

Board of Directors

KASSIM DADA, S.K. (Pak.), Off. L.II (Belgium)

Chairman

ABU TALIB H.K. DADA

M. IRSHAD UDDIN

MAQBOOL H. H. RAHIMTOOLA

ZAHID ZAHEER

DR. MAHMOOD AHMED

PHILIPPE COENS

RAY HEMSTOCK

A. A. BHOJANI

TARIQ ALI JAFRI

Director Corporate Affairs

Managing Director

& Chief Executive

SIKANDER DADA

Director

Technical & Projects

ZAIMUDDIN AHMED

Company Secretary

NAZIR AHMED

FCMA

Auditors

A. F. FERGUSON & CO.

Chartered Accountants

HYDER BHIMJI & CO.

Chartered Accountants

Bankers

AMERICAN EXPRESS BANK LIMITED

BANK AL-HABIB LIMITED

HABIB BANK LIMITED

MUSLIM COMMERCIAL BANK LIMITED

OMAN INTERNATIONAL BANK S.A.O.G.

STANDARD CHARTERED BANK

STANDARD CHARTERED GRINDLAYS BANK

THE HONG KONG & SHANGHAI BANKING

CORPORATION LIMITED

UNION BANK LIMITED

Registered Office



KASSAM MANZIL, RANDAL ROAD,
P.O. BOX NO. 7429, KARACHI, 74400.

Web Site

www.dadex.com

NOTICE OF MEETING

Notice is hereby given that the 41st Annual General Meeting of the shareholders will be held on Tuesday, December 19, 2000 at 10:30 a.m. at the new Head Office building of the Company at Plot no. 34-A-1, Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi to transact the following business:

1. To receive and adopt the Report of Directors and Audited Accounts for the financial year ended June 30, 2000.
2. To consider the dividend recommended by the Board of Directors.
3. To appoint Auditors for the year 2000-2001 and fix their remuneration.

Special Business:

To consider and if considered fit to pass the following resolution as Special Resolution:

"Resolved that article no. 78, 79 and 80 of the Articles of Association of the Company be and are hereby deleted and in place of the deleted article no. 78 and 80 the articles mentioned in the attachment to this resolution be and are hereby substituted in lieu thereof and article no. 79 stands deleted.

Further resolved that the Chief Executive and or the Company Secretary be and is hereby authorised to take all such steps as may be necessary or incidental to give effect to the above resolution."

By Order of the Board

(NAZIR AHMED)

Karachi, November 15, 2000 Company Secretary

NOTES:

1. The Share Transfer Books will remain closed from December 12, 2000 to December 19, 2000 (both days inclusive) in order to update the register of shareholders for the purpose of determining the names of shareholders for the entitlement of cash dividend in respect of the year ended June 30, 2000. Transfers received in order at the Registered Office of the Company by the close of business hours on December 11, 2000 will be treated in time for



the entitlement of the above.

2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another member as a proxy to attend and vote in his absence.

3. The instrument appointing a proxy must be received at the Registered Office of the Company, not later than forty-eight hours before the time of the meeting.

4. Account holders and sub-account holders holding book entry securities of the Company in Central Depository Company of Pakistan Limited, who wish to attend the Annual General Meeting are requested to bring original National Identity Card with copy thereof duly attested by their Bankers for identification purpose.

5. A transport will be available for members at 9:30 a.m. sharp outside the premises of the Karachi Stock Exchange Building to take them to the venue of the meeting. Location map is enclosed for convenience.



ATTACHMENT TO THE SPECIAL RESOLUTION

Existing article no. 78 be and is hereby substituted by the following article 78:

A Director must be a member of the Company, provided that:

A Director representing the Government or an institution or authority which is a member, or

I. a whole time Director who is an employee of the Company, or

II. a Chief Executive, or

IV. a person representing a creditor,

need not be a member."

Existing article no. 80 be and is hereby substituted by the following article 80:

"Remuneration of a Director for attending the Board meeting shall be fixed by the Board of Directors of the Company."

**STATEMENT OF MATERIAL FACTS UNDER SECTION 160 (1) (b)
OF THE COMPANIES ORDINANCE, 1984.**

The restrictions imposed by the Controller of Capital Issues and as stated in the Articles of Association of the Company in respect of the remuneration to be paid to the Directors and qualification of shares, are now no longer required due to the fact that the Controller of Capital Issues (Continuance of Control) Act, 1947 stands repealed.

In view of the above and in order to bring the Articles of the Company in conformity with the provisions contained in the Companies Ordinance, 1984, the approval of the General Body of the shareholders is required to delete the above mentioned articles and to adopt the articles substituted in lieu thereof.

The interest of the Directors is to the extent mentioned herein above.

DIRECTORS' REPORT

The Shareholders
Dadex Eternit Ltd.



