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COMPANY INFORMATION

Board of Directors

Mr. Muhammad Hussain Dadabhoy
Mrs. Razia Hussain Dadabhoy
Mr. Muhammad Amin Dadabhoy
Mr. Fazal Karim Dadabhoy
Mrs. Humaira Dadabhoy
Mrs. Yasmeen Dadabhoy
Mr. Nasimuddin

Chairman

Chief Executive

Company Secretay

Mr. Ejaz Ahmed

Auditors

Rahim Iqbal Rafiq & Co.
Chartered Accountants

Legal Advisor

Mr. Saleem Thepdawala

Bankers

Saudi Pak Commercial Bank Limited
PICIC Commercial Bank Limited
National Bank of Pakistan Limited
Allied Bank of Pakistan Limited

Registered Office

5th Floor, Maqbool Commercial Complex,
Jinnah Co-operating Housing Society
Block 7 & 8, Shahrah-e-Faisal
Karachi-75350
Tel : 021-4545704-6 Fax : 021-4548625
Email : mhdadabhoy@cyber.net.pk
URL : www.mhdadabhoy.com
Telex : 27586 DCIL PK

Factory

Nooriabad Deh Kalu Kohar,
District Dadu (Sindh)

Audit Committee

Mr. Muhammad Hussain Dadabhoy
Mr. Muhammad Amin Dadabhoy
Mr. Nasimuddin

Chairman

Member

Member

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 23rd Annual General Meeting of Dadabhoy Sack Limited will be held on Tuesday the 31st October, 2006 at 10:00 a.m. at Registered Office of the company at 5th Floor Maqbool Commercial Complex, JCHS Shahrah-e-Faisal, Karachi to transact the following business :

ORDINARY BUSINESS

1. To read and confirm the minutes of 22nd Annual General Meeting of the company held on 7th October 2005.
2. To receive, consider and adopt the Audited Financial statements of the company for the year ended June 30, 2006 together with Directors and Auditors Report thereon.
3. To appoint auditors for the year ended June 30, 2007 and to fix their remuneration.
4. To transact any other business as may be placed before the meeting with the permission of the Chair.

Note :

1. The Share Transfer Book of the company will remain close from 25th October, 2006 to 31st October, 2006 (both days inclusive).
2. Any member of the company entitled to attend and vote may appoint another member as his / her proxy to attend and vote on his / her behalf.
3. Proxies must be received at the registered office of the company not less than 48 hours before the meeting.

Karachi : 2nd October 2006.

Ejaz Ahmad
Company Secretary

DIRECTORS REPORT TO THE SHAREHOLDERS

The Board of Directors has pleasure in reporting the performance of your Company together with Audited Financial Statements for the financial year ended June 30, 2006.

GENERAL REVIEW

Your Company has recorded net sales of Rs. 84.198 million as compared to Rs. 87.192 millions during the same period last year thus there is a decline of 3.43% which is mainly attributed to low demand of Paper Bags from Customers. The Company's Gross Profit has increased by Rs. 5.565 million from Rs. 13.472 million of Corresponding year to Rs. 19.037 million during the year under review due to increase in selling price of paper bags.

FINANCIAL RESULT

The Financial Results of the Company are furnished below;

	2006	2005
Profit after Taxation	747,254	3,898,568
Accumulated Profit Brought Forward	3,710,893	(187,675)
Profit Available for appropriation	4,458,147	3,710,893
Cash Dividend	(3,000,000)	-
Transferred from Surplus on Revaluation of Fixed Assets - net of tax	1,270,547	-
Accumulated Profit Carried Forward	2,728,694	3,710,893
Earning per share - Basic & Diluted	.19	.97

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK.

The Director would like to confirm in relation to financial statements and controls, the followings.

- 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. The company has maintained proper books of accounts.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International Accounting Standards, as applicable in Pakistan have been followed in preparation financial statements and any departure there from has been adequately disclosed.
- e. The system of internal control is sound in design. The system is being continuously monitored by Internal Audit department and through other such monitoring. The process of monitoring internal controls will continue as an ongoing process with objective to further strengthen the controls and bring improvements in the system.

