

dynea

DYNEA PAKISTAN LIMITED

*27th Annual Report
For the year ended
30th June, 2009*

TABLE OF CONTENTS



	Page
Company Information	2
Vision and Mission Statements	3
Notice of Meeting	4
FINANCIAL STATEMENTS	
Directors' Report	5
Key Operating & Financial Data	8
Statement of Compliance With Code of Corporate Governance	10
Auditors' Review Report	12
Auditors' Report	13
Balance Sheet	14
Profit and Loss Account	15
Cash Flow Statement	16
Statement of Changes in Equity	17
Notes to the Financial Statements	18
Pattern of Shareholdings	41

COMPANY INFORMATION

Board of Directors :

Mr. Per Haga	<i>Chairman</i>
Mr. Rafiq M. Habib	
Mr. Shabbir Abbas	<i>Chief Executive Officer</i>
Mr. Alireza M. Alladin	
Mr. Chew Teck Liong	
Mr. Donald John Jenkin	
Mr. Farooq Hassan	

Chief Financial Officer & Company Secretary :

Mr. Muhammad Shakeel Uddin

Audit Committee :

Mr. Donald John Jenkin	<i>Chairman</i>
Mr. Alireza M. Alladin	<i>Member</i>
Mr. Farooq Hassan	<i>Member</i>

Bankers :

M/s. Habib Metropolitan Bank Ltd.
M/s. Habib Bank Limited
M/s. NIB Bank Limited
M/s. Standard Chartered Bank (Pakistan) Limited
M/s. United Bank Limited
M/s. Citi Bank N.A.

Auditors :

M/s. Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

Legal Advisors :

M/s. Sayeed & Sayeed, Advocates & Legal Consultants
M/s. Shahid Anwar Bajwa & Company
M/s. Zahid & Tariq Associates

Share Registrar :

Noble Computer Services (Pvt) Limited,
Mezzanine Floor, House of Habib (Siddiqsons Tower)
3-Jinnah Co-operative Housing Society,
Block 7/8, Shabrae Faisal, Karachi-75350.

Registered Office :

1st Floor, House of Habib (Siddiqsons Tower)
3-Jinnah Co-operative Housing Society,
Block 7/8, Sharea Faisal, Karachi-75350.

Factories :

- Hub Unit**
1) A101 - A105, A132 - A136,
Lasbella Industrial Estate Development Authority,
Hub Chowki, Distt. Lasbella, Baluchistan.
- Gadoon Unit**
2) 34-A, R-3, Industrial Estate,
Gadoon Amazai, District Swabi, N.W.F.P

VISION AND MISSION STATEMENTS*Vision*

Dynea Pakistan is Market Leader in its core and diversified business, delighting its customers by providing quality products at competitive price through development of Market, product range, technology and human capital whilst ensuring sound return to stakeholders.

Mission

Maximize productivity and sales of Formaldehyde, Amino Resins and Aminoplast Moulding Compounds and provide satisfaction to customers.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the twenty-seventh Annual General Meeting of the Company will be held at the ICAP Auditorium, ICAP Building, Chartered Accountants Avenue, Clifton, Karachi on October 26, 2009 at 01:00 p.m to transact the following business:

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2009 together with the Report of the Directors' and Auditors' thereon.
2. To approve a cash dividend of 15% (i.e. Rs.0.75 per share) as recommended by the Directors.
3. To appoint Auditors for the year 2009-2010 and to fix their remuneration. The present auditors M/s. Ford Rhodes Sidat Hyder & Co., Chartered Accountants being eligible offer themselves for re-appointment.

By the Order of the Board

Karachi : September 25, 2009

MUHAMMAD SHAKEEL UDDIN
Company Secretary

Notes:

1. The Share Transfer Books of the Company will remain closed from October 20, 2009 to October 26, 2009 (both days inclusive). Transfer received in order at the office of the Company's Share Registrars M/s. Noble Computer Sciences (Pvt) Ltd., Mezzanine Floor, House of Habib (Siddiqsons Tower) 3-Jinnah Co-Operative Housing Society, Main Shahrah-e-Faisal, Karachi-75350, at the close of business on October 19, 2009 will be treated in time for the purpose of payment of dividend.
2. A member eligible to attend and vote the meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. Proxy to be effective must be received by the company not less than 48 hours before the time for holding the meeting.
3. **FOR CDC ACCOUNT HOLDERS**
 - I. Account holders and sub-account holders who wish to attend the Annual General Meeting shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport in case of non-resident and in case of proxy must also enclose attested copy of his/her CNIC or Passport.
 - II. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the meeting (unless it has been provided earlier) along with proxy form.
4. Members are requested to communicate to the Company or the Share Registrars to the Company of any changes in their addresses.

DIRECTORS' REPORT

The Directors of your company are pleased to welcome you to the twenty seventh Annual General Meeting of your Company and place before you the Annual Report with the Audited Financial Statements of the Company for the year ended June 30, 2009.

During the year, sales amounting to Rs.1,297 million were generated as against sales of Rs.1,262 million registered during the previous year showing an increase of 2.7%. By the grace of Almighty Allah, the Company posted net profit before taxation amounting to Rs.77.20 million as compared to Rs.64.63 million earned during the previous year showing a growth of 19.43%. That increase in profitability was mainly attributed to judicious procurement of raw materials, better marketing strategies and plant efficiency.

The summarized results are as under:

	2009 Rs. '000	2008 Rs. '000
Profit before taxation	77,196	64,632
Provision for taxation	20,922	24,787
Profit /(loss) after taxation	56,274	39,845
Un-appropriated profit brought forward	141,006	101,161
Un-appropriated Profit carried forward	197,280	141,006

Resin Division

Sales of resin division amounted to Rs.733.199 million as compared to previous year's sales of Rs.688.219 million showing an improvement of 6.5%. This increase in sales revenue was attributed to price increase, while sales volume declined due to adverse economic, financial, electric outages and law and order situation that prevailed in the country.

Aminoplast Division

Total sales of aminoplast division during the year under review amounted to Rs.563.775 million as against Rs.573.755 million achieved during the previous year showing a decrease of 1.7%.

Moulding Compound Sales during the year remained under pressure mainly due to additional production capacity being added by our competitors and two new moulding compound plants, based on Chinese technology, were commissioned last year. The industry was also hit by adverse economic conditions and severe power outages.

Future Outlook

Resin sector which has been showing a strong growth for the last couple of years is expected to come under some pressure due to additional capacity for production of resin being added by our competitors and lower level of economic growth being witnessed in the Country.

Declining trend in our sales of Moulding Compound will continue and further decrease in Moulding sales volume is anticipated.

The Management being vigilant of the present situation is in the process of finalizing plans for taking necessary steps to safeguard our business interest in the market.

DIRECTORS' REPORT

Corporate Governance

The Directors of your company confirm compliance with the Corporate and Financial Reporting Framework of the Securities and Exchange Commission of Pakistan's Code of Corporate Governance for the following:

- a) The financial statements prepared by the management of the Company present fairly the Company's state of affairs, the result of its operations, cash flow and changes in equity.
- b) Proper books of account of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of the financial statement and any departure therefrom has been adequately disclosed.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts upon the Company ability to continue as a going concern unless final decision comes against us in respect of the Vend Fee and Permit fee case mentioned earlier.
- g) There has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations.
- h) We have prepared and circulated a statement of ethics and business practices to every Director and employee.
- i) The Board of Directors has adopted Vision and Mission statement.
- j) Information about taxes and levies is given in the notes to the accounts.
- k) Value of investment in the Company's provident fund scheme based on un-audited accounts for the year ended June 30, 2009 stands at Rs. 57.701 million.
- l) Statements are annexed in respect of the following:
 1. Key financial data for the last six years .
 2. Pattern of Shareholding.
- m) During the year under review, five meetings of the Board of Directors were attended as under:

Directors	Attended
Mr. Per Haga	5 (4 by alternate director)
Mr. Rafiq M. Habib	4 (1 by alternate director)
Mr. Shabbir Abbas	5
Mr. Alireza M. Alladin	5
Mr. Chew Teck Liong	4 (all by alternate director)
Mr. Donald John Jenkin	3
Mr. Farooq Hassan	3

DIRECTORS' REPORT**Earning per share**

Earning per share after taxation is Rs. 2.98 (2008: Rs. 2.11)

Vend Fee and Permit Fee

As regards Vend and Permit Fee case, Sindh High Court has already pronounced very strong and favorable decisions. Presently the case is pending with the learned Supreme Court of Pakistan. In view of the merits of the case and previous two favourable decisions of the Sindh High Court, the management is expecting a favourable decision from the apex Court and is making necessary efforts to continue as a going concern.

Appointment of Auditors

The retiring auditors M/s. Ford Rhodes Sidat Hyder & Co. Chartered Accountants, being eligible, offer themselves for re-appointment for the ensuing year. They have been given satisfactory rating under the Quality Control Review Programme of the Institute of Chartered Accountants of Pakistan.

Dividend

The Board of Directors is pleased to propose a dividend of Rs.0.75 per share (15%)

Acknowledgement

The Directors wish to acknowledge and appreciate the dedication and efforts of all of its employees and the management for achieving the results for the year. The support and cooperation received from the financial institutions, customers and other institutions associated with the Company is also gratefully acknowledged.

