add: Income tax paid / deducted at source during the year		**43,313**	70,290
Closing refundable		**159,166**	144,964
19. CASH AND BANK BALANCES			
Cash in hand		**2,964**	488
Cash at banks in:			
Current accounts - local currency		**3,426**	16,919
PLS saving account	19.1	**304**	375
		3,730	17,294
		6,694	17,782

19.1 This carries return at the rate of 7 percent (2013: 6 percent) per annum at the year end.

20. SHARE CAPITAL

20.1 Authorised capital

2014	2013		2014	2013
(Number of share)			(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

20.2 Issued, subscribed and paid-up capital (note 20.3)

2014	2013		2014	2013
(Number of share)			(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 against 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

20.3 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.

20.4 Sikander (Private) Limited holds 6,800,648 (2013: 6,800,648) ordinary shares having face value of Rs.10/- each (2013: Rs.10/- each) representing 63.18 percent (2013: 63.18 percent) shareholding as of balance sheet date.

	Note	2014	2013
		(Rupees in thousand)	
21. RESERVES			
Capital reserves - share premium		**5,655**	5,655
Revenue reserves			
- General reserve		**160,000**	160,000
- (Accumulated loss) / un-appropriated profit		**(162,593)**	12,287
		(2,593)	172,287
		3,062	177,942
22. SURPLUS ON REVALUATION OF FIXED ASSETS			
Opening balance of surplus on revaluation of fixed assets		**795,226**	809,680
Transferred to (accumulated loss) / un-appropriated profit on account of:			
- incremental depreciation charged during the year		**(14,454)**	(14,454)
Closing balance of surplus on revaluation of fixed assets		**780,772**	795,226
23. LONG-TERM FINANCING - secured			
Long-term financing			
Bank of Punjab	23.1	**268,069**	-
United Bank Limited - Diminishing Musharika	23.2	**88,889**	100,000
		356,958	100,000
Less: Current portion of Long-term Financing			
Bank of Punjab		**(97,480)**	-
United Bank Limited - Diminishing Musharika		**(22,222)**	(11,111)
		(119,702)	(11,111)
		237,256	88,889

23.1 During the year, the Company caused an early termination of its Ijarah agreement by purchasing Ijarah asset (commercial property - see note 5) from UBL Ameen as per purchase price option. In order to arrange the required funds for the early termination of Ijarah agreement, the Company simultaneously entered into a financing agreement with the Bank of Punjab ('BOP') and obtained Rs. 292.438 million from the BOP for a period of 3 years with no grace period, carrying mark-up at the rate of 6 months KIBOR plus 2 percent per annum. The facility is repayable in 12 quarterly installments latest by January 21, 2017. This facility is secured against first exclusive charge of Rs. 498.925 million by way of equitable mortgage on Company's land, building and hypothecation over machinery & equipment located at plot no. 34-A/1, Block 6, P.E.C.H.S., Shahra-e-Faisal, Karachi.

23.2 Represents long-term financing obtained through creation of Shirkat-ul-Mulk (joint ownership) in the Musharaka Property situated at Plot No. 561 & 561-A, Sunder Industrial Estate, Raiwind Road, Lahore, based on Diminishing Musharaka. The Musharaka units are to be re-purchased during a period of 5 years' time with no grace period. All of the units comprising 91% of the Bank's Musharaka Share will be purchased during this period. These carry rent / profit at the rate of 6 months' KIBOR plus 2% (2013: Nil) per annum with a ceiling of 18% and a floor of 10%. These are secured by means of proportionate ownership and mortgage in respect of the Musharaka Property in favour of the bank to the extent of the Company's Musharaka Share of 9% in the property.

23.3 The amount of future committed installments and the period in which these payments will become due are as follows:

	Note	2014	2013
		(Rupees in thousand)	
Not later than one year		**22,222**	11,111
Later than one year but not later than five years		**66,667**	88,889
		88,889	100,000

24. TRADE AND OTHER PAYABLES

	Note	2014	2013
Creditors			
- trade and non-trade (local)	24.1	**48,814**	109,916
- trade (foreign)		**90,205**	384,203
		139,019	494,119
Accrued liabilities		**70,274**	96,736
Accrual for compensated absences		**30,964**	34,083
Advances from customers		**232,416**	177,433
Advance from tenants		**4,953**	4,875
Security deposits from distributors and others		**14,435**	23,062
Workers' Profits Participation Fund	24.2	**668**	594
Workers' Welfare Fund		**1,890**	1,890
Unclaimed dividend		**17,475**	17,858
Others		**2,970**	3,621
		515,064	854,271

24.1 This includes amounts due to a related party, Berger Paints Pakistan Limited amounting to Rs. 0.01 (2013: Rs. 0.01) million as of balance sheet date.

