

Annual Report 2012



DADEX

53rd Annual Report

for the Year ended June 30, 2012

VISION

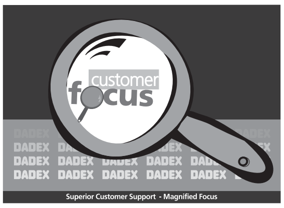
To be the most valued Company for all stakeholders, renowned for customer focus, innovation, quality, reliability and ethical practices.

Mission Statement

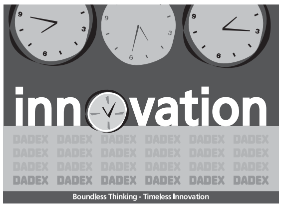
- We shall provide unparalleled service and best value to our customers through a responsive and cost effective chain.
- We are committed to provide quality products by strict adherence to international standards and best practices through technical collaboration with leading global companies in this 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

The guiding vision of Dadex encompasses the intrinsic values of Dadex. These values - referred to as the "Building Blocks of Dadex Values" - reflect the true spirit of the Company and its employees and are now the foundation of all business practices

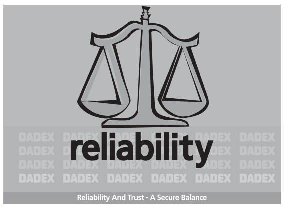


Superior Customer Support - Magnified Focus

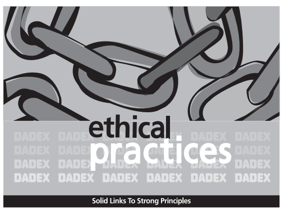


Boundless Thinking. Timeless Innovation

Quality Assured is Quality Delivered



Reliability and Trust- A Secure Balance.



Solid Links to Strong Principles.

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.

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

Contents

COMPANY INFORMATION

Board of Directors	Abu Talib H.K. Dada- Chairman	(Non - Executive Director)
	Sikander Dada	(Executive Director)
	Maqbool H.H. Rahimtoola	(Non - Executive Director)
	Qazi Sajid Ali	(Non - Executive Director)
	Shahzad M. Husain	(Non - Executive Director)
	Zulfiqar Ali Lakhani	(Non - Executive Director)
	Samad Dada	(Non - Executive Director)
	[Alternate: Shahid Islam]	(Non - Executive Director)
Chief Executive Officer	Sikander Dada	
Chief Financial Officer/ Company Secretary	Zahid Mahmood	
Board Audit Committee	Qazi Sajid Ali - Chairman Shahzad M. Husain Samad Dada (Alternate: Shahid Islam)	
Human Resource and Remuneration Committee	Maqbool H.H. Rahimtoola - Chairman Sikander Dada Qazi Sajid Ali	
Head of Internal Audit / Secretary Board Audit Committee	Shazam Butt	
Management Team	Sikander Dada	Chief Executive Officer
	Tanveer Saleem	Director (Technical Services & Quality Assurance)
	Muhammad Ebrahim	General Manager (Co-ordination)
	Munawar Abbas	General Manager (Operations)
	Nadeem Naqvi	General Manager (Sales)
	Imtiaz Khan	General Manager (Logistics & Export Sales)
	Zahid Mahmood	Chief Financial Officer / Company Secretary
	Shazam Butt	Chief Information Officer / Head of Internal Audit
Auditors	Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants	
Internal Auditors	KPMG Taseer Hadi & Co., Chartered Accountants	
Bankers	Habib Bank Limited Habib Metropolitan Bank Limited HSBC Bank Middle East Limited MCB Bank Limited National Bank of Pakistan Oman International Bank S.A.O.G Standard Chartered Bank (Pakistan) Limited United Bank Limited (UBL Ameen)	
Legal Advisor	Surridge & Beecheno 3rd Floor, Finlay House, I.I. Chundrigar Road, Karachi.	
Registered Office	Dadex House, 34-A/1, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi- 75400 Tel: (92-21) 111000789 Fax: (92-21) 34315716, 34315725 Email: info@dadex.com.pk	
Share Registrar	M/s. JWAFFS Registrar Services (Private) Limited 505, 5th Floor, Kashif Centre, Near Hotel Mehran, Main Shahrah-e-Faisal, Karachi. Phone: (92-21) 35643871-72 Fax: (92-21) 35643873 Email: jwaffs@live.com	
Web Site	www.dadex.com	

NOTICE OF 53RD ANNUAL GENERAL MEETING

Notice is hereby given that the 53rd Annual General Meeting of the Dadex Eternit Limited will be held on Wednesday, October 31, 2012 at 12:30 p.m., at Dadex House, 34-A/1, Block-6, PECHS, Shahrah-e-Faisal, Karachi to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the following:

   a) Audited Financial Statements for the year ended June 30, 2012 and the Auditors' Report thereon; and
   b) The Report of the Board of Directors for the year ended June 30, 2012.

2. To appoint auditors of the Company for the year ending June 30, 2013, 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.

Karachi: September 21, 2012 By Order of the Board

(Zahid Mahmood)
Company Secretary

NOTES:

1. The Register of Members and the Share Transfer Books of the Company shall remain closed from October 24, 2012 to October 31, 2012 (both days inclusive).Transfers received in order at the office of our Share Registrar, M/s. JWAFFS Registrar Services (Pvt.) Limited, 505, 5th Floor, Kashif Centre, Main Shahrah-e-Faisal, Karachi by the close of business hours on October 23, 2012 will be treated in time for incorporating the change in the Register of Members as at October 24, 2012.

2. Entitlement to attend, participate and vote at the 53rd Annual General Meeting will be according to the Register of Members as at October 24, 2012.

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

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

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

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

7. 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.

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

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of Dadex Eternit Limited ("Company") would like to present the 53rd Annual Report alongwith the Audited Financial Statements for the year ended June 30, 2012.

NATIONAL ECONOMY

During the year under review, the overall economic growth of Pakistan has remained sluggish. High inflation, power shortages and the political situation continue to hamper investment activity and industrial output. The economy was additionally adversely affected by the heavy rains in Sindh and parts of Baluchistan. Notwithstanding these challenges, the Gross Domestic Product growth this year is estimated at 3.7% (2010/11: 3.0%) by the Economic Survey of Pakistan. The inflation rate as measured by the changes in the Consumer Price Index (CPI) stood at 10.8% (2010/11: 13.8%).

Growth in the various sectors was registered as manufacturing 3.56% (2010/11: 3.06%), construction 6.46% (2010/11: -7.09%) and agriculture 3.10% (2010/11: 2.40%).

Despite the global slowdown, Pakistan has managed to maintain its exports to the previous year level. Remittances remained buoyant and are currently estimated at close to $ 13 billion per annum, an increase of 16% over the previous year. The recessionary trends globally have, however, impacted the capital inflows to Pakistan.

BUSINESS

The year under review has been an important year for the Company, during which the sponsor founder shareholders negotiated a mutually acceptable settlement agreement with the JS Group resulting in the exit of all JS Group shareholding in the Company and the withdrawal of all litigation pending in the Courts, with the permission of the Courts. This has resulted in better focus of the time and resources of the Company and the management in the business affairs of the Company rather than in litigation. Positive results have already started showing.

Further, the Board of Directors of the Company despite the adverse economy and business factors had set an aggressive revenue target of on year on year basis of 18.37% growth in the Company's revenues, which target was achieved.

Simultaneously the Company had also embarked on a business restructuring program to improve production / operational efficiencies, corporate strategies and business turnaround in order to lay a sound basis for the future growth of the Company and its operations.

Sales and Profitability

An overall growth of 18.37% in revenues during the period under review was achieved in the most difficult of circumstances. The sales initiatives have made a significant contribution in achieving the year's revenue of Rs. 2,469 million (2010/11: Rs. 2,086 million). Net profit / (loss) after tax of the Company for the year was Rs. 114.12 million (2010/11: loss of Rs. 18.95 million) with an earning / (loss) per share of Rs. 10.60 (2010/11: loss of Rs. 1.76 per share).

OPERATIONS

Capacity utilization for both the FC and PP Divisions registered an improvement of more than 10% as compared to the previous year. An additional PVC extrusion line has been put in operation during the month of May 2012.

DIVIDENDS AND APPROPRIATIONS

In pursuance of the settlement agreement, the Board had approved two interim cash dividends of Rs.17.80 and Rs.40.50 per share in respect of the financial year ended June 30, 2012. Consequently the minority interests also received a record dividend payout.

Summary of profits available for appropriations is as follows:

	(Rupees in '000')
Un-appropriated profit as at July 01, 2011	(18,592)
Prior year adjustment	-
First Interim Dividend @ 178% for the year ended June 30, 2012	(191,599)
Second Interim Dividend @ 405% for the year ended June 30, 2012	(435,940)
Transfer from general reserves to Un-appropriated Profit	411,500
Surplus on revaluation of fixed assets on account of incremental depreciation charged on related assets	10,039
Surplus on revaluation of fixed assets realised on account of disposal of assets and incremental depreciation charged on related assets	280,618
Profit after taxation for the year ended June 30, 2012	114,117
Un-appropriated Profit as at June 30, 2012	170,143
Subsequent Effects	
Proposed final dividend per share of Rs. Nil	-
Transfer to general reserves for the year ended June 30, 2012	-
Un-appropriated Profit as at July 01, 2012	170,143

Break-up value per share as at June 30, 2012 is Rs.26.33 (2010/11:Rs.47.03).

BOARD OF DIRECTORS AND ITS COMMITTEES

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

During the year, nine (9) meetings of the Board of Directors were held and four (4) meetings of the Board Audit Committee were held.

During the year, four casual vacancies occurred due to the resignations of the following Directors:

1.	Mr. Ghulam Muhammad Malkani	November 3, 2011;
2.	Mr. Abdul Hamid Ahmed Dagia	February 27, 2012;
3.	Mr. Mohammad Suleman Kanjiani	February 27, 2012;
4.	Mr. Syed Hassan Akbar Kazmi	February 27, 2012.

The Board appointed Mr. Sikander Dada as a Director of the Company in their meeting held on November 5, 2011 to fill the casual vacancy which had occurred due to the resignation of Mr. Ghulam Muhammad Malkani.