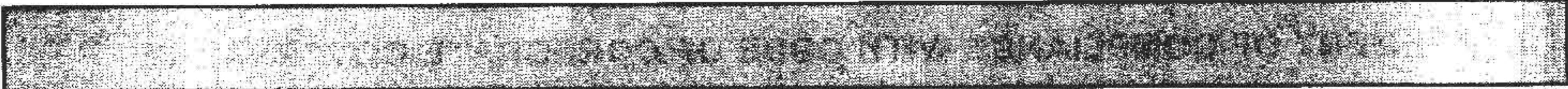
On behalf of the Board of Directors

Karachi: September 08, 2009

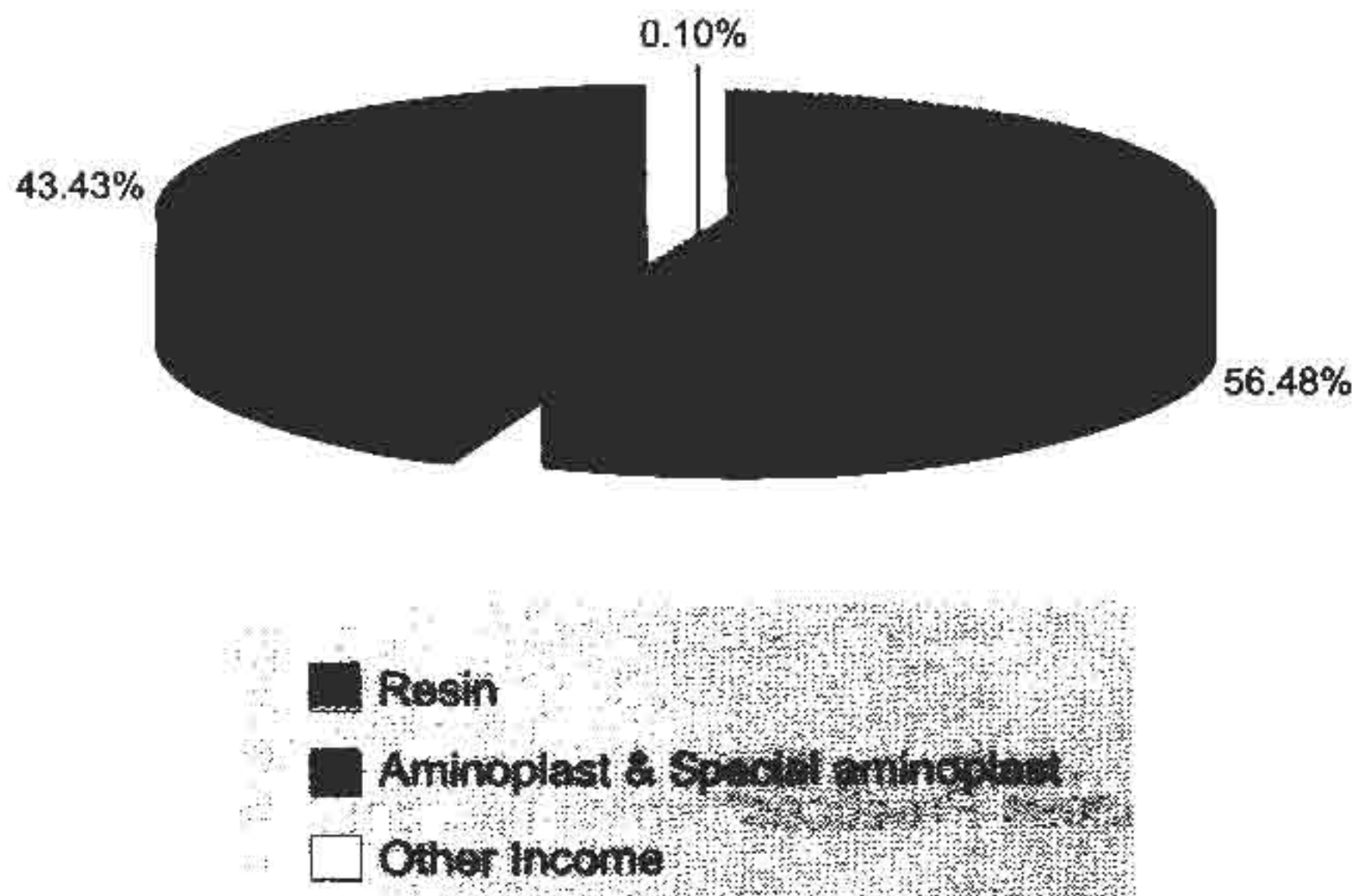
SHABBIR ABBAS
Chief Executive Officer

KEY OPERATING AND FINANCIAL DATA

	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
	----- Rupees in thousands -----					
<u>FINANCIAL POSITION:</u>						
SHAREHOLDERS EQUITY	392,642	336,368	296,523	292,967	256,443	255,332
TOTAL ASSETS	499,282	652,291	543,891	592,369	537,501	530,618
<u>OPERATING RESULTS:</u>						
TURNOVER	1,296,974	1,261,973	1,174,891	1,114,079	974,478	824,795
PROFIT / (LOSS) BEFORE TAXATION	77,196	64,632	27,119	60,195	9,356	(11,751)
TAXATION	(20,922)	(24,787)	(9,409)	(23,671)	(8,245)	10,870
PROFIT / (LOSS) AFTER TAXATION	56,274	39,845	17,710	36,524	1,110	(881)
EARNING / (LOSS) PER SHARE Rs.	2.98	2.11	0.94	1.94	0.06	(0.05)
CASH DIVIDEND %	-	-	15.00	-	-	-

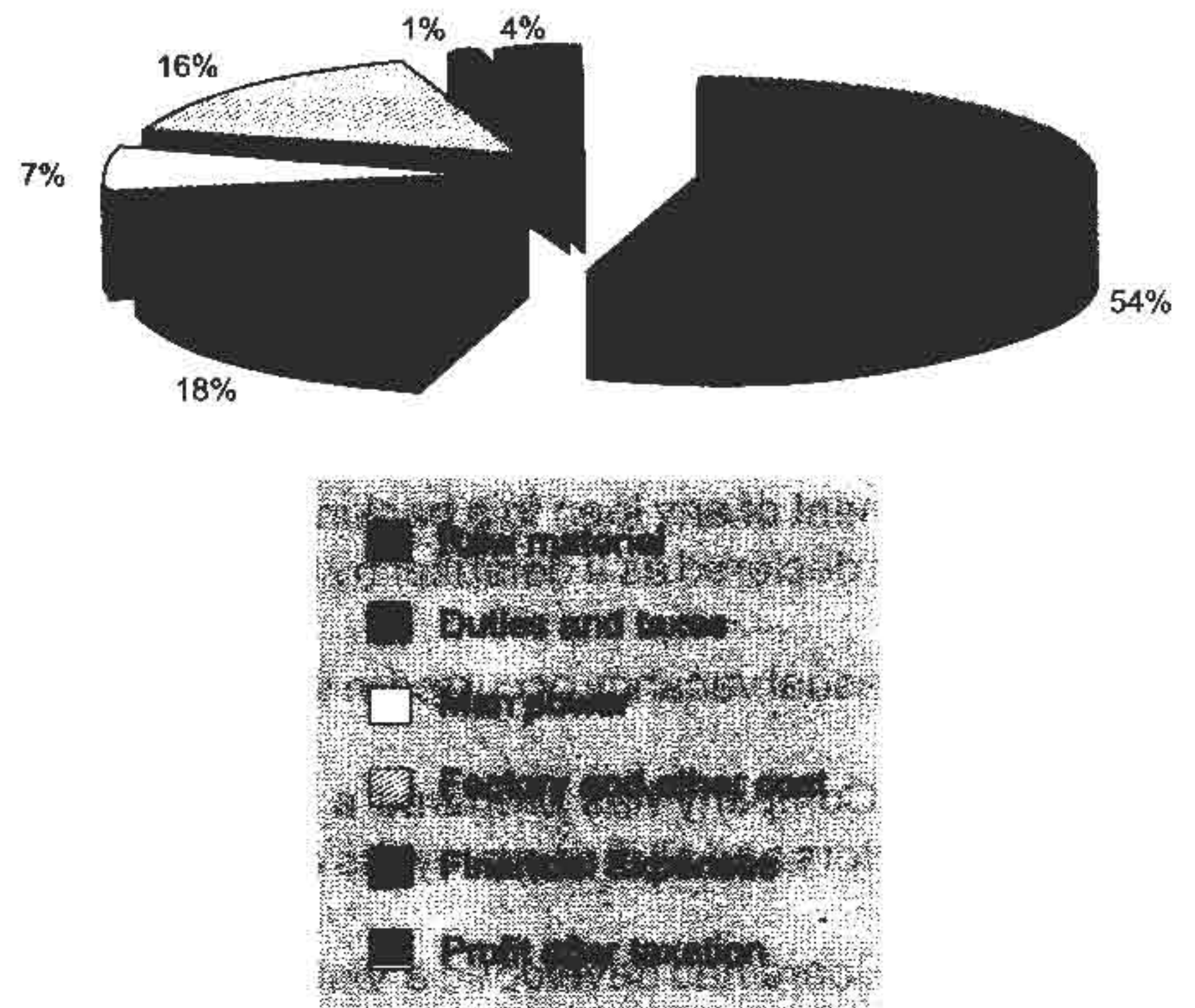


Sources of Income



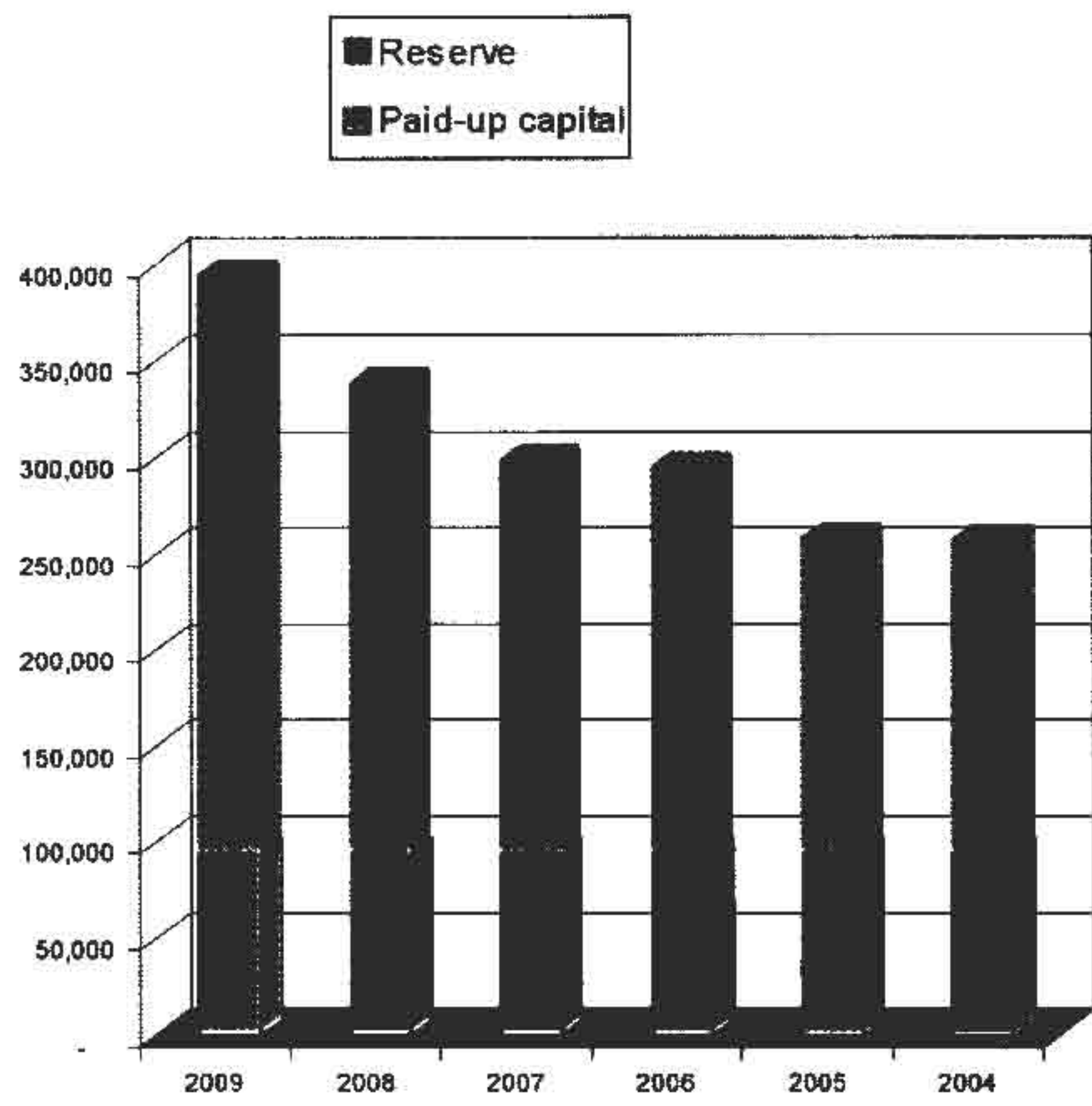
- Includes Sales Tax and Excise duty on Resin Rs. 124.846 million and on Aminoplast Rs. 95.840 million.