24.2 Workers' Profits Participation Fund

	Note	2014	2013
		(Rupees in thousand)	
Balance as at July 01, 2013		**594**	5,380
Allocation for the year		**-**	-
		594	5,380
Interest on funds utilised in the Company's business	34	**74**	2,576
Amounts paid on behalf of the fund		**-**	(7,362)
Balance as at June 30, 2014		**668**	594

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

25. SHORT-TERM BORROWINGS - secured

	Note	2014	2013
Running finances utilised under mark-up arrangements	25.1 & 25.2	**840,871**	760,780
Demand finance	25.1 & 25.2	**-**	63,510
		840,871	824,290

25.1 These finance facilities have been obtained from various commercial banks aggregating to Rs. 942 (2013: Rs 900) million out of which Rs. 101.129 (2013: Rs. 75.710) million remains unutilized as at the balance sheet date. These facilities are secured by creation of first pari-pasu charge against hypothecation of the Company's stock-in-trade and trade debts of Rs. 1,354.333 (2013: Rs.1,287.333) million, equitable mortgage of Rs. 134 million over property # 36 and 37 located in Gulberg, Lahore and first exclusive mortgage charge of Rs. 934 million over land and building of the Company situated at 21-22, Manghopir Road, Tapo Manghopir, Karachi.

25.2 These facilities carry mark-up at the rate of 11.43 to 12.23 percent (2013: 10.78 to 12.38 percent) per annum.

26. CONTINGENCIES AND COMMITMENTS

26.1 Contingencies

26.1.1 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 a complaint filed by the brother of an ex-employee of the Company against the Company.

26.1.2 The Company has submitted a plea before the Environmental Protection Tribunal raising the issue of the maintainability of the complaint and its lack of jurisdiction to hear the same. The said plea was dismissed vide an order dated June 29, 2010. Being aggrieved by the said order, the Company filed a constitutional petition before the Honorable High Court of Sindh (HCS) seeking reliefs that the proceedings before Environmental Protection Tribunal (the Tribunal) vis-à-vis the Compliant were taken corum non judice and has maintained that the Tribunal has no jurisdiction of the subject matter and further sought a declaration that the Tribunal's order dated June 29, 2010 was illegal and void. The said constitutional petition was dismissed by HCS vide its judgment dated March 9, 2011.

26.1.3 Being aggrieved by the judgment of HCS, the Company filed petition for leave to appeal against the judgment of HCS before the 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 October 25, 2011 has directed a commission constituted by the 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 the Tribunal to which objections have been filed by the Company before SCP. The hearing of civil appeal on merits is now pending.

26.1.4 Based on the opinion of the legal counsel of the Company, the management expects favorable outcome of the case. Accordingly, no provision in respect of above has been made in these financial statements.

	Note	**2014**	2013
		(Rupees in thousand)	
26.1.5 Bonds and guarantees issued by banks on behalf of the Company		**57,286**	64,897

These are secured by a first pari passu hypothecation charge as disclosed in note 25.1.

26.2 Commitments

	Note	**2014**	2013
Commitments are as follows:			
Letters of credit		**225,742**	249,281
Postdated cheques	26.2.1	**114,687**	110,781
Import contracts		**4,204**	144,722
Duties payable on goods in transit		**7,079**	57,376
Local purchase contracts		**92,175**	18,171
		443,887	580,331

26.2.1 Represents postdated cheques of Rs. 114.687 (2013: Rs. 110.781) 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.