The Board in their meeting held on March 14, 2012 proposed and recommended to the Shareholders of the Company for their approval the amendment of Article No. 76 of the Articles of Association of the Company whereby the number of Directors of the Company be reduced from ten to seven was duly approved in the Extraordinary General Meeting of the Shareholders of the Company held on April 10, 2012 by passing a Special Resolution in this regard.

Subsequent to the period under review, the Board of Directors in their meeting held on August 15, 2012 has approved a revision in the remuneration of Mr. Sikander Dada, Chief Executive Officer with effect from July 01, 2012 (the last revision was with effect from September 01, 2008).

B. The Board has formed its Audit Committee and approved the terms of reference for compliance by this Committee. The Audit Committee is comprised of three members and all are non-executive Directors.

C. In compliance with the new Code of Corporate Governance requirements, a Human Resource and Remuneration Committee has been formed comprising of three members, one is an executive Director and two are non-executive Directors.

ENERGY CONSERVATION

The availability of electricity and gas together with the increasing electricity tariff rate, increases in the prices of diesel and natural gas remain a major concern as these factors may adversely impact the Company's costs of production.

The Company has planned to put up a self co-generation power plant to partially meet its energy requirement on the directives of the KESC authorities.

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

The thriving need in the industry towards business transformation through information technology is a key driving force and basis upon which the ICT Department introduces and adapts its various programs. The Company is a progressive IT based organization that prides itself on continual improvement of business solutions and connectivity amongst its stakeholders. The ICT Department is committed towards delivering high quality and consistent IT and SAP support services to its end users. The Company is working on developing improved controls in existing SAP processes, updating applications and implementing new SAP processes / modules to achieve targets of efficient financial, operational and sales systems.

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 (2010/11: Rs. 0.39 million).

BUSINESS ETHICS AND ANTI-CORRUPTION MEASURES

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

The Company has well established internal controls in place. The internal control review has been outsourced and one of the top five audit firms, M/s KPMG Taseer Hadi & Co., Chartered Accountants are appointed as an independent audit firm, who assess the internal control systems. 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 has manufacturing facilities in Hyderabad and Sunder Estate which effectively contribute towards rural development and the Company encourages the employment of local people from adjourning rural areas.

CONTRIBUTION TO THE NATIONAL EXCHEQUER AND THE ECONOMY OF THE COUNTRY

The Company has contributed in excess of Rs.509 million (2010/11: Rs.447million) towards the National Exchequer in the form of income tax, sales tax, duties, levies and other taxes.

HEALTH, SAFETY, ENVIRONMENT (HSE) AND QUALITY

Being a responsible Manufacturer, a structured Health, Safety & Environment Program ("HSE") is in place at Dadex Eternit Limited, all three factories are compliant with OHSAS 18001 / ISO 14001 global standards certified by SGS (the international certifying body).

HSE initiative is pro-active in nature, compliant with local applicable laws and is fully aligned with guidelines from ILO / WHO & Chrysotile Institute of Canada. Risk and need based HSE training modules are offered to Company's permanent and contractual employees, as per Training Need Analysis ("TNA") and Job Competency Profiling ("JCP") for various job types. At Karachi Factory there is a dedicated Training Centre, which is equipped with all modern facilities. All targeted audience regularly undergo fire fighting and first aid training at all three manufacturing facilities and Head office.

As per plan, "Emergency Preparedness and Response Procedure" is periodically activated and tested out accordingly in collaboration with external agencies such as the Civil Defence.

Another highlight is Health Surveillance Program, whereby the current and retired employees are offered free of cost periodic voluntary medical examinations and testing using specialized spirometry procedures, as per international standards. The Company focus is on the prevention, promotion of healthy lifestyles and early detection of any potential health issues. The Company's In-house Environmental Laboratory is in line with global standards, a structured Air Monitoring Program is in place for both area and personal sampling with one of the best facilities and practices in the region.

EMPLOYMENT OF SPECIAL PERSONS

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

INDUSTRIAL RELATIONS

The Company maintains good relations with its employees and agreements are in place with the respective Collective Bargaining Agents (CBA Union) based on negotiated Charter of demand(s).

HUMAN RESOURCES

Our People are our most valuable asset and the Company continues to work for the development and the retention of the best talent through our transparent succession planning, career building and compensation policies. The functioning and activities of our people are aligned with the Company's business objectives. Presently the Company employs about 650 employees.

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

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

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

1) The Company has applied the principles contained in the Code of Corporate Governance and relevant listing regulations, as narrated in the "Statement of Compliance with Code of Corporate Governance" for the year ended June 30, 2012 annexed with this Report.

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

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

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

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

5) The system of internal controls and such other procedures, which are in place, are being continuously reviewed by the Board's Audit Committee. The Internal Audit function has been outsourced and is being performed by one of the top five audit firms i.e. KPMG Taseer Hadi & Company, Chartered Accountants. The internal auditors have carried out the internal audit as per the approved audit plan for the year 2011-2012. A qualified Head of Internal Audit has also been nominated as per CCG requirements.

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, 2012:

2012	2011
(Rupees in '000')	
158,718	168,047

4) The statement, showing the pattern of shareholding of the Company as at June 30, 2012 is annexed with this Report.

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

HOLDING COMPANY

As a consequence of the settlement agreement the Company is now a 63.18 % owned subsidiary of M/s. Sikander (Private) Limited.

AUDITORS

The present auditors M/s Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants retire at the conclusion of the 53rdAnnual 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, 2013 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.

Report of the Board of Directors

FUTURE PROSPECTS AND CHALLENGES

The future economic outlook of the country remains uncertain. However, the revenues and profitability of the Company for the year ending June 30, 2013 is expected to remain on track. The Company is making all out efforts to improve the internal efficiencies and searching increased revenue sources.

ACKNOWLEDGEMENTS

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

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

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

Karachi: September 21, 2012

On behalf of the Board of Directors

ABU TALIB H.K. DADA
CHAIRMAN

ATTENDANCE OF BOARD OF DIRECTORS MEETING

For the year ended June 30, 2012

Name of Director	Total Number of Meetings held during the year	Number of Meetings Attended
MR. ABU TALIB H.K. DADA - CHAIRMAN	9	8
MR. SIKANDER DADA - CEO & DIRECTOR	9	9**
MR. MAQBOOL H.H. RAHIMTOOLA	9	7
MR. QAZI SAJID ALI	9	6
MR. SHAHZAD M. HUSAIN	9	9
MR. SAMAD DADA [Alternate: MR. SHAHID ISLAM]	9	8
MR. ZULFIQAR ALI LAKHANI	9	4
MR. GHULAM MUHAMMAD MALKANI	9	1 *
MR. ABDUL HAMID AHMED DAGIA	9	6 *
MR. MOHAMMAD SULEMAN KANJIANI	9	3 *
MR. SYED HASSAN AKBAR KAZMI	9	6 *

*	Resignation	Effective Date
1.	MR. GHULAM MUHAMMAD MALKANI	November 3, 2011
2.	MR. ABDUL HAMID AHMED DAGIA	February 27, 2012
3.	MR. MOHAMMAD SULEMAN KANJIANI	February 27, 2012
4.	MR. SYED HASSAN AKBAR KAZMI	February 27, 2012
**	**Appointment**	
1.	MR. SIKANDER DADA	November 5, 2011

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

Statement of Compliance With the Code of Corporate Governance

Dadex Eternit Limited, year ended June 30, 2012.

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

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

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

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

2. The Directors have confirmed that none of them is serving as a director on more than ten listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that Stock Exchange.
4. During the year, four casual vacancies occurred on the Board. One of them was filled by the Board by appointing Mr. Sikander Dada as a Director within two days and for other three vacancies that occurred on February 27, 2012, the Board decided to amend the Articles of Association of the Company and reduced the number of Directors of the Company from ten to seven in the Extraordinary General Meeting held on April 10, 2012. Accordingly, the same has been complied within 42 days of occurring of casual vacancy.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other Executive and non-executive Directors, have been taken by the Board/Shareholders.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose and the Board has met at least once in every quarter. Written notices of the Board meetings, along with the agenda and working papers, were circulated at least seven days before the meetings except for the meetings held on October 31, 2011 and March 14, 2011, where meeting was called on short notice. The minutes of the meetings were appropriately recorded and circulated.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

9. The Board has approved appointment of CFO, including his remuneration and terms and conditions of employment. No new appointment of Company Secretary and Head of Internal Audit was made during the year. However, subsequent to balance sheet date, a qualified Head of Internal Audit was appointed.

10. 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.

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

12. 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.

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

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

15. 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 except one meeting, which was subsequently held on October 03, 2011. The terms of reference of the committee have been formed and advised to the committee for compliance.

16. Subsequent to the date of Balance Sheet, a Human Resource and Remuneration Committee has been formed comprising of three members, one is an executive Director and two are non-executive Directors.

17. The Board has outsourced the internal audit function to M/s. KPMG Taseer Hadi & Co., Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

18. 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.

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 regard.

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

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

22. We confirm that all other material principles enshrined in the CCG have been complied with except for arranging Directors' Training Program, toward which reasonable progress is being made by the Company to seek compliance by the end of next accounting year.

Karachi: September 21, 2012

SIKANDER DADA
CHIEF EXECUTIVE

FINANCIAL STATEMENTS

For the year ended June 30, 2012

AUDITORS' REVIEW REPORT ON THE STATEMENT OF COMPLIANCE

ERNST & YOUNG

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Chartered Accountants
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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 2012** prepared by the Board of Directors (the Board) of **Dadex Eternit Limited** (the Company) to comply with the Listing Regulation No. 35 (Chapter XI) of the Karachi 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, 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 2012**.