Application of Funds

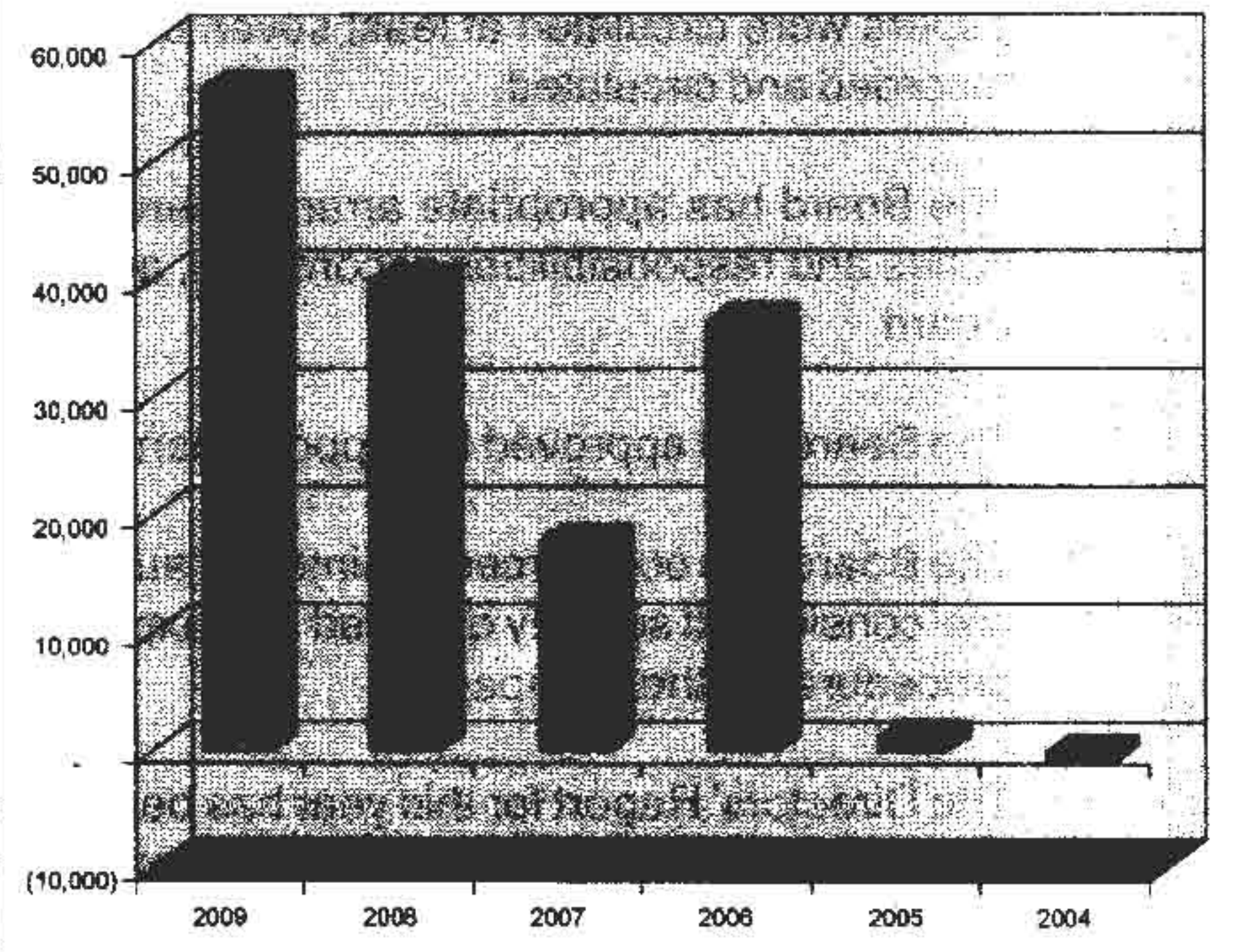


- Duties and taxes include Sales Tax and Excise duty amounting to Rs. 266.620 million paid on finished goods.

Shareholders' Equity



Profit after tax Rs. in'000



STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of Karachi and Lahore Exchanges of Pakistan 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 Code in the following manner:

1. The Board encourages representation of non-executive directors. At present out of seven directors, six directors are non-executive directors and there is no representation of minority shareholders.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies including the Company.
3. All the resident directors of the Company are registered as taxpayers and non of them has defaulted in the payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by the Stock Exchange.
4. No casual vacancy occurred in the Board during the year.
5. The Company has prepared a "Statement of Ethics and Business Practices" which has been signed by directors and all the employees of the Company.
6. The Board has developed a 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 have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman of the Company. In his absence, meeting was presided by other non-executive director elected by the directors present in the meeting. The Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers were circulated at least seven days before the meeting. The minutes of the meeting appropriately recorded and circulated.
9. The Board has appropriate arrangements in place of orientation of the directors to apprise them of their duties and responsibilities accordingly, arranging orientation course was not considered necessary by the Board.
10. The Board had approved the appointment of CFO and Company Secretary of the Company.
11. The Board has outsourced the internal audit function to M/s Noble Computer Services (Private) Limited who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
12. The Directors' Report for this year has been prepared in compliance with the requirements of the Corporate Governance and fully describes the salient matters required to be disclosed.
13. The financial statements of the Company are duly endorsed by CEO and CFO before approval of the Board.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

15. The Board has formed an audit committee which comprises of three members, the Chairman and the members of the committee are non-executive directors.
16. 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.
17. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code.
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under quality control review program of the Institute of Chartered Accountants of Pakistan, that 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 Institute of Chartered Accountants of Pakistan.
19. 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 respect.
20. We confirm that all other material principles contained in the Code have been complied with except present position of CFO and Company Secretary held by the same person. The said decision has been taken by the Board keeping in view of the size of the Company.

SHABBIR ABBAS
Chief Executive Officer

DONALD JOHN JENKIN
Director

Karachi : September 08, 2009

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE

WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Dynea Pakistan Limited (the Company) to comply with the Listing Regulation No. 35 of the Karachi Stock Exchange (Guarantee) Limited and chapter XIII of the Lahore Stock Exchange (Guarantee) 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, Sub-Regulation (xiii) of Listing Regulations 37 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires 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, effective for the year ended 30 June 2009.

Karachi : September 08, 2009

CHARTERED ACCOUNTANTS

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **DYNEA PAKISTAN LIMITED** as at **30 June 2009** and the related profit and loss account, 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 information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

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

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the 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 the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity 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 2009 and of the profit, its 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)

Without qualifying our opinion, we draw attention to note 17.3 to the financial statements. The Company is defendant in a lawsuit alleging non-payment of vend and permit fee of Rs. 802.463 million on methanol to the Excise and Taxation Department, Government of Sindh. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in these financial statements. In the event of an unsuccessful outcome, there is a substantial doubt that the Company will be able to continue as a going concern.

Chartered Accountants

Karachi : September 08, 2009

Audit Engagement Partner:
Riaz A. Rehman Chamdia

BALANCE SHEET AS AT JUNE 30,

<u>ASSETS</u>	Note	2 0 0 9 Rupees	2 0 0 8 Rupees
NON-CURRENT ASSETS			
Property, plant and equipment	3	123,265,391	132,307,057
Long-term loans	4	56,904	52,737
Long-term deposits	5	1,253,526	1,333,820
		<u>124,575,821</u>	<u>133,693,614</u>
CURRENT ASSETS			
Stores and spares	6	6,077,371	7,101,531
Stock-in-trade	7	155,160,484	233,112,330
Trade debts	8	162,546,661	207,221,326
Loans, advances, deposits, prepayments and other receivables	9	23,385,892	53,469,215
Taxation - net		2,634,473	-
Cash and bank balances	10	24,901,315	17,692,988
		<u>374,706,196</u>	<u>518,597,390</u>
TOTAL ASSETS		<u>499,282,017</u>	<u>652,291,004</u>
<u>EQUITY AND LIABILITIES</u>			
SHARE CAPITAL AND RESERVES			
Authorised capital 40,000,000 (2008: 40,000,000) ordinary shares of Rs. 5/- each		<u>200,000,000</u>	<u>200,000,000</u>
Issued, subscribed and paid up capital	11	94,362,065	94,362,065
Reserves	12	298,279,752	242,005,546
		<u>392,641,817</u>	<u>336,367,611</u>
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease	13	2,756,119	4,862,094
Deferred taxation	14	1,422,437	3,357,752
		<u>4,178,556</u>	<u>8,219,846</u>
CURRENT LIABILITIES			
Trade and other payables	15	84,100,221	132,744,359
Accrued mark-up		861,691	1,508,447
Short-term borrowings	16	11,144,291	160,179,975
Current maturity of liabilities against assets subject to finance lease	13	2,918,214	2,307,165
Taxation - net		-	7,065,838
Sales tax payable		3,437,227	3,897,763
		<u>102,461,644</u>	<u>307,703,547</u>
CONTINGENCIES AND COMMITMENTS	17		
TOTAL EQUITY AND LIABILITIES		<u>499,282,017</u>	<u>652,291,004</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30,

	Note	2009 Rupees	2008 Rupees
Turnover - net	18	1,296,974,070	1,261,973,380
Cost of sales	19	(1,083,867,296)	(1,073,982,827)
Gross Profit		213,106,774	187,990,553
Distribution costs	20	(74,225,085)	(65,522,002)
Administrative expenses	21	(36,692,565)	(35,212,735)
		(110,917,650)	(100,734,737)
Other operating income	22	1,492,136	227,069
		103,681,260	87,482,885
Finance costs	23	(20,328,688)	(11,075,034)
Other charges	24	(6,156,862)	(11,775,755)
		(26,485,550)	(22,850,789)
Profit before taxation		77,195,710	64,632,096
Taxation	25	(20,921,504)	(24,787,285)
Profit after taxation		56,274,206	39,844,811
Basic and diluted earnings per share	26	2.98	2.11

The annexed notes from 1 to 35 form an integral part of these financial statements.