Gentlemen

Your directors have pleasure in placing before you the 41st Annual Report with audited accounts for the financial year ended June 30, 2000 as follows:

(Rupees in '000)

Net profit before taxation	78,084
Less: Provision for taxation	12,013

Net profit after taxation	66,071
Add: Unappropriated profit brought forward	1,919

Profit available for appropriation	67,990
Your directors have decided to appropriate as under:	
Transfer to General Reserve	14,000
Transfer to Fixed Assets Replacement Reserve	10,000
Proposed final dividend Rs 4.00 per share (40%)	43,056

	67,056

Unappropriated profit carried forward	934
=====	

Estimated break-up value per share is Rs 39.26
The pattern of shareholding is shown on page 34 of this report.

M/s. A. F. Ferguson & Co., and M/s. Hyder Bhimji & Co., auditors of the company retire and offer their services for the ensuing year.

On behalf of the Board

Kassim DADA

CHAIRMAN'S REVIEW

I am delighted to place before you the report for 1999-2000, the 41st year of the company.

The new millennium has brought with it new challenges. At the end of 1999 there were significant changes on the political front and the country is still passing through a serious economic crisis. Many industries have already suffered due to the unfavourable business environment and it appears that the ongoing economic recession, ever increasing cost of inputs and substantial inflow of imported finished goods will continue in the foreseeable future.

Planning in these unpredictable and extremely difficult conditions has not been an easy task. The management has made untiring efforts and as a result of prudent corporate policy and by the Grace of Allah, has once again succeeded in presenting before you healthy results for the year under review. The turnover increased by 6% as compared to previous year resulting in higher profit.

There were significant increases in costs of various inputs such as cement, petrol, spare parts, gas, electricity, wages and rupee devaluation during the year. The market conditions did not allow the company to recover these by increasing the prices and, therefore, the increased costs were absorbed. However, the company took measures to control costs and wastages through continuous training of the employees and optimal utilisation of available resources.

The entrepreneurial skills of the management have always guided it to look at highly specialised lines of businesses in the field of building products. I am happy to inform you that the company has recently entered in the business of construction chemicals by acquiring shareholding of a company engaged in this business and finalising an agreement with the world's largest construction chemical company. The management is confident that over a period of time this line of business will prove profitable for your company.

During the year the company also managed to export its products. This achievement became possible due to the fact that the quality of our products is comparable with other world class manufacturers. The company is also trying to expand this activity and I am confident that very soon our international business will grow.

Dadex still faces strong and unfair competition in its products in the local market. The substandard substitute products available at low prices have created many hurdles. The market share of the products has shrunk but we have implemented marketing oriented strategies to overcome these obstacles. Our Customer Service Department is fully active and we are providing highly personalised and focused services. The company's first priority is quality - both the quality of its products as well as the quality of customer service.



The construction activity has not shown any improvement and many projects have been shelved by both the Government and the private sector. However, the company is hopeful that its efforts to increase the international business will result in having comparable figures for the current year.

The company has hosted its newly developed web site on the worldwide web and it is gearing towards e-commerce to facilitate the customers.

In the end I would like to thank all the employees for their commendable efforts and our customers and suppliers for their understanding and co-operation.

Kassim DADA

Karachi, November 08, 2000 Chairman



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Dadex Eternit Limited as at June 30, 2000 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all 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 the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standard 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;

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, 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 June 30, 2000 and of the profit, its 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, was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

A. F. FERGUSON & CO. HYDER BHIMJI & CO.

Karachi, November 15, 2000 Chartered Accountants Chartered Accountants

**BALANCE SHEET
AS AT JUNE 30, 2000**

Note 2000 1999
(Rupees '000)

SHARE CAPITAL AND RESERVES

Authorised capital 3 200,000 200,000

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Issued, subscribed and paid-up capital 4 107,640 107,640

Reserves

Capital 5 110,000 100,000

Revenue 5 204,000 190,000

Unappropriated profit 934 1,919

314,934 291,919

422,574 399,559

CURRENT LIABILITIES AND PROVISIONS



Shod-term finances 6 174,211 83,555
 Creditors, accrued and other liabilities 7 130,480 102,077
 Taxation payable -- 10,726
 Proposed dividend 43,056 43,056

 347,747 239,414

COMMITMENTS 8

 770,321 638,973
 =====

TANGIBLE FIXED ASSETS

Operating assets 9 134,584 55,006
 Capital work-in-progress 10 75 40,726
 134,659 95,732

LONG-TERM INVESTMENT 11 5,000 --
 LONG-TERM LOANS AND ADVANCES 12 793 766
 LONG-TERM DEPOSITS 13 4,440 5,299
 DEFERRED TAXATION 14 2,058 5,151

CURRENT ASSETS

Stores and spares 15 58,963 66,708
 Stock-in-trade 16 305,310 303,693
 Trade debts 17 113,689 57,065
 Loans and advances 18 13,394 14,124
 Trade deposits and short-term prepayments 19 15,081 11,640
 Other receivables 20 2,211 2,644
 Investments 21 57,965 67,786
 Taxation recoverable 13,903 --
 Cash and bank balances 22 42,855 8,365

 623,371 532,025

 770,321 638,973
 =====

The annexed notes form an integral part of these accounts.