Chartered Accountants
Karachi: September 21, 2012

A member firm of Ernst & Young Global Limited

ERNST & YOUNG

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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 2012** and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

We conduct 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 changes as stated in notes 4.1 and 4.3.4 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 2012** and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Chartered Accountants
Audit Engagement Partner: Shariq Ali Zaidi
Karachi: September 21, 2012

A member firm of Ernst & Young Global Limited

BALANCE SHEET

As at June 30, 2012

	Note	2012	2011
		------- (Rupees in '000') -------	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	5	**1,296,736**	290,337
Intangible assets	6	**-**	451
		1,296,736	290,788
Investment property	7	**-**	13,176
Long-term investment	8	**494**	855
Long-term loans	9	**2,120**	3,993
Long-term deposits	10	**46,668**	6,740
Deferred tax asset	11	**52,012**	-
		1,398,030	315,552
CURRENT ASSETS			
Stores, spare parts and loose tools	12	**34,275**	37,705
Stock-in-trade	13	**796,422**	626,914
Trade debts	14	**126,616**	151,312
Loans and advances	15	**44,054**	12,120
Trade deposits and short-term prepayments	16	**21,529**	13,455
Accrued interest and other receivables		**2,390**	11,266
Sales tax and excise duty - net		**73,216**	15,216
Taxation - net		**96,840**	58,500
Cash and bank balances	17	**4,676**	4,741
		1,200,018	931,229
TOTAL ASSETS		**2,598,048**	1,246,781
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	18	**107,640**	107,640
Reserves	19	**175,798**	398,563
		283,438	506,203
SURPLUS ON REVALUATION OF FIXED ASSETS	20	**809,680**	-
NON-CURRENT LIABILITIES			
Deferred tax liability	11	**-**	1,916
CURRENT LIABILITIES			
Trade and other payables	21	**810,058**	527,147
Accrued mark-up		**18,259**	10,968
Short-term borrowings	22	**676,613**	200,547
		1,504,930	738,662
CONTINGENCIES AND COMMITMENTS	23		
TOTAL EQUITY AND LIABILITIES		**2,598,048**	1,246,781

The annexed notes from 1 to 40 form an integral part of these financial statements.

Abu Talib H. K. Dada	**Sikander Dada**	**Zahid Mahmood**
Chairman	Chief Executive	Chief Financial Officer

PROFIT AND LOSS ACCOUNT

For the year ended June 30, 2012

	Note	2012	2011
		------- (Rupees in '000') -------	
Turnover - net	24	**2,469,834**	2,086,451
Cost of sales	25	**(2,116,349)**	(1,680,378)
Gross profit		**353,485**	406,073
Distribution costs	26	**(292,434)**	(281,455)
Administrative expenses	27	**(201,660)**	(102,987)
Other operating expenses	28	**(70,035)**	(11,289)
Other operating income	29	**372,504**	36,682
Operating profit		**161,860**	47,024
Finance costs	30	**(68,887)**	(57,348)
Share of (loss) / profit on investment in an associate	8	**(361)**	775
Profit / (loss) before taxation		**92,612**	(9,549)
Taxation	31	**21,505**	(9,401)
Profit / (loss) for the year		**114,117**	(18,950)
		(Rupees)	
Earning / (loss) per share - Basic and diluted	32	**10.60**	(1.76)

The annexed notes from 1 to 40 form an integral part of these financial statements.

Abu Talib H. K. Dada	**Sikander Dada**	**Zahid Mahmood**
Chairman	Chief Executive	Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2012

	2012	2011
	------- (Rupees in '000') -------	
Profit / (loss) for the year	**114,117**	(18,950)
Other comprehensive income / (loss) for the year		
Net movement in cash flow hedge	-	256
Income tax effect	-	(416)
	-	(160)
Reclassification adjustment for loss included in profit and loss account	-	4,434
	-	4,274
Total comprehensive income / (loss) for the year	**114,117**	(14,676)

The annexed notes from 1 to 40 form an integral part of these financial statements.

Abu Talib H. K. Dada	Sikander Dada	Zahid Mahmood
Chairman	Chief Executive	Chief Financial Officer

Cash Flow Statement

For the year ended June 30, 2012

	Note	2012	2011
		------- (Rupees in '000') -------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows (used in) / from operations	36	**(54,974)**	220,227
Income tax paid		**(70,764)**	(38,110)
Long-term loans - net		**1,873**	(224)
Long-term deposits - net		**(39,928)**	(10)
Net cash flows (used in) / from operating activities		**(163,793)**	181,883
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure	5.1 & 5.2.3	**(265,618)**	(5,128)
Proceeds from disposal of property, plant and equipment			
- operating assets	5.3	**327,969**	3,617
- investment property		**65,081**	-
- non-current assets held for sale	29.1	**235,000**	-
Interest received		**4,157**	2
Net cash flows from / (used in) investing activities		**366,589**	(1,509)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing		**-**	(60,000)
Short-term borrowings - net		**476,066**	(87,509)
Interest / mark-up paid		**(61,599)**	(58,109)
Payments for derivative financial instruments			
- cross currency swap		**-**	(6,651)
Payments for cash flow hedge - interest rate swap		**-**	(1,323)
Dividend paid		**(617,328)**	(42)
Net cash flows used in financing activities		**(202,861)**	(213,634)
Net decrease in cash and cash equivalents		**(65)**	(33,260)
Cash and cash equivalents at the beginning of the year		**4,741**	38,001
Cash and cash equivalents at the end of the year	17	**4,676**	4,741

The annexed notes from 1 to 40 form an integral part of these financial statements.

Abu Talib H. K. Dada
Chairman

Sikander Dada
Chief Executive

Zahid Mahmood
Chief Financial Officer

Statement of Changes in Equity

For the year ended June 30, 2012

	Issued, Subscribed and Paid-up Capital	RESERVES					Grand Total
		Capital reserves - share premium	REVENUE RESERVES		Other	Total	
			General	Un-appropriated profit			
Balance as at June 30, 2010	107,640	5,655	395,000	16,858	(4,274)	413,239	520,879
Transfer to general reserve for the year ended June 30, 2010	-	-	16,500	(16,500)	-	-	-
Loss for the year	-	-	-	(18,950)	-	(18,950)	(18,950)
Other comprehensive income, net of tax	-	-	-	-	4,274	4,274	4,274
Total comprehensive loss for the year	-	-	-	(18,950)	4,274	(14,676)	(14,676)
Balance as at June 30, 2011	107,640	5,655	411,500	(18,592)	-	398,563	506,203
Transfer from general reserve for the year ended June 30, 2011	**-**	**-**	**(411,500)**	**411,500**	**-**	**-**	**-**
First interim dividend on ordinary shares @ 178% for the year ended June 30, 2012	**-**	**-**	**-**	**(191,599)**	**-**	**(191,599)**	**(191,599)**
Second interim dividend on ordinary shares @ 405% for the year ended June 30, 2012	**-**	**-**	**-**	**(435,940)**	**-**	**(435,940)**	**(435,940)**
Surplus on revaluation of fixed assets realized on account of incremental depreciation charged on related assets for the year	**-**	**-**	**-**	**10,039**	**-**	**10,039**	**10,039**
Surplus on revaluation of fixed assets realized on account of disposal of assets and incremental depreciation charged on related asset for the year	**-**	**-**	**-**	**280,618**	**-**	**280,618**	**280,618**
Profit for the year	**-**	**-**	**-**	**114,117**	**-**	**114,117**	**114,117**
Other comprehensive income for the year, net of tax	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income for the year	**-**	**-**	**-**	**114,117**	**-**	**114,117**	**114,117**
Balance as at June 30, 2012	**107,640**	**5,655**	**-**	**170,143**	**-**	**175,798**	**283,438**

The annexed notes from 1 to 40 form an integral part of these financial statements.

Abu Talib H. K. Dada	**Sikander Dada**	**Zahid Mahmood**
Chairman	Chief Executive	Chief Financial Officer

1. NATURE AND STATUS OF BUSINESS

Dadex Eternit Limited (the Company) is a limited liability company incorporated in Pakistan on April 13, 1959 as a public limited company under the Companies Ordinance, 1984 and is quoted on the Karachi Stock Exchange. The registered office of the Company is situated at Dadex House, 34-A/1, Block 6, P.E.C.H.S, Sharah-e-Faisal, Karachi. The Company has three factories situated at Karachi, Hyderabad and Sundar (Lahore). The principal business of the Company is to manufacture and the sale of construction material, which mainly includes piping systems and other allied products manufactured from chrysotile cement, rubber and plastics, merchandising of imported pipe fittings, accessories and other building products. The Company is also engaged in providing irrigation solutions for agriculture and landscaping.

During the year, the Company has become the subsidiary of Sikander (Private) Limited by virtue of 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, that are stated at revalued amounts as referred to in notes 4.3.1, 4.3.4 and 5.1.1 to these financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Standards, amendments and interpretations adopted during the year

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

New and amended standards and interpretations

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

IFRS 7 - Financial Instruments: Disclosures (Amendment)

IAS 24 - Related Party Disclosures (Revised)

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

In May 2010, International Accounting Standards Board (IASB) issued amendments to various standards primarily with a view to removing inconsistencies and clarifying wording. These improvements are listed below:

IFRS 7	-	Financial Instruments: Disclosures - Clarification of disclosures
IAS 1	-	Presentation of Financial Statements - Clarification of statement of changes in equity
IAS 34	-	Interim Financial Reporting - Significant events and transactions
IFRIC 13	-	Customer Loyalty Programmes - Fair value of award credits

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

4.2 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Judgments, estimates and assumptions are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are 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 judgments, estimates and assumptions which are significant to these financial statements:

(a) determining the impairment, residual values, useful lives, valuation and pattern of flow of economic benefits of property, plant and equipment, intangible assets and investment property (notes 4.3, 4.4, 4.5, 5, 6 and 7);

(b) provision against stores, spare parts and loose tools and stock-in-trade / adjustment of stores, spare parts and loose tools and stock-in-trade to their net realizable value (notes 4.8, 4.9, 12 and 13);

(c) provision and impairment of financial assets (notes 4.6,14,15 and 16);

(d) recognition of taxation and deferred tax (notes 4.19, 11 and 31); and

(e) derivative financial instruments (notes 4.22).

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

4.3 Property, plant and equipment

4.3.1 Owned

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

Freehold land and leasehold land are stated at revalued amounts, which are the fair value at the date of revaluation 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 derecognized 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.

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

4.3.2 Capital work-in-progress

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

4.3.3 Assets subject to finance lease

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of leased items are capitalized 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 amortized 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.

4.3.4 Change in accounting policy

During the current year, the Company changed its accounting policy in respect of valuation of freehold land and leasehold land, that are freely transferrable, whereby, with effect from the current year, these are carried at the revalued amounts, being the fair value at the date of revaluation less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any, instead of past policy of carrying the same at their cost less accumulated depreciation and accumulated impairment losses, if any.