- f. There are no doubts upon the company's ability to continue as going concern.
- g. There has been no material departure from the best practices of corporate governance as defined in the listing regulations.
- h. The key operating and financial data of six years is annexed herewith.
- i. There has been nothing outstanding against your company on account of taxes, duties, levies and other charges except for those which are being made in normal course of business.

During the year four meetings of Board of Directors were held. Attendance by each Director is as follows.

Name of Directors	No. of Meetings Attended
Mr. Muhammad Hussain Dadabhoy	04
Mrs. Razia Hussain Dadabhoy	04
Mr. Muhammad Amin Dadabhoy	04
Mr. Fazal Karim Dadabhoy	04
Mrs. Humaira Dadabhoy	04
Mrs. Yasmeen Dadabhoy	04
Mr. Nasimuddin	04

FUTURE PROSPECTS

Given the positive future possibilities of Cement Industry in Pakistan, the Company is all set for the same level of growth in the times to come with the vision to maximize its share to the national economy.

PATTERN OF SHARES HOLDING

The Pattern of Shareholding including additional information as at June 30, 2006 is annexed with Annual Report.

AUDITORS

The present Auditors M/S Rahim Iqbal Rafiq & Company, retire and being eligible to offer themselves for re-appointment.

ACKNOWLEDGMENT

The Board of Director would like to place on record their appreciation to all the shareholders for their continued support, and also acknowledges with diligent performance by the employees, supplier contactors and customer involved with the company.

Karachi : 2nd October 2006.

FAZAL KARIM DADABHOY
Chief Executive

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner.

The Board comprises 7 Directors including CEO. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors.

The Directors have confirmed that none of them is serving as a Director in more than ten listed companies, including this company.

All the resident Directors of the company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of Stock Exchange, has been declared as a defaulter by that Stock Exchange.

The company has prepared a Statement of Ethics and Business Practices, which has been signed by all the Directors and employees of the company.

The Board has developed a vision 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.

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 and other Executive Directors, have been taken by the Board.

The meetings of the Board were presided over by the Chairman. The Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

The Board arranged one orientation course for its Directors during the year to apprise them of their duties and responsibilities.

The Chief Financial Officer and the Company Secretary were appointed to the implementation of the Code of Corporate Governance. Remuneration, terms and conditions in case of future appointments on these positions will be approved by the Board. However, the appointment of head of internal audit and terms and conditions of his employment has been approved by the Board.

The Directors' report has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

The financial statements of the company were duly endorsed by Chief Executive and CFO before approval of the Board.

The Directors, Chief Executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

The company has complied with all the corporate and financial reporting requirements of the Code.

The Board has formed an audit committee. It comprises 3 members of whom 2 are non-executive directors, including the Chairman of the Committee.

The meetings of the audit committee were held at least once in every quarter prior to approval of interim and final results of the company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

The Board has set up an effective internal audit function and personnel involved are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company and they are involved in the internal audit function on a full time basis.

The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, 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 Accounts (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

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.

We confirm that all other material principles contained in the Code have been complied with.

Karachi : 2nd October 2006.

FAZAL KARIM DADABHOY
Chief Executive

**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 prepared by the Board of Directors of Dadabhoy Sack Ltd (the company) to comply with the Listing regulations No. 37 Part XI of the Karachi Stock Exchange and Lahore Stock Exchange where the company is listed.

The responsibility for compliance with the Code of Corporate governance 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 of Corporate Governance and report if it does not. A review is limited primarily to inquires of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit to 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Boards statement on internal control covers all conrols and the effectiveness of such internal controls.

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 Companys' compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended June 30, 2006.

Karachi : 2nd October 2006.

RAHIM IQBAL RAFIQ & CO.
Chartered Accountants

YEARWISE STATISTICAL SUMMARY AS AT JUNE 30, 2006

Particulars	2006	2005	2004	2003	2002	2001
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PRODUCTION SUMMARY

Production in Bags	7,197,900	7,010,700	5,735,750	5,188,000	5,654,000	4,840,000
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ASSETS

Rupees in '000'

TOTAL ASSETS EMPLOYED	92,708	61,328	60,545	40,740	59,775	58,704
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FINANCED BY

Rupees in '000'