SIKANDER DADA M. IRSHAD UDDIN
 Chief Executive Director

PROFIT AND LOSS ACCOUNT
 FOR THE, YEAR ENDED JUNE 30, 2000



Note 2000 1999

(Rupees '000)

Turnover 23 615,904 581,743

Cost of goods sold 24 434,413 413,499

181,491 168,244

Administration, selling and distribution expenses 25 94,163 84,588

Operating profit 87,328 83,656

Other income 26 20,781 11,371

108,109 95,027

Financial charges 27 24,076 22,270

Other charges 28 5,949 5,589

30,025 27,859

Profit before taxation 78,084 67,168

Taxation 29 12,013 7,394

Profit after taxation 66,071 59,774

Unappropriated profit brought forward 1,919 201

Profit available for appropriation 67,990 59,975

Appropriations:

Transfer to Revenue Reserves - General 14,000 10,000

- Dividend Equalisation -- 2,000

Transfer to Capital Reserves - Fixed Assets Replacement 10,000 3,000

Proposed final dividend Rs 4.00 (1999: Rs 4.00) per share 43,056 43,056

67,056 58,056

Unappropriated profit carried forward 934 1,919

=====

Rupees Rupees

Earnings per share 30 6.14 5.55

=====

The annexed notes form an integral part of these accounts.



SIKANDER DADA M. IRSHAD UDDIN

Chief Executive Director



**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2000**

Note 2000 1999
(Rupees '000)

CASH FLOW FROM OPERATING ACTIVITIES

Cash generated from operations 35 64,659 100,176
Interest/mark-up paid (22,166) (20,801)
Taxes paid (33,549) (33,424)
Long-term loans and advances (net) (27) 13
Long-term deposits (net) 859 (1,469)

Net cash inflow from operating activities 9,776 44,495

CASH FLOW FROM INVESTING ACTIVITIES

Fixed capital expenditure (41,107) (33,911)
Investments 4,821 (19,822)
Proceeds from disposal of fixed assets 3,705 1,094
Interest received 9,252 8,735

Net cash outflow from investing activities (23,329) (43,904)

CASH FLOW FROM FINANCING ACTIVITIES

Finance lease repayments -- (5,247)
Short-term borrowings 112,011 60,600
Dividends paid (42,613) (39,921)

Net cash inflow from financing activities 69,398 15,432

Net increase in cash and cash equivalents 55,845 16,023
Cash and cash equivalents at beginning of the year (14,590) (30,613)

Cash and cash equivalents at end of the year 36 41,255 (14,590)

=====

The annexed notes form an integral part of these accounts.

SIKANDER DADA M. IRSHAD UDDIN
Chief Executive Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2000**

CAPITAL RESERVE REVENUE RESERVE TOTAL

Fixed Assets Dividend Unappro-
Share Repla- Share Equal- priated
Capital cement Premium isation General Profit

(Rupees '000)

Balance as at

June 30, 1998 107,640 91,345 5,655 20,000 158,000 201 382,841

Profit after taxation

for the year ended

June 30, 1999 -- -- -- -- 59,774 59,774

Transferred to reserves -- 3,000 -- 2,000 10,000 (15,000) --

Proposed dividend -- -- -- -- (43,056) (43,056)



Balance as at

June 30, 1999 107,640 94,345 5,655 22,000 168,000 1,919 399,559

Profit after taxation

for the year ended

June 30, 2000 -- -- -- -- 66,071 66,071

Transferred to reserves -- 10,000 -- -- 14,000 (24,000) --

Proposed dividend -- -- -- -- (43,056) (43,056)

Balance as at

June 30, 2000 107,640 104,345 5,655 22,000 182,000 934 422,574

The annexed notes form an integral part of these accounts.

SIKANDER DADA M. IRSHAD UDDIN

Chief Executive Director

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2000

The company is incorporated in Pakistan and is listed on the Karachi Stock Exchange. It is engaged in the manufacture and sale of construction materials namely fibre cement sheets, nalidar beams, fibre cement and PVC pressure pipes, building pipes, polyethylene pipes and other allied products; merchandising of imported fittings and accessories and other building products; and execution of pipe laying construction contracts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES



2.1 Basis of Preparation

These accounts have been prepared in accordance with the requirements of the Companies Ordinance, 1984 and the International Accounting Standards as applicable in Pakistan.

2.2 Accounting convention

These accounts have been prepared under the historical cost convention except that certain exchange elements referred to in note 2.8 have been incorporated in the cost of the relevant assets.

2.3 Staff retirement benefit

The company operates an approved contributory provident fund for all permanent employees.

2.4 Taxation

Provision for current taxation is based on taxable income after taking into account tax credits available, if any.

The company accounts for deferred taxation on all material timing differences using the liability method.