The above change, made to provide a more accurate reflection of the carrying value of the assets of the Company, and has been accounted for in accordance with the IAS - 16 "Property, Plant and Equipment", as required under IAS - 8 "Accounting Policies, Changes in Accounting Estimate and Errors"' requiring such a change to be applied prospectively, instead of applying the same retrospectively. Had there been no revaluation, the cost and written down value of revalued freehold land and leasehold land in the balance sheet would have been Rs. 270.737 million and Rs. 270.333 million and surplus on revaluation of fixed assets would have been lower by Rs.1,100.337 million.

4.4 Intangible assets

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

Generally, costs associated with developing or maintaining computer software programmes are recognized 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 recognized as an intangible asset. Direct costs include the purchase cost of software and related overhead cost.

These are stated at cost less accumulated amortization and impairment, if any.

Amortization 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 amortization is charged for assets in the month of purchase and no amortization is charged in the month of disposal.

4.5 Investment property

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

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

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

Depreciation is charged to the profit and loss account using the straight-line method over their estimated useful lives 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 capitalized.

4.6 Impairment

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

4.7 Investments

4.7.1 Investment in an associate

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

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 amortized. The profit and loss account reflects the share of the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Company recognizes 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 the parent company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

4.7.2 Held-to-maturity

Held-to-maturity investments are non-derivative financial assets which carry fixed or determinable payments and fixed maturities and which the Company has positive intention and ability to hold till maturity. After initial measurement held to maturity investments are measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initially recognized 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 recognized in the profit and loss account when the investments are derecognized or impaired, as well as through the amortization process.

4.8 Stores, spare parts and loose tools

These are valued at the lower of cost and net realizable 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 realizable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale which is generally equivalent to the estimated replacement cost.

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

4.9 Stock-in-trade

4.9.1 Raw materials

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

4.9.2 Work-in-process

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

4.9.3 Finished goods

Finished goods are valued at the lower of weighted average cost and net realizable 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 realizable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs necessarily to be incurred to make the sale.

4.10 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount less an estimate made for doubtful receivables based on the review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified.

4.11 Cash and cash equivalents

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

4.12 Non-current assets held for sale

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

4.13 Surplus on revaluation of fixed assets

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

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

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

4.14 Operating leases / Ijarah contracts

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

4.15 Provisions

Provisions are recognized 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.

4.16 Revenue recognition

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

a) Revenue from sale of goods is recognized when significant risk and rewards of ownership of goods have passed to the buyers, usually on delivery of goods.

b) Service income is recognized when related services are rendered. In such case, revenue is recognized by reference to the stage of completion of a transaction as of the balance sheet date to the extent of cost incurred and, accordingly adjusting the same against other receivables / advances from customers.

c) Sales of scrap goods are recorded net of cost on receipt basis.

d) Interest income is recorded using effective interest rate.

e) Rental income is recorded on accrual basis.

f) Dividend income is recognized when the right to receive the dividend is established.

4.17 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.

4.18 Compensated absences

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

4.19 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 recognized for all taxable temporary differences, while deferred tax assets are recognized 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 unused tax assets and unused tax losses can be recognized.

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 recognized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized 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 recognized 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.

4.20 Foreign currency translation

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

4.21 Financial instruments

All the financial assets and financial liabilities are recognized 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.

4.22 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 recognized 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 recognized 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 recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized 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 recognized when the forecast transaction is ultimately recognized 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.

4.23 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 realize the asset and settle the liability simultaneously.

4.24 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 recognized as an expense in the period in which they are incurred.

4.25 Dividend and appropriation to reserves

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

4.26 Segment reporting

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

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

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

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

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

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 7	Financial Instruments : Disclosures (Amendments) Amendments enhancing disclosures about transfers of financial assets	January 01, 2013
IAS 1	Presentation of Financial Statements - Presentation of items of comprehensive income	July 01, 2012
IAS 12	Income Tax (Amendment) - Deferred Taxes : Recovery of Underlying Assets	January 01, 2012
IAS 19	Employee Benefits (Amendment)	January 01, 2013
IAS 32	Offsetting Financial Assets and Financial Liabilities (Amendment)	January 01, 2014
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	January 01, 2014

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

In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

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

	Note	2012	2011
		------- (Rupees in '000') -------	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating assets - owned	5.1	**1,291,077**	282,668
Capital work-in-progress	5.2	**5,659**	7,669
		1,296,736	290,337

For the year ended June 30, 2012

5.1 Operating assets

	COST / REVALUED AMOUNT			ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	
	As at July 01, 2011	Additions/ (disposals)/ transfers/ **revaluation/ *(adjustment)	As at June 30, 2012	As at July 01, 2011	For the year / (on disposals)/ (on transfers)/ *(adjustment) (note 5.1.2)	As at June 30, 2012	As at June 30, 2012	Depre-ciation rate per annum %
	---------- (Rupees in '000') ----------							
Freehold land (note 5.1.1)	25,211	245,400 **37,245 ***(705)	307,151	-	-	-	307,151	-
Leasehold land (note 5.1.1)	3,596	**1,063,092 (286,195) *(1,626)	778,867	1,626	10,084 (4,022) *(1,626)	6,062	772,805	1-2.5
Factory buildings on freehold and leasehold land (note 5.1.3)	187,141	-	187,141	91,629	15,403	107,032	80,109	10
Buildings on freehold land other than factory	3,712	1,616 ***(3,712)	1,616	2,160	129 ***(2,213)	76	1,540	5
Buildings on leasehold land other than factory	44,699	(24,299) *225 ****(7,422)	13,203	27,670	1,478 (14,830) ****(4,227)	10,091	3,112	5
Plant and machinery (note 5.1.4)	757,983	6,405 (51,611) *12,706	725,483	641,047	24,881 (50,395)	615,533	109,950	10
Furniture and fittings	10,050	*34	10,084	6,383	753	7,136	2,948	10
Vehicles and transportation equipment	47,744	602 (2,151)	46,195	35,362	6,167 (1,962)	39,567	6,628	20
Office and factory equipment	33,025	*244 (112)	33,157	24,616	1,763 (56)	26,323	6,834	10-33.3
2012	**1,113,161**	**254,023 (364,368) *13,209 **1,100,337 ***(4,417) ****(7,422) *(1,626)**	**2,102,897**	**830,493**	**60,658 (71,265) ***(2,213) ****(4,227) *(1,626)**	**811,820**	**1,291,077**	

* Represents transfers from capital work-in-progress.
***Represents transfers from owned assets to non-current assets held for sale (note 29.1).
****Represents transfers from owned assets to investment property sale (note 7).
*( )Represents reversal of cost and accumulated depreciation at the time of revaluation.

	COST			ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	
	As at July 01, 2010	Additions/ (disposals)/ transfers	As at June 30, 2011	As at July 01, 2010	For the year / (on disposals)/ (note 5.1.2)	As at June 30, 2011	As at June 30, 2011	Depre-ciation rate per annum %
	---------- (Rupees in '000') ----------							
Freehold land	25,211	-	25,211	-	-	-	25,211	-
Leasehold land	3,596	-	3,596	1,576	50	1,626	1,970	1-2.5
Factory buildings on freehold and leasehold land (note 5.1.3)	186,047	668 *426	187,141	75,962	15,667	91,629	95,512	10
Buildings on freehold land other than factory	3,712	-	3,712	1,944	216	2,160	1,552	5
Buildings on leasehold land other than factory	44,699	-	44,699	25,763	1,907	27,670	17,029	5
Plant and machinery (note 5.1.4)	756,315	493 *1,175	757,983	609,977	31,070	641,047	116,936	10
Furniture and fittings	9,885	65 *100	10,050	5,609	774	6,383	3,667	10
Vehicles and transportation equipment	53,077	(5,333)	47,744	33,411	7,075 (5,124)	35,362	12,382	20
Office and factory equipment	31,405	104 (81) *1,597	33,025	21,951	2,688 (23)	24,616	8,409	10-33.3
2011	**1,113,947**	**1,330 (5,414) *3,298**	**1,113,161**	**776,193**	**59,447 (5,147)**	**830,493**	**282,668**	

* Represents transfers from capital work-in-progress.

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

Had there been no revaluation, the cost and written down value of revalued freehold land and leasehold land in the balance sheet would have been Rs.270.737 million and Rs.270.333 million and surplus on revaluation of fixed assets would have been lower by Rs.1,100.337 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	2012	2011
		------- (Rupees in '000') -------	
5.1.2 The depreciation charge for the year has been allocated as follows:			
Cost of sales	25	**49,207**	48,605
Distribution costs	26	**4,848**	5,329
Administrative expenses	27	**6,603**	5,513
		60,658	59,447

5.1.3 Represents cost of Rs.131.630 million (2011: Rs.131.630 million) and Rs.55.511 million (2011: Rs.55.511 million) and written down value of Rs.73.732 million (2011: Rs.87.134 million) and Rs.6.377 million (2011: Rs.8.388 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 Rs.0.089 million (2011: Rs.0.179 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, 2012 is Rs.508.212 million (2011: Rs.517.222 million).

5.2 Capital work-in-progress	Note	2012	2011
		------- (Rupees in '000') -------	
Plant and machinery - Green House Farming System		**13,979**	13,979
Impairment loss on plant and machinery	5.2.1	**(8,609)**	(8,213)
		5,370	5,766
Advance against purchase of operating assets	5.2.3	**289**	1,903
		5,659	7,669

5.2.1 Impairment loss on plant and machinery

	Note	2012	2011
Opening balance		**8,213**	7,387
Charge for the year	28	**396**	826
Closing balance	5.2.2	**8,609**	8,213

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

5.2.3 During the year, additions of Rs.11.595 million (2011: Rs.4.514 million) were made to capital work-in-progress which majorly relates to plant and machinery, and assets of Rs.13.209 million (2011: Rs.3.298 million) were transferred to operating assets (see note 5.1).