SHABBIR ABBAS
Chief Executive Officer

ALIREZA M. ALLADIN
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30,

	Note	2009 Rupees	2008 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		77,195,710	64,632,096
Adjustments for :			
Depreciation		23,556,585	25,675,129
Provision for impairment of debts		59,080	245,411
Finance costs		20,328,688	11,075,034
(Gain)/loss on disposal of property, plant and equipment		(748,474)	975,855
Operating profit before working capital changes		43,195,879	37,971,429
		120,391,589	102,603,525
(Increase)/ decrease in current assets			
Stores and spares		1,024,160	(100,455)
Stock - in - trade		77,951,846	(69,293,363)
Trade debts		44,615,585	(584,702)
Loans, advances, deposits, prepayments and other receivables		30,083,323	(44,842,266)
		153,674,914	(114,820,786)
Increase/ (decrease) in current liabilities			
Trade and others payables		(63,644,484)	60,766,272
Sales tax payable		(460,536)	(462,387)
		(64,105,020)	60,303,885
Cash generated from operations		209,961,483	48,086,624
Finance costs paid		(20,975,444)	(11,359,244)
Income tax paid		(32,557,130)	(26,171,877)
Decrease in long-term loans and deposits		76,127	910,289
Net cash generated from operating activities		156,505,036	11,465,792
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(15,030,474)	(7,647,464)
Proceeds from disposal of property, plant and equipment		2,588,380	1,131,000
Net cash used in investing activities		(12,442,094)	(6,516,464)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of short term borrowings - net		-	(123,406,801)
Lease rentals paid		(2,819,277)	(1,274,279)
Dividends paid		(24,449)	(16,861)
Net cash used in financing activities		(2,843,726)	(124,697,941)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		141,219,216	(119,748,613)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		(127,462,192)	(7,713,579)
CASH AND CASH EQUIVALENTS AT THE END OF YEAR		13,757,024	(127,462,192)
CASH AND CASH EQUIVALENTS COMPRISE:			
Cash and bank balances	10	24,901,315	17,692,988
Running finances under mark-up arrangements	16	(11,144,291)	(145,155,180)
		13,757,024	(127,462,192)

The annexed notes from 1 to 35 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR

ENDED JUNE 30, 2009

	Issued, subscribed and paid-up capital	Revenue Reserves			Total
		General reserve	Unappropriated profit	Total	
-----Rupees-----					
Balance as at June 30, 2007	94,362,065	101,000,000	101,160,735	202,160,735	296,522,800
Profit for the year	-	-	39,844,811	39,844,811	39,844,811
Balance as at June 30, 2008	<u>94,362,065</u>	<u>101,000,000</u>	<u>141,005,546</u>	<u>242,005,546</u>	<u>336,367,611</u>
Profit for the year	-	-	56,274,206	56,274,206	56,274,206
Balance as at June 30, 2009	<u>94,362,065</u>	<u>101,000,000</u>	<u>197,279,752</u>	<u>298,279,752</u>	<u>392,641,817</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

SHABBIR ABBAS
Chief Executive Officer

ALIREZA M. ALLADIN
Director



NOTES TO THE FINANCIAL STATEMENTS

IAS 23 (Amendment) 'Borrowing costs' (effective from January 1, 2009). It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (on that take substantial period of time to get ready for use or sale) as part of the cost of that asset. On adoption of the above amendment, the option of immediately expensing those borrowing costs will be withdrawn and will result in change in accounting policy. This amendment is not expected to have a significant effect on the Company's financial statements, as the Company does not have any borrowing for acquisition, construction or production of qualifying asset.

The other standards, amendments and interpretations effective from the accounting periods beginning on July 01, 2009 are not stated here as these are considered not to be relevant or to have any significant effect on the Company's operations.

2.3 Adoption of new accounting standards

The Company has adopted the following new and amended IFRS and IFRIC interpretations as of July 01, 2008:

IFRS 7 -	Financial Instruments: Disclosures
IFRIC 12 -	Service concession arrangements
IFRIC 13 -	Customer loyalty programmes; and
IFRIC 14 -	IAS 19 The limit on defined benefit asset, minimum funding requirement and their interactions

Adoption of these standards and interpretations did not have any material effect on the financial statements of the Company except for certain additional disclosures in respect of IFRS 7 included in the relevant notes to the financial statements.

2.4 Accounting convention

These financial statements have been prepared under the historical cost convention.

2.5 Significant accounting judgments and estimates

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. 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 recognized in the period in which the estimate is revised and in any future periods affected.

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

- (a) determining the residual values and useful lives of property, plant and equipment (Note 2.6);
- (b) impairment of inventories / adjustment of inventories to their net realizable value (Note 2.8);
- (c) provision for impairments of trade debts and other receivables (Note 2.9);
- (d) recognition of taxation and deferred tax (Note 2.18); and
- (e) contingencies (Note 17)

NOTES TO THE FINANCIAL STATEMENTS

2.6 Property, plant and equipment

Owned

These are stated at cost less accumulated depreciation and impairment in value, if any, except for freehold land which is stated at cost. Depreciation is charged to income using the reducing balance method, other than freehold land which is determined to have an indefinite life, at the rates specified in note 3 to the financial statements. Depreciation on additions is charged from the month of addition and in case of deletion up to the month of disposal.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired. Gains and losses on disposal of fixed assets are taken to profit and loss account currently.

Leasehold land is amortised in equal installments over the lease period.

Leased

Assets held under finance leases are capitalised at the lower of present value of the minimum lease payments at the inception of the lease term and the fair value of leased assets. The related obligations under finance lease less finance charges allocated to future periods are shown as liabilities. Finance cost is calculated at the rate implicit in the lease and is charged to profit and loss account. Depreciation is charged to income on the same basis as for owned assets.

2.7 Stores and spares

These are valued at the lower of cost and net realizable value (NRV). Cost is determined on weighted average basis. Stores and spares are regularly reviewed by the management and obsolete items if any, are brought down to their NRV.

2.8 Stock-in-trade

These are stated at the lower of NRV and cost determined as follows:

Raw and packing materials	-	Weighted average cost.
Finished goods	-	Cost of direct materials and labour plus attributable overheads.
Goods in transit and stock in bonded warehouse	-	Invoice price plus other charges paid thereon.

NRV signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.9 Trade debts and other receivables

Trade debts originated by the Company are recognized and carried at original invoice amount less provision for impairment. Other receivables are carried at cost less provision for impairment. Provision for impairment is based on management's assessment of customers outstanding, and credit worthiness. Bad debts are written off as and when identified.

2.10 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, bank balances and bank deposits net of running finances. The cash and cash equivalents are readily available known amount of cash and are therefore subject to insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS

2.11 Staff retirement benefits

Defined contribution plan

The Company operates a recognised provident fund for its permanent employees. Equal monthly contributions are made to the fund by the Company and the employees in accordance with the rules of the scheme. The Company has no further obligation once the contributions have been paid. The contributions made by the Company are recognised as employee benefit expense when they are due.

2.12 Compensated absences

The Company accounts for these benefits in the accounting period in which the absences are earned.

2.13 Trade and other payables

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

2.14 Dividends and appropriation to reserves

Dividend and appropriation to the reserves are recognized in the period in which these are approved.

2.15 Revenue recognition

Sales are recorded when goods are dispatched to customers.

Profit on bank deposits is recognized on an accrual basis.

2.16 Foreign currency transactions

Transactions in foreign currencies are translated into rupees at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into rupees at the rates of exchange prevailing at the balance sheet date.

Exchange differences are taken to the profit and loss account.

2.17 Borrowing costs

Borrowing costs are recognized as expense, in the period in which these are incurred.

2.18 Taxation

2.18.1 Current

Provision for taxation is based on taxable income at the current rate of tax after taking into account applicable tax credits, rebates and exemptions available, if any.

2.18.2 Deferred

Deferred tax is provided using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes.

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

NOTES TO THE FINANCIAL STATEMENTS

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduces to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax loss) that have been enacted or substantively enacted at the balance sheet date.

2.19 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. Financial assets are derecognised when the contractual rights that comprise the financial assets are realised, expired or surrendered. Financial liabilities are derecognised when they are extinguished - that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to the profit and loss account.

2.20 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to recognize the asset and settle the liability simultaneously. Corresponding income and expenditure is also netted off and reported on a net basis in the profit and loss account.

2.21 Related party transactions

All transactions with related parties are priced on an arm's length basis. Prices for these transactions are determined on the basis of admissible valuation methods.

2.22 Impairment of assets

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. Impairment losses are recognized in the profit and loss account.

2.23 Provisions

Provisions are recognised in the balance sheet where the Company has a legal or constructive obligation as a result of past event, and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

2.24 Segment reporting

A segment is a distinguishable component within a Company that is engaged in providing products and under a common control environment (business segment), or in providing products within a particular economic environment (geographical segments), which is subject to risks and returns that are different from those of other segments.