2.5 Tangible fixed assets

Operating assets except freehold land are stated at cost less accumulated depreciation. Freehold land and capital work-in-progress are stated at cost. Cost in relation to certain fixed assets signifies historical cost and exchange differences capitalised as referred to in note 2.8.

Depreciation on operating assets except plant and machinery and data processing equipment (included in office and factory equipment) is calculated at varying rates used for income tax purposes and is charged to income applying the reducing balance method. Depreciation on plant and machinery and data processing equipment is calculated using the straight-line method based on estimated useful lives. Depreciable cost for plant and machinery is determined after deducting the residual values.

Cost of leasehold land is amortised equally over the period of lease.

Depreciation on additions to assets during a year is charged for the whole year while no depreciation is charged on fixed assets disposed of during the year.

Gains and losses on disposal of assets are taken to profit and loss account.

Maintenance and normal repairs and replacements are charged to income as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

2.6 Stores and spares

Stores and spares except consumable accessories are valued at moving average cost. Consumable accessories are valued at cost calculated on last-in first-out basis.

Items in transit are valued at cost comprising invoice values plus other charges paid thereon.

2.7 Stock-in-trade

(a) Raw materials

Asbestos fibre is valued at cost calculated on last-in first-out basis. Other raw materials are valued at moving average cost.

Materials in transit are valued at cost comprising invoice values plus other charges paid thereon.



(b) Work-in-process

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

(c) Finished goods

Finished goods are valued at lower of moving average cost and net realisable value. Cost includes prime cost and an appropriate portion of manufacturing overheads.

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

2.8 Foreign currency translation

Assets and liabilities in foreign currencies are translated into rupees at the rates of exchange approximating those prevailing at the balance sheet date except where forward exchange

contracts have been entered into for repayment of liabilities in which case the rates contracted for are used.

Exchange differences in respect of foreign currency loans obtained for acquisition of fixed assets are incorporated in the cost of the relevant assets. All other exchange differences are taken to profit and loss account.

2.9 Investments

Long-term investments are stated at cost less amount written off in respect of any diminution due to permanent impairment in value of the investment. Shod-term investments are stated at the lower of cost and market value.

2.10 Revenue recognition

Sales are recorded on despatch of goods to customers. Dividend income on long-term investment is recognised when declared. Income on shod-term investments is recognised on

accrual basis.

2.11 Construction contracts

Contract revenue is recognised on the basis of approved quantities of pipes supplied. The value of pipes supplied to date and the related costs incurred in respect thereof are recognised as an expense. Revenue arising from contract variations and claims is not accounted for unless it is probable that the customer will approve the variation/claim and the amount of revenue arising from variation/claim can be measured reliably.

Expected losses on contracts are recognised as an expense immediately.

3. AUTHORISED CAPITAL

2000 1999

(Rupees '000)

Number of Shares

12,000,000 ordinary shares of Rs. 10 each 120,000 120,000
8,000,000 'B' class ordinary shares of Rs. 10 each 80,000 80,000

20,000,000 200,000 200,000

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4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2000 1999

(Rupees '000)

Number of shares

914,264 ordinary shares of Rs. 10 each
fully paid in cash 9,143 9,143

476,386 ordinary shares of Rs. 10 each
issued as fully paid for consideration
other than cash 4,764 4,764

5,282,773 ordinary shares of Rs. 10 each
issued as fully paid bonus shares 52,828 52,828

800,000 'B' class ordinary shares of Rs. 10 each
fully paid in cash 8,000 8,000

3,290,536 'B' class ordinary shares of Rs. 10 each
issued as fully paid bonus shares 32,905 32,905

10,763,959 107,640 107,640



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5. RESERVES

Movement in and composition of reserves are as follows:

CAPITAL REVENUE TOTAL

Fixed Share	Total Dividend	General	Total	2000	1999
Assets Prem- Replace- merit	Equali- ium sation				

------(Rupees '000)-----

At July 1	94,345	22,000	100,000	22,000	168,000	190,000	290,000	275,000
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Transfer from Profit and Loss account	10,000	--	10,000	--	14,000	14,000	24,000	15,000
---------------------------------------------	--------	----	--------	----	--------	--------	--------	--------

At June 30	104,345	5,655	110,000	22,000	182,000	204,000	314,000	290,000
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6. SHORT-TERM FINANCES - secured
2000 1999
(Rupees '000)

Running finance utilised under mark-up arrangements - note 6.1	1,600	22,955
Term finance - note 6.2	172,611	60,600

174,211	83,555	

=====

6.1 The facilities for short-term running finance utilised under mark-up arrangements available from various banks amount to Rs 261 million (1999: Rs 270 million). The facilities expire on various dates by May 31,2001. The rates of mark-up range from Re 0.33 to Re 0.50 (1999: Re 0.38 to Re 0.50) per Rs 1,000 per day. These arrangements are secured by pari-passu charges against hypothecation of the company's stock-in-trade and trade debts.