27. TURNOVER - net

	Note	2014	2013
		(Rupees in thousand)	
Local			
- manufactured		**2,005,894**	2,414,956
- trading		**205,895**	231,149
- others		**27,908**	63,740
		2,239,697	2,709,845
Export		**644**	32,189
		2,240,341	2,742,034
Less:			
- Returns		**2,982**	4,181
- Sales tax		**321,654**	352,307
		324,636	356,488
		1,915,705	2,385,546

28. COST OF SALES

	Note	2014	2013
Manufactured			
Raw materials consumed			
Opening stock	13	**552,488**	464,842
Purchases		**813,017**	1,515,908
Closing stock	13	**(201,902)**	(552,488)
		1,163,603	1,428,262
Export rebate - duties		**-**	(99)
		1,163,603	1,428,163
Manufacturing overheads			
Stores, spare parts and loose tools consumed	28.1	**46,356**	42,134
Salaries, wages and other benefits [includes Nil (2013: Rs.Nil) million in respect of bonus to workers]	28.2	**105,378**	115,117
Procured services		**61,281**	36,378
Fuel, water and power		**78,585**	79,909
Insurance		**5,012**	5,459
Traveling		**225**	206
Communication		**1,488**	1,524
Depreciation	5.1.2	**53,763**	54,739
Rent, rates and taxes		**10,842**	5,491
Repairs and maintenance		**19,621**	26,032
Technical assistance fee		**8,704**	3,028
Printing and stationery		**886**	660
Reversal for slow moving and obsolete stores, spare parts and loose tools	12.1	**(373)**	(950)
Other expenses		**1,898**	2,390
		393,666	372,117
Opening stock of work-in-process	13	**83,853**	91,979
Closing stock of work-in-process	13	**(79,764)**	(83,853)
Cost of goods manufactured		**1,561,358**	1,808,406
Opening stock of finished goods	13	**235,764**	186,232
Closing stock of finished goods	13	**(178,576)**	(235,764)
		1,618,546	1,758,874
Trading			
Opening stock	13	**110,502**	53,369
Purchases		**129,560**	170,832
		240,062	224,201
Closing stock	13	**(96,003)**	(110,502)
		144,059	113,699
		1,762,605	1,872,573

28.1 Stores, spare parts and loose tools consumed	Note	2014	2013
		(Rupees in thousand)	
Opening stock	12	**47,678**	49,756
Purchases		**47,530**	40,056
Closing stock	12	**(48,852)**	(47,678)
		46,356	42,134

28.2 Staff retirement benefits

Salaries, wages and other benefits include Rs. 3.862 million (2013: Rs. 4.188 million) in respect of staff retirement benefits (provident fund contribution).

29. DISTRIBUTION COSTS

	Note	2014	2013
Transportation and other charges on local sales		**21,381**	35,087
Transportation and other charges on export sales		**-**	235
		21,381	35,322
Salaries and other benefits	29.1	**75,640**	79,944
Repairs and maintenance		**13,299**	10,840
Depreciation	5.1.2	**2,270**	3,956
Advertising and sales promotion		**5,294**	6,422
Commission expense		**-**	42,412
Communication		**2,687**	2,722
Traveling		**2,721**	5,384
Professional charges		**296**	507
Printing, stationery and subscription		**837**	895
Rent, rates and taxes		**17,954**	26,123
Fuel, water and power		**2,993**	3,188
Insurance		**486**	603
Procured services		**4,045**	2,539
Others		**967**	1,157
		150,870	222,014

29.1 Staff retirement benefits

Salaries and other benefits include Rs. 3.564 million (2013: Rs. 3.624 million) in respect of staff retirement benefits (provident fund contribution).

30. ADMINISTRATIVE EXPENSES	Note	2014	2013
		(Rupees in thousand)	
Salaries and other benefits	30.1	**55,037**	55,561
Rent, rates and taxes - investment property		**1,004**	1,331
- others		**387**	351
Ijarah rentals	30.2	**57,061**	90,574
Procured services		**4,857**	3,700
Insurance		**2,110**	1,596
Depreciation - operating assets	5.1.2	**7,193**	2,334
- investment property	7.1	**1,269**	-
Repairs and maintenance		**9,535**	9,193
Printing, stationery and subscription		**1,752**	2,093
Communication		**5,351**	8,754
Traveling		**7,300**	10,821
Fuel, water and power		**9,471**	4,589
Auditors' remuneration	30.3	**2,015**	1,973
Legal and professional		**9,718**	42,193
Others		**1,335**	1,594
		175,395	236,657

30.1 Staff retirement benefits

Salaries and other benefits include Rs.3.014 million (2013: Rs. 2.805 million) in respect of staff retirement benefits (provident fund contribution).