Shareholders Equity	42,729	43,711	39,812	25,194	38,817	40,475
Long Term Liabilities	15,423	9,038	8,861	6,018	8,847	-
Deferred Liabilities	8,733	1,714	3,612	2,970	2,702	2,325
Current Liability	8,383	6,865	8,260	6,558	9,409	15,904
Surplus on Revaluation of Fixed Assets	17,441	---	---	---	---	---
Total Funds Invested	92,709	61,328	60,545	40,740	59,775	58,704

TURNOVER AND PROFIT

Rupees in '000'

Turnover (net)	84,198	87,192	89,521	61,560	60,906	52,769
Operating Profit	1,950	3,534	12,362	126	1,603	1,148
Profit before taxation	750	3,126	15,812	(13,442)	945	850
Profit after taxation	747	3,898	14,619	(13,623)	(1,658)	243
Cash Dividend	3,000	-	-	-	-	-
Profit/(Loss) carried Forward	2,729	3,711	(188)	(14,806)	(1,183)	475

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **DADABHOY SACK LIMITED** as at **June 30, 2006**, and the related profit & 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 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 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 referred in note 2.1.2 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 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 and 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 affair as at 30th June, 2006 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) In our opinion, no Zakat was deductible at source under the Zakat and Usher Ordinance, 1980. (XVII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that ordinance.

Karachi :
Dated : 2nd October 2006

Rahim Iqbal Rafiq & Company
Chartered Accountants

BALANCE SHEET AS AT 30 JUNE 2006

	NOTE	2006 RUPEES	2005 RUPEES
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	3	59,550,927	20,605,999
Long term deposits		6,118,516	2,034,000
Deferred tax assets		-	767,326
Current Assets			
Stores, spares and loose tools	4	2,720,915	2,678,340
Stock-in-trade	5	11,000,571	4,020,095
Trade debts	6	8,502,381	27,854,430
Advances	7	3,210,343	1,205,834
Deposits, prepayments and other receivable	8	314,338	609,497
Advance income Tax	9	484,711	885,850
Cash and Bank balances	10	805,937	667,057
		<u>27,039,196</u>	<u>37,921,103</u>
		92,708,639	61,328,428
LIABILITIES			
Non-Current Liabilities			
Long term loans	11	-	4,074,348
Liabilities subject to finance lease	12	15,422,624	4,963,834
Deferred Liabilities	13	8,733,283	1,714,133
		<u>24,155,907</u>	<u>10,752,315</u>
Current Liabilities			
Current maturities of long term liabilities		2,550,275	1,038,831
Creditors, accrued and other liabilities	14	4,572,472	5,085,063
Taxation		1,260,294	741,327
		<u>8,383,041</u>	<u>6,865,221</u>
		<u>32,538,948</u>	<u>17,617,536</u>
Contingencies and Commitments	15	-	-
NET ASSETS		<u>60,169,691</u>	<u>43,710,893</u>
REPRESENTED BY:			
SHARE CAPITAL AND RESERVES			
Share Capital	16	40,000,000	40,000,000
Accumulated Profit		2,728,694	3,710,893
		<u>42,728,694</u>	<u>43,710,893</u>
Surplus on Revaluation of Fixed Assets	17	17,440,997	-
		<u>60,169,691</u>	<u>43,710,893</u>

The annexed notes form an integral part of these financial statements.

DIRECTOR

DIRECTOR

* These financial statements have been signed by two directors, as the Chief Executive, Mr. Fazal Karim Dadabhoi is out of Country for the purpose of medical checkup of his mother

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2006**

	NOTE	2006 RUPEES	2005 RUPEES
Sales - Net	18	84,198,287	87,192,350
Cost of Sales	19	65,160,393	73,719,562
Gross Profit		19,037,894	13,472,788
Other operating income	20	183,510	25,024
		19,221,404	13,497,812
Administrative and general expenses	21	17,199,163	9,619,241
Other operating charges	22	72,221	344,554
		17,271,384	9,963,795
Operating profit		1,950,020	3,534,017
Financial charges	23	(1,199,795)	(485,572)
Liabilities written back		-	78,072
Profit before taxation		750,225	3,126,517
Taxation			
Current		(1,260,294)	(741,327)
Prior		-	125,124
Deferred		1,257,323	1,388,254
		(2,971)	772,051
Profit after taxation		747,254	3,898,568
Accumulated Profit brought forward		3,710,893	(187,675)
Cash Dividend (@ Rs. 0.75 per share)		(3,000,000)	-
Transferred from Surplus on Revaluation of Fixed Assets-net of tax		1,270,547	-
		2,728,694	3,710,893
Accumulated Profit carried forward		2,728,694	3,710,893
Earnings per share - Basic and diluted (Rs.)		0.19	.97