6.2 The facilities for secured term finance available from various banks amount to Rs 172.611 million (1999: Rs 78 million) and are repayable by August 19, 2000. These arrangements are secured by pledge over the company's Special US\$ Bonds and pari-passu charge against hypothecation of the company's stock-in-trade and trade debts. The mark-up rates on the above short-term finances range from 10.25% to 11.60% (1999: 12.25% to 14.00%) per annum.



7. CREDITORS, ACCRUED AND OTHER LIABILITIES

2000 1999

(Rupees '000)

Trade creditors	8,253	1,501
Bills payable	4,727	16,280
Sales tax payable	17,814	11,490
Accrued liabilities	40,611	26,993
Liability for capital expenditure	15,567	740
Due to customers for construction contracts	1,890	-
Accrued mark-up on secured short-term finances	5,118	4,268
Contractors' earnest money	12	12
Advances from customers	15,372	20,978
Workers' Profit Participation Fund - note 7.1	4,192	3,748
Workers' Welfare Fund	7,696	7,150
Unclaimed dividends	6,623	6,180
Other liabilities	2,605	2,737

130,480	102,077	
=====		

Amount due to an associated undertaking at the year end was Rs. 0.064 million (1999: Rs. Nil).

7.1 Workers' Profit Participation Fund

2000 1999

(Rupees '000)

Balance at July 1	3,748	4,748
Allocation for the year - note 28	4,192	3,628

7,940	8,376	
Interest on funds utilised in the company's business - note 27	331	256
Less: Amounts paid on behalf of the fund	1,876	2,822
Deposited with the Government	2,203	2,062

4,079	4,884	

Balance at June 30	4,192	3,748
=====		

8. COMMITMENTS

a) Commitments in respect of capital expenditure contracted but not incurred amounted to Rs 24.634 million at June 30, 2000 (1999: Rs 37.849 million).

transportation
 equipment 15,776 582 10,705 11,125 781 7,529 3,176 20
 (5,653) (4,377)

Office and factory
 equipment 756 2,078 2,766 104 296 393 2,373 10 & 20
 (68) (7)

 326,955 96,585 413,916 271,949 15,210 279,332 134,584
 (9,624) (7,827)

=====

1999 326,311 3,992 326,955 264,859 9,780 271,949 55,006
 (3,348) (2,690)

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9.2 The depreciation charge for the year has been allocated as follows:

2000 1999
 (Rupees '000)
 Cost of goods sold - note 24 4,043 8,649
 Administration, selling and distribution
 expenses - note 25 11,167 1,131

 15,210 9,780
 =====

9.3 The following fixed assets were disposed of during the year:

Cost Accumulated Book Sale Particulars of buyers
 depreciation value proceeds
 (Rupees '000)
 -----(Rupees '000)-----

Vehicles and
 transportation
 equipment

Sold by
 negotiation 186 137 49 165 Mr. Dinshaw Pestonji, (ex-Employee)
 713 526 187 305 Mr. S. Mairaj Maqbool, Karachi.
 665 447 218 411 Mr. A. Rashid, Karachi.
 535 395 140 325 Mr. Majid Nasir, Karachi.
 324 218 106 128 Mr. Masroor Khalid, (employee)
 21 7 14 14 Mr. R.K. Ranizai, (employee)
 525 388 137 342 Mr. Masroor A.G. Khan, Jhang.
 1,939 1,523 416 1,300 Mr. Muhammad Khan Niazi, Karachi.

4,908 3,641 1,267 2,990

WDV below Rs. 5,000 602 597 5 640

Written off 143 139 4 --

5,653 4,377 1,276 3,630

Plant and machinery

Sold by negotiation 91 41 50 75 Mr. Gran Badshah, Karachi.

Written off 3,456 3,110 346 --

3,547 3,151 396 75

Furniture and Fixtures

Written off 356 292 64 --

Office and factory

equipment

Written off 68 7 61 --

9,624 7,827 1,797 3,705

=====

1999 3,348 2,690 658 1,094

=====

10. CAPITAL WORK-IN-PROGRESS

2000 1999

(Rupees '000)

Civil works and building 75 31,282

Plant and machinery -- 194

Advances to contractors and suppliers -- 9,250

75 40,726

LONG-TERM INVESTMENT

625,000 ordinary shares of Rs. 10 each held

in Berdex Construction Chemicals (Private) Limited 5,000 --

The company has acquired 50% ownership in Berdex Construction Chemicals (Private) Limited in the current year. Berdex is engaged in marketing and distribution of construction chemicals in Pakistan. The value of the company's investment on the basis of net assets of Berdex, as disclosed in the audited accounts for the year ended June 30, 2000, amounted



to Rs 5.036 million.

12. LONG-TERM LOANS AND ADVANCES - considered good

2000 1999

(Rupees '000)

Due from executives 926 911

Less: receivable within one year - note 18 428 536

498 375

Due from employees 859 997

Less: receivable within one year - note 18 564 606

295 391

793 766

Outstanding for a period: -----

- exceeding three years 157 --

- others 636 766

793 766

=====

Loans are given to executives and employees for purchase of motor cars, motorcycles and computers and are repayable between two to four years. All the loans are granted in accordance with the terms of employment.