5.3 The following operating assets were disposed off during the year:

	Cost	Accumulated depreciation	Written down value	Sale proceeds / Insurance claim	Gain / (loss)	Mode of disposal	Particulars of buyer
	(Rupees in '000')						
Leasehold land							
Head office	286,195	4,022	282,173	282,173	-	Ijarah with UBL	United Bank Limited (UBL)
Building on leasehold land other than factory							
Head office building	24,299	14,830	9,469	42,000	32,531	Ijarah with UBL	United Bank Limited
Plant & machinery							
Head office items	49,588	49,420	168	747	579	Ijarah with UBL	United Bank Limited
Moulds for logard	2,023	975	1,048	2,042	994	Negotiation	Les Tuyaux Logard Inc.
Vehicles and transportation equipment							
Honda City Sdi (No. ARA-695)	946	757	189	825	636	Insurance Claim	Jubilee Insurance General Company Limited
Toyota Corolla SE Saloon (No. AFP-275)	1,205	1,205	-	125	125	As per Company's policy	Mr. Tariq Ali Jaferry, Ex-employee
Office and factory equipment							
Assets disposed off having book value less than Rs. 50,000	112	56	56	57	1	Negotiation / Insurance Claim	Ex-Employee / Jubilee Insurance General Company Limited
2012	**364,368**	**71,265**	**293,103**	**327,969**	**34,866**		
2011	5,414	5,147	267	3,617	3,350		

6. INTANGIBLE ASSETS

	COST			ACCUMULATED AMORTIZATION			WRITTEN DOWN VALUE	
	As at July 01, 2011	Addition	As at June 30, 2012	As at July 01, 2011	For the year (note 6.1)	As at June 30, 2012	As at June 30, 2012	Amortiz-ation rate %
	(Rupees in '000')							
SAP Software and Licenses	20,700	-	20,700	20,249	451	20,700	-	33.33
2012	**20,700**	**-**	**20,700**	**20,249**	**451**	**20,700**	**-**	

	COST			ACCUMULATED AMORTIZATION			WRITTEN DOWN VALUE	
	As at July 01, 2010	Addition	As at June 30, 2011	As at July 01, 2010	For the year (note 6.1)	As at June 30, 2011	As at June 30, 2011	Amortiz-ation rate %
	(Rupees in '000')							
SAP Software and Licenses	20,700	-	20,700	15,047	5,202	20,249	451	33.33
2011	**20,700**	**-**	**20,700**	**15,047**	**5,202**	**20,249**	**451**	

6.1 The amortization charge for the year has been allocated to administrative expenses (note 27).

7. INVESTMENT PROPERTY

	COST			ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	Depre-ciation rate per annum
	As at July 01, 2011	Addition/ *transfer/ (on disposals) (note 7.1)	As at June 30, 2012	As at July 01, 2011	For the year/ *on transfer/ (on disposals) (note 7.2)	As at June 30, 2012	As at June 30, 2012	%
	---------------------------------- (Rupees in '000') ----------------------------------							
Investment property	30,308	*7,422 (37,730)	-	17,132	1,698 *4,227 (23,057)	-	-	5
2012	**30,308**	***7,422 (37,730)**	**-**	**17,132**	**1,698 *4,227 (23,057)**	**-**	**-**	

	COST			ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	Depre-ciation rate per annum
	As at July 01, 2010	Addition	As at June 30, 2011	As at July 01, 2010	For the year/ (note 7.2)	As at June 30, 2011	As at June 30, 2011	%
	---------------------------------- (Rupees in '000') ----------------------------------							
Investment property	30,308	-	30,308	15,617	1,515	17,132	13,176	5
2011	**30,308**	**-**	**30,308**	**15,617**	**1,515**	**17,132**	**13,176**	

7.1 During the year, the Company has entered into an Ijarah transaction in respect of leasehold land and building thereon and plant and machinery of Head Office under a sale and ijarah agreements dated June 15, 2012 to United Bank Limited at a total consideration of Rs.390 million (notes 23.2.2 and 29).

7.2 The depreciation charge for the year has been allocated to administrative expenses (note 27).

	Note	2012	2011
		------- (Rupees in '000') -------	
8. LONG-TERM INVESTMENT - Equity method			
Movement of investment in an associate			
Balance at beginning of the year		**855**	80
Share of (loss) / profit - current year	8.1	**(361)**	1,375
Adjustment for last year's loss based on audited financial statements		**-**	(600)
		(361)	775
Balance at end of the year		**494**	855

8.1 The Company has 48.04 percent (2011: 48.04 percent) shareholding [i.e. 625,000 (2011: 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 year ended June 30, 2012, Berdex has reported a loss of Rs.0.753 million and accumulated losses of Rs.11.983 million (2011: incurred profit of Rs.2.862 million and accumulated losses of Rs.11.230 million based on audited financial statements).

8.2 The summarized financial information of the associate of the Company, based on the un-audited financial statements for the year ended June 30, 2012 is as follows:

	2012	2011
	------- (Rupees in '000') -------	
	(Unaudited)	**(Audited)**
Total Assets	**11,257**	20,418
Total Liabilities	**10,229**	18,637
Revenue	**1,629**	26,470
(Loss) / profit after tax	**(753)**	2,862

	Note	2012	2011
		------- (Rupees in '000') -------	
9. LONG-TERM LOANS - secured, considered good			
Executives	9.1	**-**	52
Employees		**2,714**	4,984
	9.2	**2,714**	5,036
Current portion	15	**(594)**	(1,043)
		2,120	3,993

	Note	2012	2011
		------- (Rupees in '000') -------	
9.1 Reconciliation of carrying amount of loans to executives			
Balance at beginning of the year		**52**	177
Disbursements		**-**	135
Repayments		**(52)**	(260)
Balance at end of the year		**-**	52

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

9.3 The maximum aggregate amount of loans due from the executives at the end of any month during the year was Rs.0.052 million (2011: Rs.0.166 million).

10. LONG-TERM DEPOSITS

	Note	2012	2011
		------- (Rupees in '000') -------	
Deposits against:			
- services and supplies	10.1 & 10.2	**6,668**	6,740
- ijarah agreements	23.2.2	**40,000**	-
		46,668	6,740

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 - holding company, amounting to Rs.0.100 million (2011: Rs.0.100 million).

11. DEFERRED TAX ASSET / (LIABILITY)

	Note	2012	2011
		------- (Rupees in '000') -------	
Deferred tax liabilities on taxable temporary difference:			
- accelerated tax depreciation on owned assets		**(25,634)**	(29,946)
Deferred tax assets on deductible temporary differences:			
- provision for slow moving and obsolete stores, spare parts and loose tools		**4,669**	5,382
- taxable losses		**69,234**	18,868
- other deductible temporary differences		**3,743**	3,780
		77,646	28,030
	11.1	**52,012**	(1,916)

11.1 Deferred tax asset to the extent of Rs.75.857 million (2011: Rs.39.700 million) has not been recognized in these financial statements due to future projections and uncertainty about the timing of reversal of such temporary differences in line with the accounting policy of the Company (see note 4.19).

	Note	2012	2011
		------- (Rupees in '000') -------	
12. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		**4,060**	4,740
Spare parts		**38,342**	42,159
Consumable accessories		**5,224**	4,602
Loose tools		**2,130**	2,609
Items in transit		**-**	1,258
	25.1	**49,756**	55,368
Provision for slow moving and obsolete stores, spare parts and loose tools	12.1	**(15,481)**	(17,663)
		34,275	37,705

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

	Note	2012	2011
Opening balance		**17,663**	19,586
Reversal for the year	25	**(2,182)**	(1,923)
Closing balance		**15,481**	17,663

13. STOCK-IN-TRADE

	Note	2012	2011
Raw materials			
- in hand	13.1	**385,365**	186,536
- in transit		**79,477**	17,052
	25	**464,842**	203,588
Work-in-process	13.2 & 25	**91,979**	72,903
Finished goods			
- Manufactured	13.3 & 25	**186,232**	217,411
- Trading [including in transit Rs.16.730 million (2011: Rs.10.7 million)]	13.4 & 25	**53,369**	133,012
		239,601	350,423
		796,422	626,914

13.1 Includes raw materials costing Rs.1.860 million (2011: Rs.163.832 million) which are carried at net realizable value of Rs.0.737 million (2011: Rs.146.912 million).

13.2 Includes products costing Rs. Nil (2011: Rs.6.671 million) which are carried at net realizable value of Rs. Nil (2011: Rs.2.829 million).

13.3 Includes products costing Rs.55.946 million (2011: Rs.31.205 million) which are carried at net realizable value of Rs.19.187 million (2011: Rs.16.473 million).

13.4 Includes products costing Rs.110.213 million (2011: Rs.64.115 million) which are carried at net realizable value of Rs.24.666 million (2011: Rs.41.456 million).

14. TRADE DEBTS - unsecured

	Note	2012 Turnkey	2012 Other than Turnkey (Notes 14.3 and 14.4)	2012 Total	2011 Turnkey	2011 Other than Turnkey	2011 Total
		(Rupees in '000')					
Considered good		-	126,616	126,616	-	151,312	151,312
Considered doubtful		17,414	96,540	113,954	17,414	106,382	123,796
	14.3	17,414	223,156	240,570	17,414	257,694	275,108
Provision for doubtful debts	14.1	(17,414)	(96,540)	(113,954)	(17,414)	(106,382)	(123,796)
		-	126,616	126,616	-	151,312	151,312

14.1 Provision for doubtful debts

	Note	2012 Turnkey (Note 14.2)	2012 Other than Turnkey	2012 Total	2011 Turnkey	2011 Other than Turnkey	2011 Total
		(Rupees in '000')					
Opening balance		17,414	106,382	123,796	19,357	105,229	124,586
Charge for the year		-	10,746	10,746	-	10,887	10,887
Reversal during the year		-	(20,588)	(20,588)	(1,943)	(9,734)	(11,677)
	29	-	(9,842)	(9,842)	(1,943)	1,153	(790)
Closing balance		17,414	96,540	113,954	17,414	106,382	123,796

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.3.480 million (2011: Rs.4.483 million).

14.4 The provision for doubtful debts includes an amount of Rs.15.632 million (2011: Rs.15.632 million) recoverable from an ex-employee, who had reportedly collected the amount from customers and did not surrender the same to the Company. A law suit has been filed against the ex-employee to recover the above amount.