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DIRECTOR

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**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006**

	NOTE	2006 RUPEES	2005 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		720,225	3,126,517
Adjustments for:			
Depreciation		5,995,276	2,654,796
Financial Charges		1,199,795	485,572
Provision for staff gratuity		1,347,214	(1,178,000)
Provision for W.W.F		17,680	-
Provision for W.P.P.F		54,541	164,554
Profit on bank deposit		(33,403)	(25,024)
		<u>8,581,103</u>	<u>2,101,898</u>
Cashflow from operating activities before working capital changes.		9,331,328	5,228,415
(Increase) decrease in current assets:			
Stores, spares and loose tools		(42,575)	13,441,690
Stock in trade		(6,980,476)	(3,766,274)
Trade debts		19,352,049	(9,517,103)
Loans and advances		(2,004,509)	(89,451)
Deposits, prepayments and other receivables		295,159	234,664
		<u>10,619,648</u>	<u>303,526</u>
Increase (decrease) in current liabilities:			
Creditors, accrued and other liabilities		744,715	419,828
		<u>20,695,691</u>	<u>5,951,769</u>
Cash flow from operating activities after working capital changes			
Income tax paid		(340,188)	(48,730)
Interest paid		(1,102,022)	(547,861)
Profit on bank deposit		33,403	25,204
Cash Dividend		(2,630,232)	-
W.P.P.F paid		-	(145,703)
W.W.F paid		-	(32,727)
Gratuity paid		-	(98,467)
		<u>(4,039,039)</u>	<u>(848,284)</u>
Net cash flow from operating activities.		16,656,652	5,103,485

DIRECTOR

DIRECTOR

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	NOTE	2006 RUPEES	2005 RUPEES
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(4,917,025)	(823,141)
Long term deposits		(4,084,516)	(334,000)
Net cash used in investing activities		(9,001,541)	(1,157,141)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayments of long term loans		(4,074,348)	(393,564)
Repayment of short term loan		-	(2,250,000)
Lease finance liability		(3,441,883)	(756,860)
Net cash outflow from financing activities		(7,516,231)	(3,400,424)
Net increase in cash and cash equivalents		138,880	545,920
Cash and cash equivalents at beginning of the year		667,057	121,137
Cash and cash equivalents at end of the year		805,937	667,057
Cash and cash equivalent include :			
Cash at Bank - Current		711,911	530,226
Cash at Bank - PLS		94,026	136,791
		805,937	667,057

The annexed notes form an integral part of these financial statements.

DIRECTOR

DIRECTOR

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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2006**

	Share Capital	Accumulated Profit/(loss) Rupees	Total Rupees
Balance as at 01 July 2004	40,000,000	(187,675)	39,812,325
Profit for the year after taxation	-	3,898,568	3,898,568
Balance as at 30 June 2005	<u>40,000,000</u>	<u>3,710,893</u>	<u>43,710,893</u>
Profit for the year after taxation	-	747,254	747,254
Transferred from Surplus on revaluation of fixed assets	-	1,270,547	1,270,547
Cash dividend paid @ Rs. 0.75 per share	-	(3,000,000)	(3,000,000)
Balance as at 30 June 2006	<u><u>40,000,000</u></u>	<u><u>2,728,694</u></u>	<u><u>42,728,694</u></u>

The annexed notes form an integral part of these financial statements.

DIRECTOR

DIRECTOR

* These financial statements have been signed by two directors, as the Chief Executive, Mr. Fazal Kari Dadabhoy is out of Country for the purpose of medical checkup of his mother

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2006**

1 STATUS AND NATURE OF BUSINESS

- 1.1** The Company was incorporated on September 27th, 1983 as a Private Limited Company by the name of Paperpro Industries (Private) Limited. The Company was converted into Public Limited Company on October 27th, 1994 and its name was changed to Dadabhoy Sack Limited on January 19th, 1995. Its registered office is located at Maqbool Centre, Shahrah-e-Faisal, Karachi. The main activity of the company is manufacturing of paper bags. In February 1996, the Company was listed at Stock Exchanges of Karachi and Lahore.
- 1.2** The Company is domiciled in Karachi, Pakistan.

SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These Financial Statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of said directives take precedence.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention with the exception the land, building and plant & machinery which have been stated at revalued amount.

2.3 Staff Retirement benefits (Defined benefit plan)

The operates and unfunded gratuity scheme covering all its permanent employees who have completed their minimum qualifying period of service with the company provision is made by the company with reference to employee's last drawn gross salary and number of years of service on the basis of terminal value of scheme on the reporting date to cover obligation under the scheme.

2.4 Employees accumulated compensated absences

The Company's policy in respect of earned leave is to make provision for accumulating earned leave, as per prescribed slab, maximum upto 30 days, over and above will be considered as lapsed, if not availed by the employee.

2.5 Taxation

Current:

Provision for current taxation is based on taxable income at the current rate of taxation or one-half percent of turnover under section 113 of the Income Tax Ordinance 2001 whichever is applicable and higher.

Deferred:

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

2.6 Property, Plant and Equipment

Owned

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any, depreciation is charged on all assets using the reducing balance method at the rates stated in note- 3.

Depreciation on addition is charged from the quarter in which the assets are put to use while no depreciation is charged in the quarter in which the assets are disposed.

During the year the company has changed its accounting policy regarding measurement of land, building and plant & machinery from historical cost to revalued amount.

The surplus on revaluation of fixed assets is reversed to the extent of incremental depreciation and is transferred to accumulated profit.

Gains and losses on sale of fixed assets are included in profit and loss, as and when occur, except that is related to surplus on revaluation of fixed assets (net of deferred taxation), is transferred directly to Profit & Loss account.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

Leased

Leased assets in terms of which the company assumes substantially all the risks and rewards of ownership are classified as finance lease. Assets acquired by way of finance lease are stated at an amount equal to the lower of its fair value and the present value of minimum lease payments at the inception of the lease less accumulated depreciation and impairment losses, if any. Assets acquired under the finance lease are depreciated over the useful life of the assets at the rates applicable to the Company's own assets.

2.7 Impairment of assets

Impairment loss is recognized if evidence exist, that the carrying amount of assets is materially in excess of its recoverable amount.

2.8 Stores, spares and loose tools

These are valued at lower of moving average cost and net realizable value.

2.9 Stock in trade

Stock -in-trade, except for stock -in- transit, are valued at the lower of cost and net realizable value.

These are valued at lower of cost and net realizable value.

Methods used to determine cost are:

- Raw material: First-in-first-out
- Finished Goods: Average manufacturing cost
- Goods in transit: Cost plus expenses incurred

Net realizable value signifies are estimated selling price in the ordinary course of business less cost necessary to be incurred in order to make a sale.

2.10 Trade debts

Trade debts are carried at original invoice amount less provision made for doubtful receivable balances, if any. Bad debts are written off when identified.

2.11 Foreign currency transactions

Transaction in foreign currencies are translated into rupees at the rates of exchange ruling on the date of transaction. Assets and liabilities in foreign currencies are translated at the rates of exchange ruling on the balance sheet date. Exchange differences are included in income currently, except for exchange differences arising on acquisition of fixed assets, if any, which are included in the cost of fixed assets for which no practical means of hedging are present.

2.12 Revenue recognition

Sales are recorded on dispatch of goods to customers.

Scrap sales are recognized when delivery is made to customers.

Other income is accounted for on accrual basis.

2.13 Provisions

Provisions are recognized when the company has a legal and constructive obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation and the realizable estimate of the amount can be made.

2.14 Borrowing costs

Borrowing cost are recognized as expense in the year in which they are incurred, except those that are directly attributable to the acquisition of fixed assets.

2.15 Transactions with related parties

Transactions with related parties are based on the policy that all transactions between the Company and the related parties are carried out at arm's length. These prices are determined in accordance with the method prescribed in the Companies Ordinance, 1984.

2.16 Cash and cash equivalents

Cash and Cash Equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash-in-hand and bank balances only.