13. LONG-TERM DEPOSITS

2000 1999

(Rupees '000)

Deposits

- Leasing companies 2,119 3,432

- Others 3,735 3,144

5,854 6,576

=====

Less: Current portion of deposits with

leasing companies-- note 19 1,414 1,277

4,440 5,299

=====

14. DEFERRED TAXATION

Deferred tax credit arising due to:



- accelerated tax depreciation allowances (6,797) (1,857)

Deferred debit arising in respect of certain

short-term provisions 8,855 7,008

2,058 5,151

=====

15. STORES AND SPARES

Stores 4,539 4,194

Spares 50,182 53,828

Consumable accessories 10,049 15,899

Loose tools 1,072 1,090

Items in transit 1,831 764

67,673 75,775

Provision for slow moving and obsolete spares (8,710) (9,067)

58,963 66,708

=====

Consumable accessories, i.e. felt and sievemesh have been valued on last-in first-out (LIFO) basis which is consistent with that of the previous year. Had the value of these items been determined on the moving average basis, total value of the items would have increased by Rs 2.515 million (1999: Rs 3.098 million).

16. STOCK-IN-TRADE

2000 1999

(Rupees '000)

Raw materials

- At moving average cost 26,906 16,754

- At last-in first-out cost 133,178 142,368

- Items in transit 5,389 28,530

165,473 187,652

Work-in-process 27,502 35,430

Finished goods (including in transit Rs 0.340 million;

1999: Rs 1.767 million) 112,335 80,611

305,310 303,693

=====

Asbestos fibre, included in raw materials, has been valued on the last-in first-out (LIFO) basis



which is consistent with that of the previous year. Had the value of fibre been determined on the moving average basis, total value of fibre would have increased by Rs 8.264 million (1999: Rs 10.641 million).

17. TRADE DEBTS

2000 1999

(Rupees '000)

Considered good - unsecured 91,179 57,065

Considered doubtful 16,847 12,170

108,026 69,235

Less: Provision for doubtful debts 16,847 12,170

91,179 57,065

Due from customers for construction contracts 22,510 --

113,689 57,065

=====

Amount due from an associated undertaking at the year end was Rs Nil (1999: Rs 0.007 million).

18. LOANS AND ADVANCES- considered good

2000 1999

(Rupees '000)

Loans to:

- executives- note 12 428 536

- employees- note 12 564 606

Advances to:

- executives 547 253

- employees 116 67

- suppliers/contractors 11,604 12,527

- others 135 135

13,394 14,124

=====

The maximum aggregate amount due from executives at the end of any month during the year was Rs 1.347 million (1999: Rs 1.980 million).

19. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

2000 1999



(Rupees '000)

Trade deposits 10,750 7,307

Current portion of deposits with leasing companies - note 13 1,414 1,277

Short-term prepayments 2,917 3,056

15,081 11,640

=====

20. OTHER RECEIVABLES- considered good

Accrued income on investments 2,175 2,608

Others 36 36

2,211 2,644

=====



21. INVESTMENTS

2000 1999

(Rupees '000)

WAPDA Bonds -- 12,410

Defence Savings Certificates 1,309 1,050

Special US \$ Bonds 56,656 54,326

57,965 67,786

=====

Profit on WAPDA Bonds and Special US \$ Bonds is receivable half yearly at an annual rate of 12.5 per cent and LIBOR plus upto 2% respectively. Profit on Defence Savings Certificates is accrued for each completed year at the specified rates at the time of issue.

22. CASH AND BANK BALANCES

1999 2000

(Rupees '000)

Deposit accounts 41,005 --

Current accounts

- Foreign currency 142 --

- Local currency 1,642 8,238

Cash in hand 66 72

Cash in transit -- 55

42,855 8,365

=====

23. TURNOVER

Turnover 615,904 581,743

=====

The company has entered into various pipe laying construction contracts. Turnover includes revenue recognised in respect of the construction contracts amounting to Rs 36.9 million.

24. COST OF GOODS SOLD

2000 1999

(Rupees '000)

Raw materials consumed

Opening stock 187,652 209,901

Purchases 267,549 250,447

Closing stock (165,473) (187,652)

289,728 272,696

Stores and spares 34 219 30,942

Salaries, wages and benefits 52 906 48,345

Bonus to staff and workers 2 665 2,077

Installation and laying cost 10 118 --

Fuel, water and power 26 305 29,318

Insurance 4 582 4,995

Travelling 652 414

Communication 411 435

Depreciation - note 9.2 4,043 8,649

Rent, rates and taxes 8,865 8,762

Repairs and maintenance 4,978 4,863

Technical assistance fee 3,003 1,444

Printing and stationery 642 615

Sundry expenses 1,313 1,195

Opening stock of work-in-process 35,430 27,829

Closing stock of work-in-process (27,502) (35,430)

Cost of goods manufactured 452,358 407,149

Opening stock of finished goods 80,611 78,507

Finished goods purchased 13,779 8,454

546,748 494,110

Closing stock of finished goods (112,335) (80,611)

434,413 413,499

=====





24.1 Staff Retirement Benefits

Salaries, wages and benefits include Rs 2.089 million (1999: Rs 2.020 million) in respect of staff retirement benefits.