14.5 As at June 30, 2012, the ageing analysis of unimpaired trade debts is as follows:

	Total	Neither past due nor impaired	Past due but not impaired: > 30 days upto 90 days	Past due but not impaired: > 90 days upto 180 days	Past due but not impaired: > 180 days upto 360 days
	(Rupees in '000')				
2012	**126,616**	**83,082**	**26,610**	**9,852**	**7,072**
2011	151,312	79,014	39,115	14,961	18,222

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

	Note	2012	2011
		------- (Rupees in '000') -------	
15. LOANS AND ADVANCES			
Loans - secured, considered good			
Current portion of long-term loans	9	**594**	1,043
Advances - unsecured, considered good			
Employees		**4,988**	329
Suppliers / contractors		**38,332**	10,608
Others		**140**	140
	15.1	**43,460**	11,077
Advances - considered doubtful			
Suppliers / contractors		**500**	500
Provision for doubtful advances		**(500)**	(500)
		-	-
		44,054	12,120

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

	Note	2012	2011
16. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Trade deposits		**11,873**	13,772
Provision for doubtful trade deposits	16.1	**(5,960)**	(5,958)
		5,913	7,814
Margin deposits		**7,063**	3,481
Other deposits		**7,535**	1,000
		20,511	12,295
Prepayments			
Rent		**484**	72
Others		**534**	1,088
		1,018	1,160
	16.2	**21,529**	13,455
16.1 Provision for doubtful trade deposits			
Opening balance		**5,958**	5,458
Charge for the year	28	**2**	500
Closing balance		**5,960**	5,958

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

	Note	2012	2011
17. CASH AND BANK BALANCES			
Cash in hand		**634**	262
Cash at banks in:			
Current accounts			
- Foreign currency		**-**	2,265
- Local currency		**815**	2,214
		815	4,479
PLS saving account	17.1	**3,227**	-
		4,676	4,741

17.1 This carries mark-up at the rate of 6 percent (2011: 5 percent) per annum at the year end.

18. SHARE CAPITAL

18.1 Authorised capital

2012	2011		2012	2011
(Number of shares)			------- (Rupees in '000') -------	
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

18.2 Issued, subscribed and paid-up capital (note 18.3)

2012	2011		2012	2011
(Number of shares)			------- (Rupees in '000') -------	
		Ordinary shares of Rs.10/- each:		
1,714,264	1,714,264	fully paid in cash	**17,143**	17,143
476,386	476,386	issued as fully paid for consideration other than cash	**4,764**	4,764
8,573,309	8,573,309	issued as fully paid bonus shares	**85,733**	85,733
10,763,959	10,763,959		**107,640**	107,640

18.3 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.

18.4 Sikander (Private) Limited holds 6,800,648 (2011: 2,690,112) ordinary shares having face value of Rs.10/- each (2011: Rs.10/- each) representing 63.18 percent (2011: 24.99 percent) shareholding as of balance sheet date.

19. RESERVES

	2012	2011
	------- (Rupees in '000') -------	
Capital reserves - share premium	**5,655**	5,655
Revenue reserves		
- General reserve	**-**	411,500
- Un-appropriated profit / (loss)	**170,143**	(18,592)
	170,143	392,908
	175,798	398,563

	Note	2012	2011
		------- (Rupees in '000') -------	
20. SURPLUS ON REVALUATION OF FIXED ASSETS			
Surplus arising as a result of revaluation of freehold land and leasehold land during the current year	5.1.1	**1,100,337**	-
Transferred to un-appropriated profit on account of:		**-**	
- incremental depreciation charged during the year		**(10,039)**	-
- disposal of leasehold land under an Ijarah agreement during the year		**(280,618)**	-
		(290,657)	-
Closing balance of surplus on revaluation of fixed assets		**809,680**	-

21. TRADE AND OTHER PAYABLES

	Note	2012	2011
Creditors	21.1	**106,856**	57,868
Bills payable		**241,973**	80,842
Accrued liabilities		**212,700**	87,658
Accrual for compensated absences		**25,731**	28,645
Advances from customers		**159,346**	229,780
Advance from tenants		**5,903**	5,380
Security deposits from distributors and others		**24,079**	26,337
Workers' Profit Participation Fund	21.2	**5,380**	361
Workers' Welfare Fund		**1,890**	-
Unclaimed dividend		**19,037**	8,826
Book overdraft		**6,537**	-
Others		**626**	1,450
		810,058	527,147

21.1 This includes amounts due to a related party, Berger Paints Pakistan Limited amounting to Rs.0.02 million (2011: Rs.0.055 million) as of balance sheet date.

21.2 Workers' Profit Participation Fund	Note	2012	2011
		------- (Rupees in '000') -------	
Balance as at July 01		**361**	1,440
Allocation for the year	28	**4,931**	-
		5,292	1,440
Interest on funds utilized in the Company's business	30	**88**	94
Amounts paid on behalf of the fund		**-**	(1,173)
Balance as at June 30		**5,380**	361

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

22. SHORT-TERM BORROWINGS - secured

	Note	2012	2011
		------- (Rupees in '000') -------	
Running finances utilized under mark-up arrangements	22.1 & 22.2	**632,334**	123,119
Foreign currency term finances	22.1 & 22.3	**44,279**	46,428
Export refinance		**-**	31,000
		676,613	200,547

22.1 These finance facilities have been obtained from various commercial banks aggregating to Rs.900 million (2011: Rs.780 million) out of which Rs.223.387 million (2011: Rs.579.257 million) remains unutilized as at the balance sheet date. These facilities are secured by the creation of a first pari-passu charge against hypothecation of the Company's stock-in-trade and trade debts.

22.2 These facilities carry mark-up at the rate of 13.94 to 14.79 percent (2011: 14.77 to16.02 percent) per annum.

22.3 These facilities carry mark-up of 3 to 6 months LIBOR plus spread at the rate of 1.75 to 3.5 percent (2011: 4 to 5 percent) per annum and are repayable latest by December 01, 2012.

23. CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

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

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

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

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

	2012	2011
	------- (Rupees in '000') -------	
23.1.2 Bonds and guarantees issued by banks on behalf of the Company	**78,913**	84,422

These are secured by a first pari passu hypothecation charge as disclosed in note 22.1.

23.2 Commitments

Commitments are as follows:

	Note	2012 Capital expenditure	2012 Others	2012 Total	2011 Total
		---------------------- (Rupees in '000') ----------------------			
Letters of credit		**-**	**346,557**	**346,557**	141,807
Post dated cheques	23.2.1	**-**	**54,170**	**54,170**	74,893
Import contracts		**-**	**6,515**	**6,515**	45,893
Local purchase contracts		**28**	**96,200**	**96,228**	12,253
		28	**503,442**	**503,470**	274,846

23.2.1 Represents post dated cheques of Rs.54.170 million (2011: Rs.74.893 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.

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

	2012	2011
	------- (Rupees in '000') -------	
Not later than one year	**94,227**	-
Later than one year but not later than five years	**405,499**	-
	499,726	-

23.2.3 Under an Ijarah agreement dated June 15, 2012 with United Bank Limited (note 23.2.2), the Company has a right to sub-lease the commercial property in the capacity of lessee which has already been rented out to tenants on the date of execution of aforesaid ijarah agreement. These non-cancellable sub-leases have remaining terms of between three to five years. Future minimum rentals receivable as at year end are as follows:

	2012	2011
Not later than one year	**35,037**	32,973
Later than one year but not later than five years	**71,740**	58,967
	106,777	91,940

			2012	2011
24.	**TURNOVER - net**		------- (Rupees in '000') -------	
	Local			
	- manufactured		**2,483,507**	2,156,730
	- trading		**245,029**	217,928
	- others		**19,916**	3,133
			2,748,452	2,377,791
	Export		**104,259**	86,899
			2,852,711	2,464,690
	Less:			
	Returns		**10,803**	11,567
	Special excise duty		**82**	28,595
	Sales tax		**371,992**	338,077
			382,877	378,239
			2,469,834	2,086,451
25.	**COST OF SALES**			
	Manufactured			
	Raw materials consumed			
	Opening stock	13	**203,588**	332,318
	Purchases		**1,780,137**	1,040,546
	Closing stock	13	**(464,842)**	(203,588)
			1,518,883	1,169,276
	Export Rebate - Duties		**(421)**	(218)
			1,518,462	1,169,058
	Stores, spare parts and loose tools consumed	25.1	**46,336**	55,902
	Salaries, wages and other benefits [includes Rs.5.190 million (2011: Nil) in respect of bonus to workers]	25.2	**119,036**	114,677
	Procured services		**29,534**	31,796
	Fuel, water and power		**97,361**	81,798
	Insurance		**5,676**	5,725
	Traveling		**341**	326
	Communication		**1,967**	1,400
	Depreciation	5.1.2	**49,207**	48,605
	Rent, rates and taxes		**7,954**	3,129
	Repairs and maintenance		**26,666**	22,792
	Technical assistance fee		**-**	7,417
	Printing and stationery		**674**	668
	Reversal for slow moving and obsolete stores, spare parts and loose tools	12.1	**(2,182)**	(1,923)
	Other expenses		**1,605**	1,398
	Opening stock of work-in-process	13	**72,903**	104,734
	Closing stock of work-in-process	13	**(91,979)**	(72,903)
	Cost of goods manufactured		**1,883,561**	1,574,599
	Opening stock of finished goods	13	**217,411**	216,548
	Closing stock of finished goods	13	**(186,232)**	(217,411)
			1,914,740	1,573,736
	Trading			
	Opening stock	13	**133,012**	129,611
	Purchases		**130,301**	121,829
			263,313	251,440
	Closing stock	13	**(53,369)**	(133,012)
			209,944	118,428
	Sale of scrap		**(8,335)**	(11,786)
			2,116,349	1,680,378

		Note	2012	2011
25.1	**Stores, spare parts and loose tools consumed**		------- (Rupees in '000') -------	
	Opening stock	12	**55,368**	67,687
	Purchases		**40,724**	43,583
	Closing stock	12	**(49,756)**	(55,368)
			46,336	55,902

25.2 Staff retirement benefits

Salaries, wages and other benefits include Rs. 4.353 million (2011: Rs.4.650 million) in respect of staff retirement benefits (provident fund contribution).