2.25 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT
3.1 The following is a statement of operating assets:

	2009					2009				
	COST				Rate	ACCUMULATED DEPRECIATION				Written down value as at June 30, 2009
	As at July 01, 2008	Additions/ transfers*	Disposals / write off**	As at June 30, 2009		As at July 01, 2008	Charge for the year / transfer*	Disposals / write off**	As at June 30, 2009	
Rupees				%	Rupees				Rupees	
Owned										
Freehold land	859,961	-	-	659,961	-	-	-	-	-	659,961
Leasehold land	4,164,884	-	-	4,164,884	99 years	472,082	42,062	-	514,144	3,650,740
Buildings on freehold land	20,307,457	-	-	20,307,457	10	13,808,874	649,857	-	14,458,731	5,848,726
Buildings on leasehold land	38,373,911	-	-	38,373,911	10	21,669,331	1,670,457	-	23,339,788	15,034,123
Plant and machinery	297,530,607	14,673,850	(641,814)	311,562,643	20	213,765,119	16,842,632	(433,930)	230,173,821	81,388,822
Electrical installations	16,338,433	-	-	16,338,433	20	12,765,818	714,522	-	13,480,340	2,858,093
Furniture and fixtures	-	139,054	-	139,054	20	-	4,635	-	4,635	134,419
Office equipments	2,146,516	35,150	-	2,181,666	20	1,034,371	228,874	-	1,263,245	918,421
Computers and accessories	2,663,884	182,420	(204,436)	2,641,868	50	2,268,903	229,065	(185,558)	2,312,410	329,458
Vehicles	10,742,942	359,000 *	(3,288,607)	7,813,335	20	3,766,580	1,261,339	(1,855,275)	3,336,349	4,476,986
Storage tanks	3,156,035	-	(649,000)	2,507,035	20	2,166,950	194,147	(469,188)	1,891,909	615,126
	396,084,630	15,030,474	(3,493,043)	406,690,247		271,718,028	21,837,590	(2,040,833)	290,775,372	115,914,875
		359,000	(1,290,814)**				163,705 *	(903,118)**		
Leased assets										
Vehicles	2,906,000	1,324,351	-	3,871,351	20	1,297,212	452,662	-	1,586,169	2,285,182
Plant and machinery	6,550,000	-	-	6,550,000	20	218,333	1,266,333	-	1,484,666	5,065,334
	9,456,000	1,324,351	-	10,062,351		1,515,545	1,718,995	-	3,070,835	7,350,516
		359,000 *					163,705 *			
	405,540,630	16,354,825	(3,493,043)	416,752,598		273,233,573	23,556,585	(2,040,833)	293,846,207	123,265,391
			(1,290,814)**					(903,118)**		

** During the year, operating fixed assets having written down value amounting to Rs. 387,696 were written off.

	2008					2008				
	COST				Rate	ACCUMULATED DEPRECIATION				Written down value as at June 30, 2008
	As at July 01, 2007	Additions	Disposals	As at June 30, 2008		As at July 01, 2007	Charge for the year	Disposals	As at June 30, 2008	
Rupees				%	Rupees				Rupees	
Owned										
Freehold land	659,961	-	-	659,961	-	-	-	-	-	659,961
Leasehold land	4,164,884	-	-	4,164,884	99 years	430,020	42,062	-	472,082	3,692,802
Buildings on freehold land	20,307,457	-	-	20,307,457	10	13,086,810	722,064	-	13,808,874	6,498,583
Buildings on leasehold land	38,373,911	-	-	38,373,911	10	19,813,271	1,856,060	-	21,669,331	16,704,580
Plant and machinery	297,869,321	3,648,557	(3,987,271)	297,530,607	20	197,468,913	19,360,020	(3,063,814)	213,765,119	83,765,488
Electrical installations	16,400,087	-	(61,654)	16,338,433	20	11,928,242	893,354	(55,778)	12,765,818	3,572,615
Furniture and fixtures	2,444,190	-	(2,444,190)	-	20	1,957,535	16,231	(1,973,766)	-	-
Office equipments	2,015,989	523,317	(392,790)	2,146,516	20	1,142,293	212,749	(320,671)	1,034,371	1,112,145
Computers and accessories	2,600,084	307,500	(243,700)	2,663,884	50	2,050,373	387,289	(168,759)	2,268,903	394,981
Vehicles	9,165,570	3,168,090	(1,590,718)	10,742,942	20	3,479,762	1,317,498	(1,030,680)	3,766,580	6,976,362
Storage tanks	3,156,035	-	-	3,156,035	20	1,919,679	247,271	-	2,166,950	989,085
	397,157,489	7,647,464	(6,720,323)	396,084,630		253,276,898	25,054,598	(6,613,468)	271,718,028	124,366,602
Leased assets										
Motor vehicles	2,906,000	-	-	2,906,000	20	895,014	402,198	-	1,297,212	1,608,788
Plant and machinery	-	6,550,000	-	6,550,000	20	-	218,333	-	218,333	6,331,667
	2,906,000	6,550,000	-	9,456,000		895,014	620,531	-	1,515,545	7,940,455
	400,063,489	14,197,464	(6,720,323)	405,540,630		254,171,912	25,675,129	(6,613,468)	273,233,573	132,307,057

NOTES TO THE FINANCIAL STATEMENTS

3.2 The following property, plant and equipment were disposed off during the year:

	Original Cost	Accumulated depreciation	Down Value	Sale proceeds	Gain/ (loss) (Note 22)	Mode of disposal	Particulars of buyers
	Rupees						
Cultus AGP-968	560,000	324,412	235,588	355,786	120,198	Negotiation	Mrs. Shaista Tabasum Staff town, University of Karachi
Toyota Corolla AKP -148	879,000	380,510	498,490	825,786	327,296	Negotiation	Mr. Javed Iqbal House 436, 4/DK, Orangi Town, Karachi
Toyota Corolla AKT -659	969,000	487,859	481,141	317,522	(163,619)	Company Scheme	Mr Muhammad Bashir Khan , Karachi (Ex-Employee)
Coure CL AJS-743	359,000	170,214	188,786	330,786	142,000	Negotiation	Mr. Syed Sabir Hussain Shah Hashmi 5-B, 4/15 Nazimabad, Karachi
Toyota Hilux D/Cabin D -1129	452,607	436,062	16,545	700,000	683,455	Negotiation	Muhammad Ali , Gadoon District Swabi
Honda CD 70 KCT-7641	69,000	56,218	12,782	37,500	24,718	Insurance Claim	Habib Insurance Company Limited (related party)
Computers and accessories having book value less than Rs. 50,000/-	204,436	185,458	18,878	21,000	2,122	Negotiation	Various
	<u>3,493,043</u>	<u>2,040,833</u>	<u>1,452,210</u>	<u>2,588,380</u>	<u>1,136,170</u>		

3.3 Depreciation charge for the year has been allocated as follows:

	Note	2009 Rupees	2008 Rupees
Cost of sales	19	22,313,335	24,357,710
Distribution costs	20	291,697	293,282
Administrative expenses	21	951,55	1,024,137
		<u>23,556,585</u>	<u>25,675,129</u>

4. LONG-TERM LOANS

Unsecured - considered good

	Note	2009 Rupees	2008 Rupees
Due from employees	4.1	138,764	164,983
Less: Current portion shown under current assets	9	81,860	112,246
		<u>56,904</u>	<u>52,737</u>

4.1 Interest free loans were granted for purchase of property, motor vehicles and for miscellaneous purposes to the employees of the Company repayable in three years. These loans are secured against the retirement benefits of the employees.

5. LONG-TERM DEPOSITS

	Note	2009 Rupees	2008 Rupees
Water and Power Development Authority		823,200	823,200
Lasbela Industrial Estate Development Authority		212,870	212,870
Others		217,456	297,750
		<u>1,253,526</u>	<u>1,333,820</u>

NOTES TO THE FINANCIAL STATEMENTS

	Note	2009 Rupees	2008 Rupees
6. STORES AND SPARES			
Stores		3,342,554	1,775,231
Spares		2,734,817	5,326,300
		<u>6,077,371</u>	<u>7,101,531</u>
7. STOCK-IN-TRADE			
Raw material:			
In hand		106,020,287	93,161,812
In bonded warehouse		32,273,980	41,449,794
In transit		2,386,383	79,652,673
		140,680,650	214,264,279
Packing material		2,029,620	3,115,991
		142,710,270	217,380,270
Finished goods		12,450,214	15,732,060
		<u>155,160,484</u>	<u>233,112,330</u>
8. TRADE DEBTS unsecured			
Considered good	8.1	162,605,741	207,221,326
Considered doubtful		40,000,000	39,940,920
		202,546,661	247,162,246
Less: Provision for impairment	8.2	40,000,000	39,940,920
		<u>162,546,661</u>	<u>207,221,326</u>
8.1	Includes amount of Rs. 17.75 million (2008: Rs. 20.46 million) due from Thal Limited a related party.		
8.2	Reconciliation of provision for impairment of trade debts		
Opening provision		39,940,920	39,695,509
Charge for the year		22,978,691	20,000,000
Less: Reversal during the year		(22,919,611)	(19,754,589)
Balance at the end of the year		<u>40,000,000</u>	<u>39,940,920</u>

NOTES TO THE FINANCIAL STATEMENTS

	Note	2009 Rupees	2008 Rupees
8.3 The aging of trade debts at June 30 is as follows			
Neither past due nor impaired		120,168,625	180,029,452
Past due but not impaired			
- 61 to 90 days		24,267,035	14,662,983
- 91 to 180 days		18,111,001	13,020,961
		<u>162,546,661</u>	<u>207,221,326</u>
9. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Loans and advances - unsecured, considered good			
Current portion of long term loans - employees	4	81,860	112,246
Advances			
- Suppliers and contractors		20,400,105	12,926,279
- Employees		2,173,108	2,327,753
		<u>22,573,213</u>	<u>15,254,032</u>
		<u>22,655,073</u>	<u>15,366,278</u>
Deposits and prepayments			
Margin against letters of credit		-	37,586,140
Prepayments		593,428	516,797
		<u>593,428</u>	<u>38,102,937</u>
Other receivables	9.1	137,391	-
		<u>23,385,892</u>	<u>53,469,215</u>
9.1 This includes amount of Rs. 0.079 million (2008: Rs. Nil million) due from Shabbir Tiles & Ceramics Limited a related party.			
10. CASH AND BANK BALANCES	Note	2009 Rupees	2008 Rupees
Cash in hand		185,228	645,967
Cash at banks - current accounts		24,716,087	17,047,021
		<u>24,901,315</u>	<u>17,692,988</u>
11. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
Number of ordinary shares of Rs. 5/- each/			
2009	2008		
8,316,000	8,316,000	Fully paid in cash	41,580,000
10,556,413	10,556,413	Issued as fully paid bonus shares	52,782,065
<u>18,872,413</u>	<u>18,872,413</u>		<u>94,362,065</u>

The shares held by related parties as at June 30, 2009 were 7,221,917 (2008: 7,221,917) ordinary shares of Rs. 5/- each.