2.17 Financial Instruments

Financial Assets: are deposits, trade debts, loans and advances, other receivables and cash and bank balances against which Company has right to receive cash. These are stated at their nominal value as reduced by appropriate allowances and estimated irrecoverable amount, if any.

Financial Liabilities: are classified according to the substance of the contractual agreements entered into. Significant financial liabilities are long term loans, creditors, accrued and other liabilities for which Company has obligation pay cash or another financial asset. All financial liabilities are initially measured at cost, which is the fair value of consideration received at initial recognition.

Offsetting of financial assets and financial liabilities

A financial asset and a 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 recognized amounts and intends either to settle on net basis or to realize the asset and settle the liability simultaneously.

Property, Plant and Equipment

Following is a statement of operating assets

	COST				DEPRECIATION				WDV value as at 30 June 2006	Rate %	
	Cost / Revaluation as at 1 July 2005	Surplus on Revaluation of Fixed Assets	Adjustment of Depreciation of Revalued assets on revaluation date	Addition	Cost / Revaluation as at 30 June 2006	Accumulated depreciation as at 1 July 2005	Adjustment of Depreciation of Revalued assets on revaluation date	Depreciation for the Year			Accumulated depreciation as at 30 June 2006
(Rupees)											
Land - freehold	82,115	4,417,885	-	-	4,500,000	-	-	-	-	4,500,000	-
Building on freehold land	11,828,739	952,258	(8,780,997)	-	4,000,000	8,746,753	(8,780,997)	389,800	355,556	3,644,444	10
Plant and machinery	39,497,802	21,037,986	(28,535,788)	77,500	32,077,500	28,412,619	(28,535,788)	2,967,613	2,844,444	29,233,056	10
Fork lifter	630,000	-	-	-	630,000	591,036	-	7,227	598,263	31,737	20
Office equipment	381,119	-	-	39,586	420,705	269,794	-	11,712	281,506	139,199	10
Electrical equipments	793,236	-	-	31,650	824,886	580,468	-	24,440	604,908	219,978	10
Security equipment	54,335	-	-	-	54,335	46,589	-	746	47,335	7,000	10
Furniture & fittings	1,155,678	-	-	4,764,610	5,920,288	492,030	-	278,840	770,870	5,149,418	10
Motor vehicles	388,790	-	-	3,679	392,469	371,765	-	3,342	375,107	17,362	20
Leased Assets	54,811,814	26,408,129	(37,316,785)	4,917,025	48,820,183	39,511,054	(37,316,785)	3,683,720	5,877,989	42,942,194	
Motor Vehicles	7,480,530	-	-	13,615,050	21,095,580	2,175,291	-	2,311,556	4,486,847	16,608,733	20
2006	62,292,344	26,408,129	(37,316,785)	18,532,075	69,915,763	41,686,345	(37,316,785)	5,995,276	10,364,836	59,550,927	
2005	59,799,203			2,493,141	62,292,344	39,031,549		2,654,796	41,686,345	20,605,999	
Allocation of Depreciation for the Year											
	Depreciation Allocation				%		2006		2005		
							Rs.		Rs.		
Cost of Sales					60		3,597,166		1,606,767		
Administrative & General Expenses					40		2,398,110		1,048,029		
							<u>5,995,276</u>		<u>2,654,796</u>		

			2006 RUPEES	2005 RUPEES
4	STORES, SPARES AND LOOSE TOOLS			
	Opening balance		2,678,340	16,120,030
	Add: Purchases		305,540	132,644
			2,983,880	16,252,674
	Less: Consumption		(262,965)	(452,796)
	Less: Transferred to Dadabhoy Cement Industries Ltd.		-	(13,121,538)
	Closing balance		2,720,915	2,678,340
5	STOCK-IN-TRADE			
	Raw materials		2,893,113	3,026,087
	Stock in transit		5,999,862	-
	Finished goods		2,107,596	994,008
			11,000,571	4,020,095
6.	TRADE DEBTS -UNSECURED			
	Considered good	6.1	8,502,381	27,854,430
6.1	The amount of Rs. 8,502,381 (2005:27,854,430) represents due from associated company - Dadabhoy Cement Industries Ltd.			
	The maximum amount due at the end of any month during the year was Rs. 8.502 million (2005:27.854 million)			
7.	ADVANCES			
	Considered good			
	Associated undertaking - Dadabhoy Energy Supply Co.Ltd.		17,582	320,310
	Suppliers		1,726,350	92,150
	Against Letter of credit	7.1	1,466,411	793,374
			3,210,343	1,205,834
7.1	The maximum amount due from associated undertaking at the end of any month during the year was Rs. 17,582 (2005: 320,310)			
8.	DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
	Deposits		170,000	390,000
	Prepayments		141,640	219,497
	Other receivables		2,698	-
			314,338	609,497
9.	ADVANCE INCOME TAX			
	Advance income tax		484,711	399,160
	Refundable		-	486,690
			484,711	885,850