30.2 Ijarah Rentals

Includes Rs. 1.343 million (2013: Nil) paid in respect of Charity due to late payment of rentals.

30.3 Auditors' remuneration

	2014	2013
	(Rupees in thousand)	
Audit fee	1,100	1,100
Fee for half yearly review	400	400
Fee for review of compliance with Code of Corporate Governance	100	100
Special certifications	194	145
Out of pocket expenses	221	228
	2,015	1,973

30.4 Provident fund

	2014 (Un-audited)	2013 (Audited)
	(Rupees in thousand)	
Size of the fund	229,231	203,833
Cost of investments made	124,913	147,934
Fair value of investments	213,536	194,881
Percentage of investments made	50.89%	72.58%

30.4.1 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:

	2014 ------ (Un-audited) ------		2013 ------ (Audited) ------	
	Investments (Rs. in '000')	% of Investments as size of the fund	Investments (Rs. in '000')	% of Investments as size of the fund
Mutual Fund	32,000	13.95	32,000	15.70
Term Finance Certificates	42,657	18.61	59,183	29.03
Fixed Deposit Receipts	42,000	18.32	42,000	20.60
Bank Deposits	8,256	03.60	14,751	07.24
	124,913		147,934	

30.4.2 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 and monthly contribution are made by the Company to the fund at the rate of 11% of employees' monthly basic salary and cost of living allowance, as defined in the Rules.

	Note	2014	2013
		(Rupees in thousand)	
31. OTHER OPERATING EXPENSES			
Directors' fee		**1,300**	1,180
Audit committee fee		**400**	670
Impairment loss on plant and machinery	5.2.1	**501**	202
Donations	31.1	**21**	221
Exchange loss - net of exchange gain of Rs. 6.440 million (2013: Rs. 1.040 million)		**13,639**	18,177
Provision against doubtful trade debts - net	14.1	**512**	2,563
Others		**74**	17
		16,447	23,030

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

	Note	2014	2013
		(Rupees in thousand)	
32. OTHER INCOME			
Income from financial assets			
Income from bank deposits		**66**	50
Reversal of provision against doubtful trade deposits - net	16.1	**360**	853
		426	903
Others			
Gain on disposal of operating assets		**15,993**	-
Rental income - sub-lease property under Ijarah	32.1	**35,551**	38,233
Liabilities written back	32.2	**35,731**	18,735
Reversal of restructuring cost		**-**	30,000
Income from scrap sales		**21,272**	-
Net income from services	32.3	**435**	1,599
		108,982	88,567
		109,408	89,470

32.1 Expenses in respect of sub-lease commercial property have been allocated to administrative expenses (note 30).

32.2 This includes an amount of Rs. 35.158 million in respect of commission payable recorded last year.

32.3 Net income from services

Nature of services	2014 Revenue	2014 Expenses	2014 Income	2013 Revenue	2013 Expenses	2013 Income
	---------------------- (Rupees in thousand) ----------------------					
Jointing	**475**	**40**	**435**	1,655	56	1,599

	Note	2014	2013
		(Rupees in thousand)	
33. FINANCE COSTS			
Mark-up on:			
- short-term borrowings		**115,838**	115,012
- long-term financings		**26,421**	-
Interest on Workers' Profits Participation Fund	24.2	**74**	2,576
Bank and other charges		**5,540**	2,897
		147,873	120,485
34. TAXATION			
Current - for the year		**29,732**	22,821
- prior year		**(621)**	(655)
	18	**29,111**	22,166
Deferred		**(67,834)**	(10,093)
	34.1	**(38,723)**	12,073

34.1 Relationship between tax expense and accounting profit

	2014 (Rupees in '000')
Loss before taxation	**(228,057)**
Tax at the rate of 34%	**(77,539)**
Tax effects of:	
Prior year tax	**(621)**
Effect of change of tax rate on deferred tax	**2,888**
Income under Final Tax Regime	**20,124**
Income at lower rate - separate block	**(6,755)**
Permanent differences	**5,705**
Deferred tax asset not recognised - for the year	**17,475**
	(38,723)

34.2 The income tax assessment of the Company has been finalised upto the tax year 2013. 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 or separate block of income.