		Note	2012	2011
26.	**DISTRIBUTION COSTS**		------- (Rupees in '000') -------	
	Transportation and other charges on local sales		**89,153**	107,663
	Transportation and other charges on export sales		**4,379**	4,922
			93,532	112,585
	Salaries and other benefits	26.1	**61,213**	66,431
	Repairs and maintenance		**10,925**	12,091
	Depreciation	5.1.2	**4,848**	5,329
	Advertising and sales promotion		**10,554**	14,709
	Commission expense		**70,741**	27,795
	Communication		**2,796**	3,026
	Traveling		**5,846**	6,138
	Professional charges		**363**	1,457
	Printing, stationery and subscription		**920**	994
	Rent, rates and taxes		**24,354**	23,484
	Fuel, water and power		**2,905**	3,553
	Insurance		**288**	673
	Procured services		**2,241**	2,141
	Others		**908**	1,049
			292,434	281,455

26.1 Staff retirement benefits

Salaries and other benefits include Rs. 2.936 million (2011: Rs. 3.156 million) in respect of staff retirement benefits (provident fund contribution).

		Note	2012	2011
27.	**ADMINISTRATIVE EXPENSES**		------- (Rupees in '000') -------	
	Salaries and other benefits	27.1	**38,953**	37,976
	Rent, rates and taxes - investment property		**1,310**	1,080
	- others	27.2	**670**	1,414
	Ijarah rentals		**2,229**	-
	Procured services		**4,654**	2,968
	Insurance		**1,823**	2,164
	Depreciation - operating assets	5.1.2	**6,603**	5,513
	- investment property	7	**1,698**	1,515
	Amortization	6	**451**	5,202
	Repairs and maintenance		**7,358**	6,973
	Printing, stationery and subscription		**2,357**	986
	Communication		**8,234**	5,675
	Traveling		**6,703**	3,579
	Fuel, water and power		**5,562**	6,751
	Auditors' remuneration	27.3	**5,147**	2,398
	Legal and professional		**105,829**	16,612
	Others		**2,079**	2,181
			201,660	102,987

27.1 Staff retirement benefits

Salaries and other benefits include Rs.1.727 million (2011: Rs.1.765 million) in respect of staff retirement benefits (provident fund contribution).

27.2 Other rent, rates and taxes include rent amounting to Rs.0.670 million (2011: Rs.0.290 million) paid to Sikander (Private) Limited, the holding company.

27.3 Auditors' remuneration

	2012	2011
	------- (Rupees in '000') -------	
Audit fee	**900**	900
Fee for half yearly review	**400**	400
Fee for review of compliance with Code of Corporate Governance	**100**	100
Special certifications	**235**	793
Other advisory services	**3,316**	-
Out of pocket expenses	**196**	205
	5,147	2,398

28. OTHER OPERATING EXPENSES

	Note	2012	2011
Directors' fee		**640**	420
Audit Committee fee		**100**	160
Workers' Profit Participation Fund	21.2	**4,931**	-
Workers' Welfare Fund		**1,890**	-
Impairment loss on plant and machinery	5.2.1	**396**	826
Donations	28.1	**22**	391
Restructuring cost	28.2	**30,000**	-
Loss recognised on expiry of cash flow hedge contract		**-**	4,434
Exchange loss - net of exchange gain of Rs.11.837 million (2011: Rs.3.935 million)		**31,957**	4,558
Provision for doubtful trade deposits	16.1	**2**	500
Others		**97**	-
		70,035	11,289

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

28.2 This represents severance costs as a consequence of the corporate restructuring steps initiated in the fourth quarter of the year.

29. OTHER OPERATING INCOME

	Note	2012	2011
		------- (Rupees in '000') -------	
Income from financial assets			
Income from bank deposits		**4,178**	2
Reversal of provision against doubtful debts - net	14.1	**9,842**	790
		14,020	792
Income from non-financial assets			
Gain on disposal of:			
- operating assets	5.3	**34,866**	3,350
- investment property	7.1	**50,408**	-
- non-current assets held for sale	29.1	**232,796**	-
Rental income - sub-lease property under Ijarah	29.2	**38,938**	30,062
Net income from services	29.3	**1,476**	2,038
Gain on fair value of cross currency swap		**-**	440
		358,484	35,890
		372,504	36,682

29.1 During the half year ended December 31, 2011, the Board of Directors has passed the resolutions approving the sale of its Lahore office to an appropriate buyer. Accordingly, the Company has decided to reclassify its Lahore office from 'property, plant and equipment' at the written down value of Rs.2.204 million (having cost of Rs.4.417 million) as 'non-current assets held for sale' within the current assets in accordance with the requirements of the International Financial Reporting Standards 5 "Non-Current Assets Held for Sale and Discontinued Operations" (IFRS 5) and subsequently the same has been disposed off at a total consideration of Rs. 235 million.

29.2 Expenses in respect of sub-lease commercial property have been allocated to administrative expenses (note 27).

29.3 Net income from services

	2012			2011		
Nature of services	**Revenue**	**Expenses**	**Income**	**Revenue**	**Expenses**	**Income**
	------------------------ (Rupees in '000') ------------------------					
Jointing	**1,766**	**290**	**1,476**	2,569	531	2,038

30. FINANCE COSTS

	Note	2012	2011
		------- (Rupees in '000') -------	
Mark-up on:			
- long-term financing		**-**	4,544
- short-term borrowings		**63,863**	49,973
Interest on Workers' Profit Participation Fund	21.2	**88**	94
Bank and other charges		**4,936**	2,737
		68,887	57,348

31. TAXATION

	Note	2012	2011
Current - for the year		**33,007**	29,740
- prior year		**(584)**	699
		32,423	30,439
Deferred		**(53,928)**	(21,038)
	31.1	**(21,505)**	9,401

31.1 The income tax assessment of the Company has been finalised upto tax year 2011. The provision for current income tax is based on minimum taxation under Section 113 of the Income Tax Ordinance, 2001. Accordingly, tax charge reconciliation with the accounting profit is not reported.

	Note	2012	2011
		------- (Rupees in '000') -------	
32. EARNING / (LOSS) PER SHARE - Basic and Diluted			
Profit / (loss) for the year after taxation		**114,117**	(18,950)
		------- (Number of shares) -------	
Weighted average ordinary shares in issue during the year		**10,763,959**	10,763,959
		------- (Rupees) -------	
Earning / (loss) per share - basic and diluted		**10.60**	(1.76)

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

33. 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	
	2012	2011	2012	2011
	----------- (Rupees in '000') -----------			
Managerial remuneration	**5,209**	5,209	**25,840**	27,465
Housing				
- Rent	**270**	270	**5,646**	7,395
- Utilities	**521**	521	**2,435**	2,611
- Other items	**1,359**	1,174	**943**	1,078
Medical	**-**	-	**512**	702
Retirement benefits	**573**	573	**2,351**	2,872
Compensated absences	**1,050**	583	**2,374**	1,353
Insurance	**-**	1,294	**-**	-
	8,982	9,624	**40,101**	43,476
Number of person(s)	**1**	1	**24**	26

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

33.2 Aggregate amount charged in these financial statements with respect to fee paid to executives and non executives directors was Rs.0.060 million and Rs.0.680 million respectively [2011: Rs.0.580 million to non executive directors] (see note 28).

34. 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.

35. 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. 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	2012	2011
		------- (Rupees in '000') -------	
Transaction with holding company:			
Sikander (Private) Limited	Rent paid	**671**	290
Transactions with associated companies due to common directorship:			
Berger Paints Pakistan Limited	Purchase of goods	**31**	374
	Sale of goods	**55**	31
Cyber Internet Services (Private) Limited	Sale of goods	**31,582**	29,303
Century Insurance Company Limited (CICL)	Insurance premium paid to New Jubilee Insurance Company Limited [(CICL is co-insurer with 20% share (2011: 25% share)]	**2,482**	3,623
Staff retirement benefits:			
Dadex Eternit Limited - Provident Fund	Employer contribution	**9,016**	9,572

35.1 For the year ended June 30, 2012, 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.

36. CASH FLOWS (USED IN) / FROM OPERATIONS

	Note	2012	2011
		------- (Rupees in '000') -------	
Profit / (loss) before taxation		**92,612**	(9,549)
Adjustments for non cash and other items:			
Depreciation - property, plant and equipment	5.1	**60,658**	59,447
- investment property	7	**1,698**	1,515
Amortization	6	**451**	5,202
Gain on disposal of :			
- operating assets	29	**(34,866)**	(3,350)
- investment property	29	**(50,408)**	-
- non - current assets held for sale	29	**(232,796)**	-
Interest income	29	**(4,178)**	(2)
Share of loss/ (profit) on investment in an associate	8	**361**	(775)
Impairment loss on plant and machinery	5.2.1	**396**	826
Finance costs	30	**68,887**	57,348
Loss recognised on expiry of cash flow hedge contract	28	**-**	4,434
Gain on fair value of cross currency swap	29	**-**	(440)
Working capital changes	36.1	**42,211**	105,571
		(54,974)	220,227

36.1 Working capital changes	Note	2012	2011
		------- (Rupees in '000') -------	
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		**3,430**	10,396
Stock-in-trade		**(169,508)**	156,297
Trade debts		**24,696**	(41,112)
Loans and advances		**(31,934)**	5,419
Trade deposits and short-term prepayments		**(8,074)**	(1,790)
Other receivables		**8,901**	(8,594)
Sales tax and excise duty - net		**(58,000)**	(17,215)
		(230,489)	103,401
Increase in current liabilities			
Trade and other payables		**272,700**	2,170
		42,211	105,571

37. 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 short-term borrowings and trade and other payables. The main purpose of these financial liabilities is to raise finance for Company's operations. The Company has various financial assets such as loans, advances, deposits, trade and other receivables and cash and bank balances, which are directly related to its operations.

The Company's finance and treasury departments oversee the management of these risks and provide assurance to the Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company policies and risk appetite. No changes were made in the objectives, policies or processes and assumptions during the year ended June 30, 2012. The policies for managing each of these risks are summarized below:

37.1 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, 2012 and 2011.