NOTES TO THE FINANCIAL STATEMENTS

	Note	2009 Rupees	2008 Rupees
15. TRADE AND OTHER PAYABLES			
Trade creditors		4,219,994	4,733,959
Bills payable		1,874,500	57,401,324
Accrued liabilities	15.1	45,604,897	43,602,545
Infrastructure cess payable	17.2	20,324,133	16,620,035
Workers' Welfare Fund		1,620,922	1,577,191
Workers' Profit Participation Fund	15.2	4,148,244	3,497,616
Tax deducted at source		1,027,019	6,727
Unclaimed and unpaid dividend		728,074	752,524
Vend / permit fee	15.3	4,552,438	4,552,438
		<u>84,100,221</u>	<u>132,744,359</u>
15.1 This includes due to the following related parties			
Habib Insurance Company Limited		688,276	-
Shabbir Tiles & Ceramics Limited		103,460	120,000
Thal Limited		-	4,819
		<u>791,736</u>	<u>124,819</u>
15.2 WORKERS' PROFIT PARTICIPATION FUND			
Balance at the beginning of the year		3,497,616	1,490,910
Interest on funds utilized in the Company's business		103,998	41,240
		<u>3,601,614</u>	<u>1,532,150</u>
Allocation for the year		4,148,244	3,497,616
		<u>7,749,858</u>	<u>5,029,766</u>
Less: Payments during the year		3,601,614	1,532,150
Balance at the end of the year		<u>4,148,244</u>	<u>3,497,616</u>
15.3 This represents amount charged to certain customers in respect of vend and permit fee. Depending on the outcome of the law suit mentioned in note 17.3, the amount would either be paid to the Excise and Taxation Department, Government of Sindh or refunded to the customers. The Company has discontinued this practice of charging the fee from July 2002 in accordance with the industrial norms.			
16. SHORT-TERM BORROWINGS secured			
From banking companies			
Running finance under mark-up arrangements	16.1	11,144,291	145,155,180
Trust receipts (TR)	16.2	-	15,024,795
		<u>11,144,291</u>	<u>160,179,975</u>

NOTES TO THE FINANCIAL STATEMENTS

16.1 Running finance under mark-up arrangements

These facilities have been obtained from various banks and are secured by hypothecation of stores and spares, stock-in-trade and trade receivables and are payable quarterly. The facilities available under mark-up arrangements amount to Rs. 320 million (2008: Rs. 320 million) of which the amount unavailed at the year end was Rs.309 million (2008: Rs. 174.845 million). The rate of mark-up on running finances ranges from 12.87 percent to 16.87 percent (2008: 10.30 percent to 13.66 percent) per annum.

16.2 Trust Receipt

This facility has been obtained from a bank and is secured by hypothecation of stores and spares, stock-in-trade and trade receivables and is payable quarterly. The facility available under mark-up arrangement amounts to Rs. 65 million (2008: 65 million) of which the amount unavailed at the year end was Rs.65 million (2008: Rs. 49.975 million). The rate of mark-up on this facility is three months KIBOR+1.095% (2008: three months KIBOR+1%) per annum.

17. CONTINGENCIES AND COMMITMENTS

Contingencies

- 17.1 Bank guarantees amounting to Rs. 3.314 million (2008: Rs. 3.447 million) have been issued to the Collector of Customs against import of raw material, Excise & Taxation Department against liability on account of vend and permit fee and Sui Southern Gas Company Limited against gas connection at Hub Plant.
- 17.2 The Divisional Bench of the Honourable High Court of Sindh through its order dated September 17, 2008 has declared the levy of Infrastructure Cess/Fee by the Excise and Taxation Department, Government of Sindh upto December 27, 2006 as ultra vires of the constitution. The levy subsequent to December 27, 2006 has been declared as valid and constitutional.

The Company has filed an appeal before the Honourable Supreme Court of Pakistan against the above order of the Honourable High Court of Sindh where by the Honourable High Court of Sindh had declared infrastructure cess/fee subsequent to December 27, 2006 as valid and constitutional. The Honourable Supreme Court of Pakistan has accepted the petition and granted stay order against the payment of levy subject to the submission of bank guarantees.

The Company has decided not to reverse the liability pertaining to the periods prior to December 27, 2006 as the Excise Department, Government of Sindh and also filed an appeal before the Honourable Supreme Court of Pakistan against the above order of the Honourable High Court of Sindh. Therefore, the Company continues to provide for infrastructure cess/fee liability in the financial statements until the matter is finally decided by the Honourable Supreme Court of Pakistan.

An amount of Rs. 1.426 million (2008: Rs. 2.130 million) is an un-utilized portion of a bank guarantee issued in favour of Excise and Taxation Department, Government of Sindh against the levy of infrastructure cess on the imported goods. The utilized portion of bank guarantee amounting to Rs. 20.324 million (2008: Rs. 16.620 million) is shown under infrastructure cess payable in note 15 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

- 17.3 The Excise and Taxation Department, Government of Sindh imposed vend and permit fee on methanol, a major raw material used by the Company in the production of formaldehyde. The Company filed a petition against the imposition of these levies in the Honourable High Court of Sindh in August 1996. In June 2001, the Honourable High Court of Sindh decided the case in the favour of the Company. However, the Excise and Taxation department filed an appeal in the Honourable Supreme Court of Pakistan against the above judgement. The Honourable Supreme Court of Pakistan suspended the decision of the Honourable High Court of Sindh and reverted the case back to the Honourable High Court of Sindh for fresh hearing. After number of hearings, finally the Honourable Bench of High Court of Sindh, kept the judgment order reserved in November 2002. In March 2003, the division bench announced the judgment order and termed the impugned declaration and the notification to that effect as unlawful and set aside the impugned demands of the vend and permit fee on methanol.

The Company was served a notice from the Advocate on record, Honourable Supreme Court of Pakistan that the Advocate General High Court of Sindh has filed a petition for Leave to Appeal in the Honourable Supreme Court of Pakistan, that has been accepted and a stay has been granted to them with the remarks that the matter would be decided in near future and till then status quo would be maintained and the matter will be heard afresh.

Total liability against vend and permit fee, as on June 30, 2009 works out at Rs. 802.463 million (2008: Rs. 731.970 million). Since the Company is confident to get a favourable decision from the Honourable Supreme Court of Pakistan, no provision for any liability has been made in these financial statements. Furthermore, management is making necessary efforts to resolve this matter and is confident that the Company will be able to continue as a going concern.

- 17.4 The Company is in litigation with the Income Tax Department, Peshawar against levy of minimum tax under section 80D of the repealed Income Tax Ordinance, 1979 (the Ordinance) on its former subsidiary M/s. Visionite (Private) Limited (the subsidiary) which was set up in June 1993. Though the profits of the subsidiary were exempt from income tax under clause 122-C of the Second Schedule to the Ordinance, while finalizing assessments for the years 1994-95 to 2002-03, minimum tax was levied by the Income Tax Department (the department). The matter was appealed and all the cases except 2000-01 were decided in Company's favour by the Commissioner of Income Tax (Appeals) and subsequently by the Income Tax Appellate Tribunal Peshawar. Reference applications were also filed by the department with the High Court of Peshawar against the judgment of the Appellate Tribunal on eight appeals.

Cases pertaining to the years 1994-95 to 1999-2000 pending with the learned High Court have been remanded back to the department for deciding afresh in the light of the decision of the learned Supreme Court of Pakistan with reference to the case of Commissioner of Income Tax, Peshawar v/s Zaman Cotton Mills Limited. The Income Tax Appellate Tribunal while deciding the Company's appeal for the Assessment Year 2000-01 directed the department not to charge minimum tax if the subsidiary was set up after November 07, 1990. There is no ambiguity of whatsoever nature in the referred decision of the Appellate Tribunal and it is mandatory on the department to follow directions of the Appellate Tribunal while deciding all set aside/remanded back cases.

Despite clear and unambiguous direction of the Income Tax Appellate Tribunal, the department has acted contrarily and levied minimum tax amounting to Rs. 5.4 million on the turnover of the Company for the years 1994-95 to 1999-2000. Appeals for the respective years have been filed with the Commissioner of Income Tax (Appeals). Since the Company is confident to win the cases in appellate forums, therefore, no provision against this liability has been made in these financial statements. Case for the year 2000-01 remanded back to the department is pending. Alleged liability on account of minimum tax amounting to Rs. 1.3 million paid earlier will be refunded in case it is decided favourably at higher appellate forums.

NOTES TO THE FINANCIAL STATEMENTS

17.5 The Company during the year 2001 filed a writ petition in the High Court of Sindh against levy of Professional Tax by the Excise and Taxation Department. Since the Company is confident that the case would be decided in its favour, therefore professional tax amounting to Rs. 0.7 million (2008: Rs. 0.7 million) pertaining to the years 2001-07 has not been provided for in these financial statements.

17.6 In 2007, the Taxation Officer issued an order for the recovery of Income Tax Credit amounting to Rs. 3.1 million pertaining to the Assessment Year 2002-03, allowed earlier u/s. 107AA of the repealed Income Tax Ordinance, 1979 on the plea that such credit could not be allowed in such cases where minimum tax u/s. 80D of the repealed Income Tax Ordinance, 1979 is leviable. Since in the said year the Company was subjected to minimum tax, the Taxation Officer passed orders for the recovery of previously refunded amount.

An appeal was filed with the Commissioner of Income Tax (Appeals) against that order which has been vacated this year by the Commissioner of Income Tax (Appeals). The tax department has filed an appeal with the Income Tax Appellate Tribunal, Karachi against the said order.

As the Commissioner of Income Tax (Appeals) has already decided the case in favour of the Company, the management is confident that the ultimate decision would be in its favour and therefore no provision has been made for the above demand in these financial statements.

Commitments

17.7 Commitments under letters of credit as at the year end amounted to Rs. 75.468 million (2008: Rs. 119.447 million).

	2 0 0 9	2 0 0 8
	Rupees	Rupees
17.8 Post dated cheques issued in favour of collector of customs against custom duties and other levies on methanol kept in bonded ware house	<u>18,481,500</u>	<u>10,959,128</u>

18. TURNOVER net

Sales	1,548,355,004	1,507,129,478
Less: Sales tax	207,514,332	189,408,807
Excise duty	12,969,646	12,644,429
Sales return	21,890,719	8,022,387
Trade discount	9,006,237	35,080,475
	<u>251,380,934</u>	<u>245,156,098</u>
	<u>1,296,974,070</u>	<u>1,261,973,380</u>

NOTES TO THE FINANCIAL STATEMENTS

	Note	2009 Rupees	2008 Rupees
19. COST OF SALES			
Opening stock - raw and packing materials		96,277,803	95,250,405
Purchases		858,041,809	856,361,522
Inter division transfers-in		167,190,424	170,546,352
		<u>1,121,510,036</u>	<u>1,122,158,279</u>
Closing stock - raw and packing materials		(108,049,907)	(96,277,803)
Inter division transfers-out		(24,595,671)	(23,213,455)
Raw and packing material consumed		<u>988,864,458</u>	<u>1,002,667,021</u>
Manufacturing expenses:			
Indirect material consumed		7,021,834	6,049,354
Stores and spares consumed		19,041,936	19,116,771
Fuel and power		68,066,132	53,601,928
Salaries, wages and other benefits		85,004,276	80,136,737
Rent, rates and taxes		480,531	483,602
Insurance		1,964,860	2,403,707
Repairs and maintenance		14,096,811	15,247,473
Vehicles running and maintenance		2,465,866	2,376,349
Vehicles lease rentals		-	74,190
Postage, telephone and telex		462,377	329,504
Storage and handling charges		7,241,500	4,732,500
Traveling and conveyance		945,675	1,587,061
Printing and stationery		562,810	450,505
Depreciation	3.3	22,313,335	24,357,710
Others		4,647,802	3,477,425
		<u>234,315,745</u>	<u>214,424,816</u>
Inter division transfers of stock		<u>1,223,180,203</u>	<u>1,217,091,837</u>
		<u>(142,594,753)</u>	<u>(147,332,897)</u>
Cost of goods manufactured		<u>1,080,585,450</u>	<u>1,069,758,940</u>
Cost of finished goods			
Opening stock		15,732,060	19,955,947
Closing stock		(12,450,214)	(15,732,060)
		<u>3,281,846</u>	<u>4,223,887</u>
		<u>1,083,867,296</u>	<u>1,073,982,827</u>

19.1 Inter-segment pricing

Transfers between business segments are recorded at cost which includes direct material, direct labour and applicable overheads.