	Note	2014	2013
		(Rupees in thousand)	
35. LOSS PER SHARE - Basic and Diluted			
Loss for the year after taxation		**(189,334)**	(12,310)
		------ (Number of shares) -----	
Weighted average ordinary shares in issue during the year		**10,763,959**	10,763,959
		------- (Rupees) -------	
Loss per share - basic and diluted		**(17.59)**	(1.14)

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

36. 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	
		2014	2013	**2014**	2013
	Note	(Rupees in '000')			
Managerial remuneration		**12,000**	12,000	**47,515**	42,314
Housing					
- Rent		**-**	-	**12,733**	11,087
- Utilities		**509**	1,011	**3,382**	3,053
- Other items		**1,356**	1,143	**713**	620
Medical		**-**	-	**1,686**	1,377
Retirement benefits		**1,100**	1,320	**3,618**	3,288
Compensated absences		**-**	1,167	**521**	2,249
Insurance		**1,504**	881	**-**	-
		16,469	17,552	**70,168**	63,988
Number of person(s)	36.3	**1**	1	**42**	36

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

36.2 Aggregate amount charged in these financial statements with respect to fee paid to executives and non executives directors was Rs. Nil and Rs. 1.700 (2013: Rs. Nil and Rs. 1.850) million, respectively

36.3 During the year, the Company has appointed new Chief Executive effective from May 01, 2014.

37. 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.

38. 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	2014	2013
		(Rupees in thousand)	
Transaction with holding company:			
Sikander (Pvt) Ltd.	Rent paid	**387**	-

Related parties	Nature of transaction	2014	2013
		(Rupees in thousand)	
Transactions with associated companies due to common directorship:			
Berger Paints Pakistan Ltd.	Purchase of goods	**93**	101
Cyber Internet Services (Pvt) Ltd.	Sale of goods	**23,041**	44,667
Century Insurance Company Ltd. (CICL)	Insurance premium paid to Century Insurance Company Ltd. [(CICL is co-insurer with 20% share (2013: 20% share)]	**1,517**	1,820
Staff retirement benefits:			
Dadex Eternit Ltd. - Provident Fund	Employer contribution	**10,440**	10,617

38.1 For the year ended June 30, 2014, the Company has not made any provision for doubtful debts relating to amounts owed by related parties except as disclosed in note 14.3 to these financial statements.

39. CASH FLOWS FROM OPERATING ACITIVITIES

	Note	2014	2013
		(Rupees in thousand)	
Loss before taxation		(228,057)	(237)
Adjustments for non cash and other items:			
Depreciation - property, plant and equipment	5.1	**63,271**	61,029
- investment property	7.1	**1,269**	-
Amortisation	6	**-**	-
Gain on disposal of operating assets	32	**(15,993)**	-
Interest income	32	**(66)**	(50)
Share of loss on investment in an associate	8	**(20)**	494
Impairment loss on plant and machinery	5.2.1	**501**	202
Finance costs	33	**147,873**	120,485
Working capital changes	39.1	**190,757**	(161,900)
		159,535	20,023

39.1 Working capital changes

	2014	2013
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	**(1,547)**	1,128
Stock-in-trade	**426,362**	(186,185)
Trade debts	**31,044**	(34,463)
Loans and advances	**35,567**	(17,659)
Trade deposits and short-term prepayments	**5,097**	(4,465)
Other receivables	**(5,795)**	(10,706)
Sales tax and excise duty - net	**28,157**	45,059
	518,885	(207,291)
Increase / (decrease) in current liabilities		
Trade and other payables	**(338,823)**	45,391
Sales tax and excise duty - net	**10,695**	-
	190,757	(161,900)

40. 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, 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, 2014. The policies for managing each of these risks are summarised below:

40.1 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, 2014 and 2013.