37.1.1 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 profit / (loss) 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 profit / (loss) before tax (Rs. in '000')
2012	**+100**	**(6,734)**
	-100	**6,734**
2011	+100	2,005
	-100	(2,005)

37.1.2 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, 2012, 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 profit / (loss) before tax (due to changes in the fair value of monetary assets and liabilities) as at June 30, 2012 and 2011 are as follows:

	Increase / decrease in US Dollar and Euro to Pak Rupee	Effect on profit before tax / (loss) (Rs. in '000')
2012	**+5%**	**(12,099)**
	-5%	**12,099**
2011	+5%	3,978
	-5%	(3,978)

37.1.3 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.

37.2 Credit risk

37.2.1 Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Out of the total financial assets of Rs.247.035 million (2011: Rs.202.210 million), the financial assets which are subject to credit risk amounted to Rs.243.687 million (2011: Rs.196.110 million). The Company's credit risk is primarily attributable to its trade debts, deposits, loans, accrued interest and other receivables, and bank balances. The Company manages its credit risk in respect of trade debts by obtaining advances from customers. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. Further, the Company's credit risk arises from loan, deposits and other receivables are managed by obtaining securities in respective notes to these financial statements.

The credit quality of financial assets that are past due but not impaired is disclosed in note 14.5 to these financial statements. As at balance sheet date, there are no financial assets that would otherwise be past due or impaired whose terms have been renegotiated.

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

	Note	2012	2011
		------- (Rupees in '000') -------	
Long-term loans	9	**2,120**	3,993
Long-term deposits	10	**46,668**	6,740
Trade debts	14.5	**83,082**	79,014
Loans and advances	15	**44,054**	12,120
Deposits	16	**20,511**	12,295
Accrued interest and other receivables		**2,390**	11,266
Bank balances	17	**4,042**	4,479
		202,867	129,907

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

Bank Balances by short-term rating category (note 17)	Note	2012	2011
		------- (Rupees in '000') -------	
A1+		**3,228**	2,189
A- 1+		**711**	-
A1		**-**	10
P-1		**88**	2,265
A2		**4**	-
A3		**11**	15
		4,042	4,479

37.3 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 short-term borrowings.

The table below summarizes the maturity profile of the Company's financial liabilities at June 30, 2012 and 2011 based on contractual undiscounted payment dates:

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
	(Rupees in '000')					
June 30, 2012						
Trade and other payables	**612,834**	**159,346**	**30,611**	**-**	**-**	**802,791**
Accrued mark-up	**-**	**-**	**18,259**	**-**	**-**	**18,259**
Short-term borrowings	**-**	**46,279**	**630,334**	**-**	**-**	**676,613**
	612,834	**205,625**	**679,204**	**-**	**-**	**1,497,663**
June 30, 2011						
Trade and other payables	8,826	462,978	54,982	-	-	526,786
Accrued mark-up	-	-	10,968	-	-	10,968
Short-term borrowings	31,000	45,810	123,737	-	-	200,547
	39,826	508,788	189,687	-	-	738,301

37.4 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.

37.5 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, 2012 and 2011 were as follows:

	Note	2012	2011
		(Rupees in '000')	
Trade and other payables	21	**810,058**	527,147
Accrued mark-up		**18,259**	10,968
Short-term borrowings	22	**676,613**	200,547
Total debt		**1,504,930**	738,662
Cash and cash equivalents	17	**(4,676)**	(4,741)
Net debt		**1,500,254**	733,921
Total equity		**283,438**	506,203
Total capital and net debt		**1,783,692**	1,240,124
Gearing Ratio		**84.11%**	59.18%

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.

38. INFORMATION ABOUT OPERATING SEGMENTS

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

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

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

	Chrysotile Cement	Plastic	Others	Total
	(Rupees in '000')			
2012				
TURNOVER - net	1,043,762	1,390,982	35,090	2,469,834
RESULT				
Segment result	37,716	(174,002)	(2,847)	(139,133)
Unallocated expense				
Other operating expenses				(70,035)
Other operating income				371,028
Finance costs				(68,887)
Share of loss on investment in an associate				(361)
Taxation				21,505
Profit for the year				114,117
OTHER INFORMATION				
Capital expenditure	806	18,530	-	19,336
Unallocated corporate capital expenditure				246,282
Total capital expenditure				265,618
Depreciation	3,858	33,223	-	37,081
Unallocated corporate depreciation and amortization				25,726
Total depreciation and amortization				62,807
ASSETS AND LIABILITIES				
Segment assets	409,557	918,945	44,638	1,373,140
Unallocated corporate assets				1,224,908
Total assets				2,598,048
Segment liabilities	182,304	394,947	146,306	723,557
Unallocated corporate liabilities				781,373
Total liabilities				1,504,930

	Chrysotile Cement	Plastic	Others	Total
	---------------- (Rupees in '000') ----------------			
2011				
TURNOVER - net	918,906	1,149,403	18,142	2,086,451
RESULT				
Segment result	54,188	(29,097)	(1,422)	23,669
Unallocated expense				
Other operating expenses				(11,289)
Other operating income				34,644
Finance costs				(57,348)
Share of profit on investment in an associate				775
Taxation				(9,401)
Loss for the year				(18,950)
OTHER INFORMATION				
Capital expenditure	-	2,726	-	2,726
Unallocated corporate capital expenditure				1,902
Total capital expenditure				4,628
Depreciation	6,005	40,451	-	46,456
Unallocated corporate depreciation and amortization				19,708
Total depreciation and amortization				66,164
ASSETS AND LIABILITIES				
Segment assets	323,409	621,091	22,578	967,078
Unallocated corporate assets				279,703
Total assets				1,246,781
Segment liabilities	161,092	141,078	402	302,572
Unallocated corporate liabilities				438,006
Total liabilities				740,578

38.1 Geographical information

Turnover

The geographical information for turnover is given in note 24.

	Note	2012	2011
		------- (Rupees in '000') -------	
Non-current assets			
Pakistan		**1,398,030**	315,552

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

38.2 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.

38.3 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.

38.4 There are no inter segment sales/purchases.

39. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on September 21, 2012 by the Board of Directors of the Company.

40. GENERAL

40.1 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.

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

Abu Talib H. K. Dada	**Sikander Dada**	**Zahid Mahmood**
Chairman	Chief Executive	Chief Financial Officer

Pattern of Shareholding

As at June 30, 2012

Categories of Share Holders	Number of Shares Held	Percentage of Issued Capital
Associated Companies, Undertakings and Related Parties	**6,802,698**	**63.20**
Bandenawaz Limited	2,050	0.02
Sikander (Pvt.) Limited	6,800,648	63.18
Directors, CEO & their Spouses	**1,214,337**	**11.28**
Mr. Abu Talib H. K. Dada (Director)	310,469	2.88
Mrs. Halima w/o Abu Talib H.K. Dada	29,847	0.28
Mr. Maqbool H.H. Rahimtoola (Director)	5,300	0.05
Mr. Qazi Sajid Ali (Director)	1	0.00
Mr. Shahzad M. Husain (Director)	4	0.00
Mr. Samad Dada (Director)	259,125	2.41
Mr. Zulfiqar Ali Lakhani (Director)	5	0.00
Mr. Sikander Dada (CEO & Director)	609,586	5.66
Executives	**2**	**0.00**
Mr. Muhammad Yousuf	1	0.00
Mr. Syed Sajjad Ahmed	1	0.00
Banks, Insurance Company & Others	**50,737**	**0.47**
Ideal Life Assurance Company Limited	25	-
Muslim Commercial Bank Limited	440	0.00
National Bank of Pakistan Limited	445	0.00
United Bank Limited	348	0.00
Others	49,479	0.46
Shareholders holding ten percent or more voting interest in the company	**1,465,000**	**13.61**
Province Limited	1,465,000	13.61
Individuals	**1,231,185**	**11.44**
TOTAL	**10,763,959**	**100.00**

Pattern of Shareholding

As at June 30, 2012

Number of Share Holders	Share Holding from	Share Holding to	Total Shares Held
2,931	1	100	55,556
577	101	500	135,171
159	501	1,000	109,749
123	1,001	5,000	248,702
18	5,001	10,000	115,587
6	10,001	15,000	72,521
1	25,001	30,000	29,751
1	30,001	35,000	30,433
1	60,001	65,000	64,011
2	90,001	95,000	184,452
1	250,001	255,000	253,125
1	275,001	280,000	279,198
1	310,001	315,000	310,469
1	605,001	610,000	609,586
1	1,460,001	1,465,000	1,465,000
1	6,800,001	6,805,000	6,800,648
3,825			**10,763,959**

Categories of Share Holders	Numbers of Share Holders	Numbers of Shares Held	Percentage of Issued Capital
Individual	3,799	2,445,524	22.72
Associated Companies	2	6,802,698	63.20
Banks	3	1,233	0.01
Insurance Company	1	25	0.00
Foreign Shareholding	1	1,465,000	13.61
Others	19	49,479	0.46
	3,825	**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 000's)					
2012	2,469,834	114,117	2,598,048	627,539	583.00%
2011	2,086,451	(18,950)	1,246,781	-	0.00%
2010	2,101,734	10,016	1,438,006	-	0.00%
2009 (Restated)	2,189,890	25,772	1,540,412	-	0.00%
2008	2,017,194	72,430	1,708,276	43,056	40.00%
2007	1,657,144	42,291	1,430,517	32,292	30.00%
2006	1,335,387	14,548	1,492,196	18,837	17.50%
2005 (Restated)	1,290,858	54,505	1,234,610	37,674	35.00%
2004 (Restated)	946,854	37,577	1,183,292	32,292	30.00%
2003	710,644	28,414	711,040	21,528	20.00%
2002 (Restated)	562,226	8,498	651,401	13,455	12.50%

FORM OF PROXY

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

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 53rd Annual General Meeting of the Company to be held on Wednesday October 31, 2012 at 12:30 p.m. and at any adjournment thereof.

As witness my/our hand/seal this_____________________day of ________________2012

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.

DADEX

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THE COMPANY SECRETARY
DADEX ETERNIT LIMITED
DADEX HOUSE, 34-A/1, BLOCK 6, PECHS,
SHAHRAH-E-FAISAL, KARACHI-75400

DADEX

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