NOTES TO THE FINANCIAL STATEMENTS

	Note	2 0 0 9 Rupees	2 0 0 8 Rupees
20. DISTRIBUTION COSTS			
Salaries and other benefits		7,451,347	7,924,729
Cartage and freight		62,487,506	52,676,194
Rent, rates and taxes		585,000	642,010
Insurance		156,192	140,666
Repairs and maintenance		288,771	317,094
Vehicles running and maintenance		1,026,030	739,890
Postage, telephone and telex		313,326	261,541
Traveling and conveyance		1,211,778	1,218,639
Printing and stationery		129,580	61,552
Electricity		25,068	15,534
Depreciation	3.3	291,697	293,282
Sales promotion		69,360	898,603
Subscription		-	1,282
Provision for impairment of trade debts		59,080	245,411
Others		130,350	85,575
		74,225,085	65,522,002
21. ADMINISTRATIVE EXPENSES			
Salaries and other benefits		20,758,026	17,882,197
Rent, rates and taxes		918,275	1,292,133
Insurance		703,601	361,836
Repairs and maintenance		2,114,566	4,537,942
Vehicles running and maintenance		1,487,884	696,166
Postage, telephone and telex		782,083	705,942
Traveling and conveyance		1,478,143	1,591,900
Printing and stationery		544,422	494,211
Utilities		540,964	590,472
Depreciation	3.3	951,553	1,024,137
Legal and professional charges		4,083,935	3,937,431
Advertisement and publicity		66,596	211,195
Charity and donations	21.1	60,000	80,000
Annual listing fee		76,250	88,750
Computer service charges		690,498	829,786
Auditors' remuneration	21.2	570,837	422,328
Subscription		65,408	86,460
ISO certification fees		73,000	172,360
Others		726,524	207,489
		36,692,565	35,212,735

NOTES TO THE FINANCIAL STATEMENTS

21.1 Charity and donations

Donations do not include any donee in whom any director of the Company or his / her spouse has any interest except an amount of Rs. 0.06 million (2008: Rs. 0.06 million) paid to Muhammad Ali Habib Welfare Trust, Karachi, of which Mr. Rafiq M. Habib, Director of the Company is a trustee.

	Note	2009 Rupees	2008 Rupees
21.2 Auditors' remuneration			
Statutory audit fee		375,000	250,000
Fee for review of half yearly financial statements		80,000	80,000
Other certifications		45,000	45,000
Out of pocket expenses		70,837	47,328
		<u>570,837</u>	<u>422,328</u>
22. OTHER OPERATING INCOME			
Income from financial assets			
Profit on bank deposits		13,218	131,656
Mark-up on loans to employees		-	3,175
		<u>13,218</u>	<u>134,831</u>
Income from non-financial assets			
Scrap sales		294,507	88,650
Profit on disposal of property, plant and equipment		1,136,170	-
Others		48,241	3,588
		<u>1,478,918</u>	<u>92,238</u>
		<u>1,492,136</u>	<u>227,069</u>
23. FINANCE COSTS			
Mark-up on:			
- Short term borrowings		17,671,135	9,660,523
- Finance lease		924,049	281,195
Interest on workers' profit participation fund		103,998	41,240
Bank guarantees commission		223,766	131,181
Bank charges		1,405,740	960,895
		<u>20,328,688</u>	<u>11,075,034</u>
24. OTHER CHARGES			
Workers' profit participation fund		4,148,244	3,497,616
Property, plant and equipment written off	3.1	387,696	975,855
Net exchange loss		-	5,725,093
Workers' welfare fund		1,620,922	1,577,191
		<u>6,156,862</u>	<u>11,775,755</u>

NOTES TO THE FINANCIAL STATEMENTS

	Note	2009 Rupees	2008 Rupees
25. TAXATION			
Current		27,798,818	27,048,822
Prior		(4,941,999)	139,095
Deferred		(1,935,315)	(2,400,632)
		<u>20,921,504</u>	<u>24,787,285</u>

25.1 Relationship between accounting profit and tax expense

Profit before taxation	77,195,710	64,632,096
Tax @ 35%	27,018,499	22,621,234
Tax effects of the expenses that are inadmissible	9,438,957	9,239,527
Tax effects of the expenses that are admissible	(8,658,638)	(4,811,939)
Tax effect of temporary differences	(1,935,315)	(2,400,632)
Tax effects of prior years	(4,941,999)	139,095
Tax expense	<u>20,921,504</u>	<u>24,787,285</u>

26. BASIC AND DILUTED EARNINGS PER SHARE

There is no dilutive effect on the basic earnings per share which is based on :

Profit after taxation	56,274,206	39,844,811
	Number of shares	
Weighted average number of ordinary shares	18,872,413	18,872,413
	Rupees	Rupees
Earnings per share	2.98	2.11

27. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	June 2009			June 2008		
	Chief executive	Directors	Executives	Chief executive	Directors	Executives
	Rupees					
Managerial remuneration	1,018,542	1,674,520	5,161,149	865,209	371,930	4,519,989
Retirement and other benefits	610,389	437,322	2,371,261	352,197	75,286	2,079,251
House rent	347,340	753,541	1,914,358	347,340	167,370	1,840,310
	<u>1,976,271</u>	<u>2,865,383</u>	<u>9,446,768</u>	<u>1,564,746</u>	<u>614,586</u>	<u>8,439,550</u>
Number of persons	1	1	6	1	1	5

NOTES TO THE FINANCIAL STATEMENTS

- 27.1 In addition, the chief executive, director and certain executives are provided with free use of company maintained cars.
- 27.2 Fee paid to non-executive directors for attending the Board meetings amounts to Rs. 4,000 (2008: Rs. 8,000).

28. SEGMENT INFORMATION

	Resin Division	Aminoplast Division 2009	Total	Resin division	Aminoplast division 2008	Total
	Rupees			Rupees		
Sales	733,199,331	563,774,739	1,296,974,070	688,218,735	573,754,645	1,261,973,380
Segment results	134,062,999	16,562,670	150,625,669	102,589,502	32,724,855	135,314,357
Unallocated corporate expenses:						
Administrative and distribution costs			(48,436,545)			(48,058,541)
Other operating income			1,492,136			227,069
Operating profit			103,681,260			87,482,885
Finance costs			(20,328,688)			(11,075,034)
Other charges			(6,156,862)			(11,775,755)
Taxation			(20,921,504)			(24,787,285)
Net profit after taxation			56,274,206			39,844,811
Segment assets	270,852,045	170,179,365	441,031,410	364,203,693	246,023,160	610,226,853
Unallocated assets			58,251,561			42,064,151
Total assets			499,282,971			652,291,004
Segment liabilities	37,346,959	7,738,456	45,085,415	30,746,612	53,121,696	83,868,308
Unallocated liabilities			61,575,463			232,055,085
Total liabilities			106,660,878			315,923,393
Capital expenditure	14,673,850	35,150	14,709,000	11,021,913	527,050	11,548,963
Unallocated capital expenditure			1,645,825			2,648,501
Total capital expenditure			16,354,825			14,197,464
Depreciation	14,470,906	7,842,429	22,313,335	14,877,186	9,480,524	24,357,710
Unallocated depreciation			1,243,250			1,317,419
Total depreciation			23,556,585			25,675,129
Non-cash expenses other than depreciation	59,080	-	59,080	245,411	-	245,411

29. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise companies with common directorship, retirement funds, directors and key management personnel. Detail of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	2009 Rupees	2008 Rupees
Sales	88,072,626	88,084,363
Purchases	189,946	1,275,626
Insurance premium paid	5,206,024	4,844,170
Insurance claim received	48,240	63,000
Provident fund contributions	3,768,950	3,423,087

NOTES TO THE FINANCIAL STATEMENTS

There are no transactions with key management personnel other than under terms of employment as disclosed in note 27.

The related party status of outstanding receivable/payable as at June 30, 2009 is included in the respective notes to the financial statements.

30. UNAVAILED CREDIT FACILITIES

The unavailed amount of facilities for opening letters of credit and guarantees as at June 30, 2009 amounted to Rs. 339.53 million (2008: Rs. 295.55 million) and Rs. 0.676 million (2008: Rs. 1.678 million) respectively.

The facilities for foreign currency import financing obtained from banks as at June 30, 2009 amounted to Rs. 80 million (2008: Rs. 80 million) which is unutilized at the balance sheet date. Under the financing arrangements with the banks (except with Habib Metropolitan Bank Limited), FCIF facilities are combined with the facilities available under running finance arrangements. The rate of mark-up on FCIF ranges from LIBOR+1 percent to LIBOR+1 percent (2008: 3.37 percent to 6.44 percent) per annum.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, foreign currency risk and interest rate risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

31.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Concentration of credit risk arises when a number of counter parties 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.

The Company is mainly exposed to credit risk on trade debts, advances to suppliers and bank balances. The Company seeks to minimise the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable.

Quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by the reference to external credit ratings or the historical information about counter party default rates.

31.1.1 Trade debts

Customers with no defaults in the past one year
 Customers with some defaults in past one year
 which have been fully recovered

Carrying Values	
2009	2008
Rupees	Rupees
153,236,377	179,014,913
49,310,284	68,147,333
<u>202,546,661</u>	<u>247,162,246</u>

NOTES TO THE FINANCIAL STATEMENTS

31.1.2 Bank balances

Out of the total bank balance of Rs. 24.716 million (2008: Rs. 17.047 million) amounts aggregating Rs. 24.715 million (2008: Rs. 17.046 million) have been placed with banks having short term credit rating of A1+.

31.2 Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its funding requirements. To guard against the risk, the Company has diversified funding sources and assets are managed with liquidity in mind. The maturity profile is monitored to ensure that adequate liquidity is maintained.