40.1.1 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 (Rs. in thousand)
2014	**+100**	**11,975**
	-100	**(11,975)**
2013	+100	9,239
	-100	(9,239)

40.1.2 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, 2014, 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, 2014 and 2013 are as follows:

	Increase / decrease in US Dollar and Euro to Pak Rupee	Effect on (loss) / profit before tax (Rs. in thousand)
2014	**+5%**	**5,162**
	-5%	**(5,162)**
2013	+5%	19,239
	-5%	(19,239)

40.1.3 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.

40.2 Credit risk

40.2.1 Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

40.2.2 The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

	Note	**2014**	2013
		(Rupees in thousand)	
Long-term loans	9	**1,619**	2,225
Long-term deposits	10	**6,597**	46,668
Trade debts	14.5	**16,882**	54,417
Loans and advances	15	**26,146**	61,713
Deposits	16	**15,079**	23,478
Other receivables	17	**18,891**	13,096
Bank balances	19	**3,730**	17,294
		88,944	218,891

DADEX

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

	2014	2013
	(Rupees in thousand)	
Bank Balances by short-term rating category (note 19)		
A1+	**2,288**	16,120
A- 1+	**478**	600
A-1	**590**	100
P-1	**470**	474
	3,826	17,294

40.3 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. As of June 30, 2014, the Company's current liabilities exceed its current assets by Rs. 567.163 million, but the Company is confident that it will have sufficient cash flows to meet its financial obligations in the foreseeable future.

The table below summarises the maturity profile of the Company's financial liabilities at June 30, 2014 and 2013 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 thousand)** -----------------------					
June 30, 2014						
Long-term financing	**-**	**-**	**119,702**	**237,256**	**-**	**356,958**
Trade and other payables	**251,684**	**232,416**	**30,964**	**-**	**-**	**515,064**
Accrued mark-up	**-**	**33,600**	**-**	**-**	**-**	**33,600**
Short-term borrowings	**-**	**-**	**840,871**	**-**	**-**	**840,871**
	251,684	**266,016**	**991,537**	**237,256**	**-**	**1,746,493**
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

40.4 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.

40.5 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, 2014 and 2013 were as follows:

	Note	**2014**	2013
		(Rupees in thousand)	
Long-term financing	23	**356,958**	100,000
Trade and other payables	24	**515,064**	854,271
Accrued mark-up		**33,600**	21,691
Short-term borrowings	25	**840,871**	824,290
Total debt		**1,746,493**	1,800,252
Cash and cash equivalents	19	**(6,694)**	(17,782)
Net debt		**1,739,799**	1,782,470
Total equity excluding surplus on revaluation of fixed assets		**113,667**	285,582
Total capital and net debt excluding surplus of revaluation on fixed assets		**1,853,466**	2,068,052
Gearing Ratio excluding the effect of surplus of revaluation of fixed assets		**93.87%**	86.19%
Total equity including surplus on revaluation of fixed assets	40.5.2	**894,439**	1,080,808
Total capital and net debt including surplus of revaluation on fixed assets		**2,634,238**	2,863,278
Gearing Ratio including the effect of surplus of revaluation of fixed assets		**66.05%**	62.25%

40.5.1 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.

40.5.2 This represent the amount of total equity including surplus on revaluation of fixed assets as the Company considers the surplus on revaluation of fixed asset as a part of the Company's equity. In view of the same, the management considers that business losses and resulting decrease in equity which will have any significant impact on the Company's operations.

41. 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, manufacturing and supply of rubber rings.
- 'Plastic' products segment includes PVC, Polydex, 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) -----------------			
2014				
TURNOVER - net	773,192	1,131,678	10,835	1,915,705
RESULT				
Segment result	20,274	(189,451)	(3,988)	(173,165)
Unallocated expense				
Other operating expenses				(16,447)
Other income				109,408
Finance costs				(147,873)
Share of profit on investment in an associate				20
Taxation				38,723
Loss for the year				(189,334)
OTHER INFORMATION				
Capital expenditure	-	8,145	315,568	323,713
Unallocated corporate capital expenditure				152
Total capital expenditure				323,865
Depreciation	1,305	9,624	-	10,929
Unallocated corporate depreciation and amortization				53,611
Total depreciation and amortisation				64,540
ASSETS AND LIABILITIES				
Segment assets	283,407	795,081	131,721	1,210,209
Unallocated corporate assets				1,438,453
Total assets				2,648,662
Segment liabilities	246,711	245,533	4,330	496,574
Unallocated corporate liabilities				1,260,614
Total liabilities				1,757,188

	Chrysotile Cement	Plastic	Others	Total
	(Rupees in thousand)			
2013				
TURNOVER - net	913,586	1,465,322	6,638	2,385,546
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

41.1 Geographical information

	Note	**2014**	2013
Turnover		**(Rupees in thousand)**	

The geographical information for turnover is given in note 27.