25. ADMINISTRATION, SELLING AND DISTRIBUTION EXPENSES

Salaries and benefits	33,081	32,943
Rent, rates and taxes	5,855	8,858
Insurance	1,089	1,090
Transportation:		
Hire and other charges	37,227	34,172
Recoveries	(37,051)	(34,041)
	176	131
Depreciation - note 9.2	11,167	1,131
Repairs and maintenance	6,366	6,461
Advertising and sales promotion'	10,652	6,612
Printing, stationery and subscription	3,397	2,209
Communication	3,576	2,771
Travelling	6,578	5,835
Fuel, water and power	2,418	1,315
Legal and professional	1,928	3,758
Provision for doubtful debts	5,757	4,034
Bad debts written off	586	--
Provision for slow moving and obsolete spares	--	6,093
Sundries	1,537	1,347

94,163	84,588	
=====	=====	

25.1 Staff Retirement Benefits

Salaries and benefits include Rs 1.632 million (1999: Rs 1.643 million) in respect of staff retirement benefits.

25.2 Number of Employees

Total number of employees at June 30, 2000 was 660 (1999: 657).

26. OTHER INCOME

2000	1999
(Rupees '000)	
Income from - investments	7,343 3,432
- bank deposits	1,458 4,551

- employee loans 18 29

8,819 8,012

Profit on disposal of fixed assets - net 1,908 436

Sale of scrap and waste 232 218

Recoveries of receivables

- written off in prior years 13 213

- against provisions 694 208

Liabilities no longer required written back 1,431 --

Provisions no longer required written back

- sales tax on spare parts consumed 4,981 --

- others 856 --

Sundries 1,847 2,284

20,781 11,371

=====

27. FINANCIAL CHARGES

Mark-up on short-term finances 22,685 20,683

Interest on Workers' Profit Participation Fund - note 7.1 331 256

Finance charge on liabilities against assets

subject to finance leases -- 383

Bank charges 1,060 923

Others -- 25

24,076 22,270

=====

28. OTHER CHARGES

Auditors' remuneration - note 31 299 289

Directors' fee 9 9

Workers' Profit Participation Fund - note 7.1 4,192 3,628

Workers' Welfare Fund 1,237 1,509

Donations 208 105

Zakat on Special Savings Certificates 4 49

5,949 5,589

=====

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

29. TAXATION



2000 1999

(Rupees '000)

Current - for the year 21,500 25,000

- for prior years (12,580) (9,775)

Deferred 3,093 (7,831)

12,013 7,394

=====

30. EARNINGS PER SHARE

Net profit for the year after taxation 66,071 59,774

Number of shares

Average ordinary shares in issue during the year 10,763,959 10,763,959

Rupees Rupees

Earnings per share 6.14 5.55

=====

31. AUDITORS' REMUNERATION

A.F. HYDER 2000 1999

FERGUSON BHIMJI

& CO. & CO.

------(Rupees '000)-----

Audit fee 165 70 235 205

Special certifications and

sundry advisory services 25 10 35 46

Audit of Worker's Profit

Participation Fund -- 2 2 2

Out of pocket expenses 27 -- 27 36

217 82 299 289

=====

32. REMUNERATION OF DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the accounts for the year for remuneration and benefits to the chief executive, director and executives of the company were as follows:

Chief Executive Director Executives

2000 1999 2000 1999 2000 1999

------(Rupees '000)-----

Managerial remuneration 1,313 1,313 -- -- 16,014 16,100



Housing

- Rent 525 525 -- -- 5,989 6,454
- Utilities 131 131 366 224 1,482 1,598
- Other items -- -- 107 274 337 675
Medical 131 131 34 15 1,370 1,438

Retirement benefits 144 144 -- -- 1,513 1,576

2,244 2,244 507 513 26,705 27,841
=====

Number of persons 1 1 1 1 66 66
=====

In addition, the chief executive, director and certain executives are provided with company cars. The director is also provided with free residential telephone.



Aggregate amount charged in the accounts for the year for fee to seven directors was Rs 9,000 (1999: Rs 8,500 to five directors).

33. CAPACITY AND PRODUCTION

Fibre cement products Rubber products Plastic division
Karachi Factory Hyderabad Factory Karachi Factory Karachi Factory
2000 1999 2000 1999 2000 1999 2000 1999

Capacity of
production (tons) 46,850 46,850 14,100 14,100 120 120 2,800 2,800

Actual production (tons) 24,316 23,709 4,763 7,410 73 63 1,423 775

Percentage of
capacity utilised 52 51 34 53 61 53 51 28

The company's production was according to the market demand.

34. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

2000 1999
(Rupees '000)
Purchase of goods 276 158
Sale of goods 2,200 31

Sales and purchase transactions with associated undertakings are carried out on commercial terms and conditions.

35. CASH GENERATED FROM OPERATIONS

Profit before taxation 78,084 67,168

Adjustments for non cash charges and other items:

Depreciation	15,210	9,780
Profit on disposal of fixed assets - net	(1,908)	(436)
Interest income	(8,819)	(8,012)
Interest/mark-up expense	23,016	21,322
Working capital changes - note 35.1	(40,924)	10,354

	64,659	100,176
=====		

35.1 Working capital changes

(Increase)/decrease in current assets		
Stores and spares	7,745	(1,574)
Stock-in-trade	(1,617)	12,544
Trade debts	(56,624)	(8,427)
Loans and advances	730	(7,681)
Trade deposits and short-term prepayments	(3,441)	7,795
Other receivables (net)	--	94

	(53,207)	2,751
Increase in current liabilities		
Creditors, accrued and other liabilities (net)	12,283	7,603

	(40,924)	10,354
=====		

36. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include:		
Cash and bank balances - note 22	42,855	8,365
Short-term running finance utilised under mark-up arrangements - note 6	(1,600)	(22,955)

	(14,590)	41,255
=====		

37. FINANCIAL ASSETS AND LIABILITIES

FINANCIAL ASSETS

Interest/mark-up bearing	Non Interest bearing	Total
Maturity upto one year	Maturity after one year	Sub-total

----- (Rupees '000) -----



Investments	57,965	--	57,965	--	5,000	5,000	62,965
Loans to employees	228	79	307	763	715	1,478	1,785
Deposits	--	--	--	12,164	4,440	16,604	16,604
Trade debts	--	--	--	113,689	--	113,689	113,689
Other receivables	--	--	--	2,175	36	2,211	2,211
Cash and bank balances	41,005	--	41,005	1,850	--	1,850	42,855

2000	99,198	79	99,277	130,641	10,191	140,832	240,109
1999	68,247	58	68,305	77,338	6,008	83,346	151,651

FINANCIAL LIABILITIES

Short-term finances	174,211	--	174,211	--	--	--	174,211
Creditors	--	--	--	85,406	--	85,406	85,406
Proposed dividend	--	--	--	43,056	--	43,056	43,056



2000	174,211	--	174,211	128,462	--	128,462	302,673
1999	83,555	--	83,555	101,767	--	101,767	185,322

37.1 Concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. Out of the total financial assets of Rs 240.109 million, the financial assets which are subject to credit risk amounted to Rs 240.043 million. The company believes that it is not exposed to major concentration of credit risk. To manage exposure to credit risk the company applies credit limits to its customers.

37.2 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. Payables exposed to foreign currency risks are covered through with foreign undertakings. Payables exposed to foreign currency risks are covered through

37.3 Fair value of financial assets and liabilities

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

38. CORRESPONDING FIGURES

Corresponding figures have been reclassified and rearranged, wherever necessary, to facilitate comparison.

Chief Executive Director

PATTERN OF SHARE HOLDING
AS AT JUNE 30, 2000

NUMBER OF SHAREHOLDING TOTAL
SHAREHOLDERS FROM TO SHARES HELD

3,060	1	100	59,582
695	101	500	159,919
221	501	1,000	146,013
170	1,001	5,000	338,569
17	5,001	10,000	100,704
7	10,001	15,000	83,604
1	20,001	25,000	23,776
1	25,001	30,000	29,751
1	30,001	35,000	30,433
1	60,001	65,000	63,080
3	90,001	95,000	274,906
1	110,001	115,000	113,337
1	180,001	185,000	184,409
1	235,001	240,000	235,862
1	290,001	295,000	290,841
1	310,001	315,000	310,469
1	330,001	335,000	333,856
1	385,001	390,000	386,328
1	410,001	415,000	411,700
1	416,001	420,000	416,824
1	455,001	460,000	459,474
1	750,001	755,000	754,989
1	1,460,001	1,465,000	1,465,000
1	4,090,001	4,095,000	4,090,533

4,190 10,763,959

=====

CATEGORIES OF SHARE HOLDERS	Number of Share Holders	Number of Share Held	Percentage of Issued Capital
INDIVIDUALS	4,152	4,234,453	39.34
JOINT STOCK COMPANIES	16	889,296	8.26
INVESTMENT COMPANIES	5	6,476	0.06
INSURANCE COMPANIES	3	63,638	0.59
FINANCIAL INSTITUTIONS	5	2,799	0.03



FOREIGN SHAREHOLDING 5 5,555,536 51.61
CO-OPERATIVE &
WELFARE ORGANISATIONS 2 550 0.01
CORPORATE LAW AUTHORITY 1 1 --
THE ADMINISTRATOR ABANDONED
PROPERTIES, GOVT. OF PAK. 1 11,210 0.10

4,190 10,763,959 100.00

=====