Year ended 30 June 2009

	On demand	Less than 3 months	3 to 12 Months	1 to 5 years	Total
	(Rupees)				
Trade and other payables	52,427,465	-	-	-	52,427,465
Short term borrowings	-	-	11,144,291	-	11,144,291
Accrued markup	-	361,691	-	-	361,691
Liabilities against assets subject to finance lease	-	693,838	2,224,376	2,756,119	5,674,333
Total	52,427,465	1,055,529	13,368,667	2,756,119	69,607,780

Year ended 30 June 2008

	On demand	Less than 3 months	3 to 12 Months	1 to 5 Years	Total
	(Rupees)				
Trade and other payables	106,490,352	-	-	-	106,490,352
Short term borrowings	-	-	160,179,975	-	160,179,975
Accrued markup	-	1,508,447	-	-	1,508,447
Liabilities against assets subject to finance lease	-	550,938	1,756,227	4,862,094	7,169,259
Total	106,490,352	2,059,385	161,936,202	4,862,094	275,348,033

31.3 Currency risk

Foreign currency risk is the risk that the value of a financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions in foreign currency. The Company's exposure to foreign currency risk is as follows:

	2009 (USD)	2008 (USD)
Bills payable	23,000	837,713
Total (US Dollars)	<u>23,000</u>	<u>837,713</u>

The following significant exchange rates have been applied at the reporting dates:

Exchange Rates	<u>81.3</u>	<u>68.5</u>
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NOTES TO THE FINANCIAL STATEMENTS

Sensitivity analysis:

A reasonable change of 10 percent depreciation of the rupee against the US dollar at 30 June would have decreased the equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates remain constant.

	Equity (Rupees)	Effect on profit before tax (Rupees)
30 June 2009	(113,157)	(186,990)
30 June 2008	<u>(3,473,567)</u>	<u>(5,740,011)</u>

A 10 percent strengthening of the rupee against the US dollar at 30 June would have had the equal but opposite effect on the above currency to the amounts shown above on the basis that all other variables remain constant.

31.4 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short term borrowings and liabilities against assets subject to finance lease with floating interest rate.

Sensitivity analysis:

The following figures demonstrate the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Company's profit before tax:

	Increase / decrease in basis points	Effect on profit before tax (Rupees)
2009		
KIBOR	+100	<u>(156,581)</u>
KIBOR	-100	<u>156,581</u>
2008		
KIBOR	+100	<u>(1,558,021)</u>
KIBOR	-100	<u>1,558,021</u>

31.5 Capital risk management

The Company's objectives when managing capital is to safeguard the Company's ability to remain as a going concern and continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is currently financing majority of its operations through equity and working capital. The capital structure of the Company is equity based with no financing through long term borrowings.

NOTES TO THE FINANCIAL STATEMENTS

31.6 Fair value of Financial Instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

32. CAPACITY AND PRODUCTION

	Note	Rated Capacity 2009	Actual Production 2009	Rated Capacity 2008	Actual Production 2008
----- M. Tons -----					
RESIN DIVISION					
Urea/Melamine formaldehyde		34,000	31,762	34,000	35,017
Formaldehyde		39,000	31,262	39,000	31,034
	32.1	73,000	63,024	73,000	66,051
AMINOPLAST DIVISION					
Aminoplast compound	32.1	10,000	8,294	10,000	9,498

32.1 The reason for shortfall in actual production is due to low demand.

33. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 08, 2009 by the Board of Directors of the Company.

34. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on September 08, 2009 proposed cash dividend of Rupee 0.75 per share for the year ended June 30, 2009 amounting to Rs. 14.154 million for approval of the members at the Annual General Meeting to be held on October 26, 2009.

35. GENERAL

Figures have been rounded off to the nearest rupee.

COMBINED PATTERN OF CDC & PHYSICAL SHAREHOLDINGS

AS AT JUNE 30, 2009

Category No.	CATEGORIES OF SHAREHOLDERS	NUMBER OF SHARES HELD	CATEGORY WISE NO. OF SHARE HOLDERS	CATEGORY WISE SHARES HELD	PERCENTAGE %
1	INDIVIDUALS		1,297	4,868,767	25.80
2	INVESTMENT COMPANIES		2	11,700	0.06
3	JOINT STOCK COMPANIES		15	197,108	1.04
4	DIRECTORS, CHIEF EXECUTIVE OFFICER AND THEIR SPOUSE AND MINOR CHILDREN MR. PER HAGA MR. SHABBIR ABBAS MR. RAFIQ M. HABIB MR. ALIREZA M. ALLADIN MR. CHEW TECK LIONG MR. DONALD JOHN JENKIN MR. FAROOQ HASSAN (NOMINEE NIT) MRS. JAMILA RAFIQ HABIB W/O MR. RAFIQ M.HABIB	1,000 250,000 1,000 18,426	5	270,426	1.43
5	EXECUTIVES		-	-	-
6	NIT / ICP NATIONAL BANK OF PAKISTAN - TRUSTEE DEPTT. INVESTMENT CORPORATION OF PAKISTAN	3,630,496 640	4	3,631,136	19.24
7	ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES THAL LIMITED HABIB INSURANCE COMPANY LIMITED DYNEA ASA	816,986 140,000 6,264,931	4	7,221,917	38.27
8	PUBLIC SECTOR COMPANIES AND CORPORATIONS		-	-	-
9	BANKS, DFIs, NBFIs, INSURANCE COMPANIES, MODARABAS & MUTUAL FUNDS		2	709	0.00
10	FOREIGN INVESTORS		9	2,667,949	14.14
11	CO-OPERATIVE SOCIETIES		1	2,701	0.01
12	CHARITABLE TRUSTS		-	-	-
13	OTHERS		-	-	-
	TOTAL		1,339	18,872,413	100.00

SHAREHOLDERS HOLDING TEN PERCENT OR MORE VOTING INTEREST IN THE LISTED COMPANY

TOTAL PAID-UP CAPITAL OF THE COMPANY 18,872,413 SHARES
10% OF THE PAID-UP CAPITAL OF THE COMPANY 1,887,241 SHARES

NAME(S) OF SHARE-HOLDER(S)	DESCRIPTION	NO. OF SHARES HELD	PERCENTAGE %
NATIONAL BANK OF PAKISTAN, TRUSTEE DEPTT.	FALL IN CAT.# 6	3,630,496	19.24
DYNEA ASA	FALL IN CAT.# 7	6,264,931	33.20
TOTAL		9,895,427	52.44

COMBINED PATTERN OF CDC & PHYSICAL SHAREHOLDINGS

AS AT JUNE 30, 2009

NUMBER OF SHARE HOLDERS	SHAREHOLDINGS RS. 5/- EACH			TOTAL SHARES HELD
467	1	--	100	15,200
368	101	--	500	99,632
154	501	--	1,000	121,620
245	1,001	--	5,000	594,613
40	5,001	--	10,000	294,177
7	10,001	--	15,000	87,884
6	15,001	--	20,000	113,333
5	20,001	--	25,000	110,199
5	25,001	--	30,000	147,000
1	30,001	--	35,000	31,918
2	35,001	--	40,000	77,251
2	40,001	--	45,000	89,815
4	45,001	--	50,000	189,168
1	55,001	--	60,000	57,553
1	60,001	--	65,000	60,215
4	65,001	--	70,000	266,206
1	70,001	--	75,000	74,344
3	75,001	--	80,000	234,306
1	85,001	--	90,000	87,000
2	95,001	--	100,000	200,000
2	120,001	--	125,000	245,500
1	135,001	--	140,000	140,000
1	190,001	--	195,000	194,992
1	200,001	--	205,000	200,989
1	235,001	--	240,000	240,000
1	245,001	--	250,000	250,000
1	255,001	--	260,000	258,584
4	385,001	--	390,000	1,547,832
2	405,001	--	410,000	816,986
1	495,001	--	500,000	497,500
1	525,001	--	530,000	529,500
1	1,105,001	--	1,110,000	1,105,169
1	1,785,001	--	1,790,000	1,787,610
1	1,840,001	--	1,845,000	1,841,386
1	6,260,001	--	6,265,000	6,264,931
1,339				18,872,413

FORM OF PROXY

TWENTY SEVENTH ANNUAL GENERAL MEETING

I/We _____

of _____

being member(s) of Dynea Pakistan Limited, holding _____

Ordinary Shares, hereby appoint _____

of _____ or failing him / her _____

of _____ who is/are also member(s) of Dynea Pakistan Limited

as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Twenty Seventh Annual General Meeting of the Company to be held on October 26, 2009 and/or any adjournment thereof.

As witness my/our hand/seal this _____ day of _____ 2009

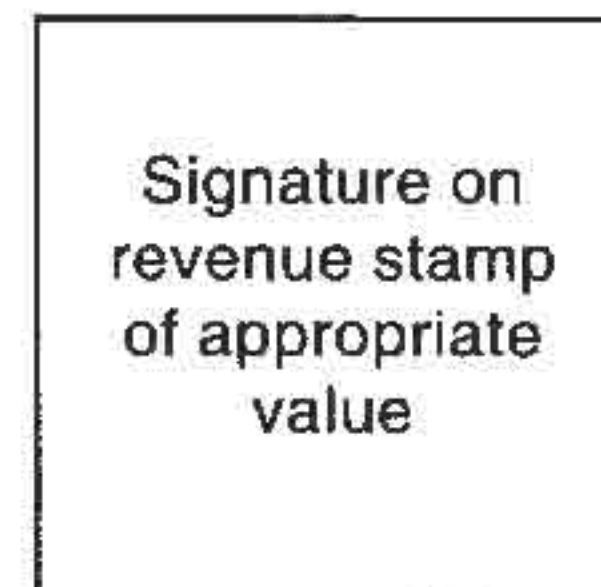
Signed by the said _____

in the presence of : 1. _____

2. _____



Folio No. / CDC A/c. No.



The Signature should agree with the specimen registered with the Company.

IMPORTANT:

1. The proxy from duly completed and signed, must be received at the Registered Office of the Company, i.e. 1st Floor. House of Habib, Siddiqsons Tower, 3-Jinnah Cooperative Housing Society, Block 7/8, Sharea Faisal, Karachi-75350, not less than 48 hours before the time of holding the meeting
2. No person shall act as proxy unless he/she himself/hereself 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 instrument of proxy are deposited by an member with the Company, all such instruments of proxy shall be rendered invalid.

For CDC Account Holders/Corporate Entitles:

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

- i) The proxy from shall be witnessed by two persons whose names, addresses and Computerized NIC numbers shall be mentioned on the form.
- ii) Attested copies of Computerized NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iii) The proxy shall produce his original Computerized NIC or original passport at the time of the meeting.
- iv) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier along with proxy form to the Company).