Non-current assets			
Pakistan		**1,565,933**	1,350,415

41.2 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.

41.3 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.

41.4 There are no inter-segment sales / purchases.

42. Operating assets disposed off

	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of buyer
	----------------------- (Rupees in thousand) -----------------------						
Plant and machinery							
Cement tank balker	4,678	2,651	2,027	4,950	2,923	Negotiation	Mr. Muhammad Khan Niazi
Vehicles and transportation Equipment							
Suzuki Cultus (No. ASW-923)	805	725	81	575	494	Negotiation	Anchor Commodities (Private) Limited Karachi
Suzuki Cultus (No. ASW-925)	805	725	81	600	519	Negotiation	Anchor Commodities (Private) Limited Karachi
Suzuki Cultus (No. ASW-926)	805	725	81	650	569	Negotiation	Anchor Commodities (Private) Limited Karachi
Suzuki Cultus (No. ASW-928)	805	725	81	650	569	Negotiation	Anchor Commodities (Private) Limited Karachi
Suzuki Cultus (No. ASW-924)	805	725	81	600	519	Negotiation	Anchor Commodities (Private) Limited Karachi
Office and fectory equipment							
Dell note book D630	140	74	66	60	(6)	Negotiation	Anchor Commodities (Private) Limited Karachi
Assets having book values less then Rs.50,000	20,392	20,194	198	10,604	10,406		
	29,235	**26,539**	**2,696**	**18,689**	**15,993**		

43. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on September 24, 2014 by the Board of Directors of the Company.

44. GENERAL

44.1 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.

44.2 Number of employees as at June 30, 2014 was 404 (2013: 555) and average number of employees during the year was 499 (2013: 560).

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

Sikander Dada
Chairman

Qazi Sajid Ali
Chief Executive

Muhammad Yousuf
Acting Chief Financial Officer

PATTERN OF SHAREHOLDING

AS ON JUNE 30, 2014

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	**1,062,748**	**9.87%**
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 - CEO / 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 - Director	717,097	6.66%
Executives	**110**	**0.00%**
Banks, Insurance Company & Others	**36,312**	**0.34%**
Shareholders holding five percent or more voting interest in the Company	**1,465,000**	**13.61%**
Province Limited	1,465,000	13.61%
Individuals	**1,398,699**	**13.00%**
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, 2014, our Director, Mr. Sikander Dada has bought 107,511 shares from the General Public through Stock Exchange.

PATTERNOF SHAREHOLDING

As at June 30, 2014

Number of Share Holders	Share Holding from	Share Holding to	Total Shares Held
2,921	1	100	53,139
556	101	500	131,635
158	501	1,000	111,646
112	1001	5,000	220,442
14	5001	10,000	91,824
8	10001	15,000	97,625
1	15001	20,000	18,000
1	25001	30,000	29,751
1	30001	35,000	30,433
1	45001	50,000	48,900
1	50001	55,000	53,900
2	55001	60,000	119,800
2	90001	95,000	184,452
1	275001	280,000	279,198
1	310001	315,000	310,469
1	715001	720,000	717,097
1	1460001	1,465,000	1,465,000
1	6800001	6,805,000	6,800,648
3,783			**10,763,959**

Categories of Share Holders	Numbers of Share Holders	Numbers of Shares Held	Percentage of Issued Capital
Individual	3,758	2,461,557	22.87
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	17	35,496	0.33
	3,783	**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)					
2014	**1,915,705**	**(189,334)**	**2,648,662**	**-**	**0.00%**
2013	2,385,546	(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%

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 55th Annual General Meeting of the Company to be held on Thursday October 23, 2014 at 09:30 a.m. and or at any adjournment thereof.

As witness my/our hand/seal this ____________ day of ____________ 2014

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.

Affix
correct
postage

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

DADEX

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