	2006 RUPEES	2005 RUPEES
10 CASH AND BANK BALANCES		
Cash at banks		
- Current accounts	711,911	530,351
- PLS accounts	94,026	136,706
	805,937	667,057
11 LONG TERM LOANS-UNSECURED	-	4,074,348

11.1 This represents interest free loan from associated undertaking Dadabhoy Hydrocarbon Ltd. with no specified repayment term.

The maximum aggregate amount due to associated undertaking at the end of any month during the year was Rs. Nil (2005: 4.467 million).

12 LIABILITIES SUBJECT TO FINANCE LEASE

Opening balance	6,002,665	5,089,525
Obtained during the year	13,615,050	1,670,000
Paid during the year	(1,644,816)	(756,860)
	17,972,899	6,002,665
Current portion	(2,550,275)	(1,038,831)
	15,422,624	4,963,834

12.1

	2006			2005		
	Minimum lease payment	Financial Charges for Future Period	Present value of minimum lease payments	Minimum lease payment	Financial Charges for Future Period	Present value of minimum lease payments
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Not later than one year	4,123,762	1,573,487	2,550,275	1,494,068	455,237	1,038,831
Later than one year and not later than five year	15,283,548	2,411,199	12,872,349	5,417,630	460,802	4,963,834
Over five years	-	-	-	-	-	-
	19,407,310	3,984,686	15,422,624	6,911,698	916,039	6,002,665

12.2 Finance Lease-Significant terms and conditions

S. No.	Name of Leasing Company	Nature of lease	Installments			Date of Expiry	I.R.R.
			Frequency	Amount	Number		
1.	Saudi Pak Commercial Bank	One Vehicle	Monthly	86,180	60	25-Jul-08	11%
2.	Askari Commercial Leasing	Two Vehicles	Monthly	31,144	60	20-Mar-10	14.629%
3.	Askari Commercial Leasing	Two Vehicles	Monthly	226,352	60	04-Dec-10	14.930%

- 12.3** These are secured against demand promissory notes and security deposits. Lessee has assumed and is bearing entire risk of loss and damages to the assets and to bear the cost of repair, taxes and insurance.
- 12.4** In case of breach, Askari Commercial Leasing Limited shall have a general lien over all assets of the lessee. The lessor shall become entitled to receive from the customer the amount of recomputed markup on outstanding sums in case of failure to repay on demand.
- 12.5** The vehicles leased from Askari Commercial Leasing Limited are not to be sub leased, let for hire or loaned by lessee under any circumstances whatsoever.

	NOTE	2006 RUPEES	2005 RUPEES
13 DEFERRED LIABILITY			
Deferred Taxation	13.1	5,671,936	-
Staff Gratuity	13.2	3,061,347	1,714,133
		8,733,283	1,714,133

The net balance for deferred taxation is in respect of following temporary differences:

13.1 Deferred tax liability

Accelerated depreciation	5,337,337	1,933,552
Revaluation Surplus	7,696,585	-

Deferred tax asset

Lease Liability	(6,290,515)	(2,100,932)
Provision for gratuity	(1,071,471)	(599,946)
	5,671,936	(767,326)

13.2 Liability for gratuity arose in the following manner:

Present value of defined benefits obligation	-	1,749,133
Fair values of plan assets	-	-
	-	1,749,133
Unrecognized actuarial losses	-	(35,000)
Liability recognized in the balance sheet	-	1,714,133
	-	1,714,133

13.2.1 Movement in net liability recognized

Opening balance	1,714,133	2,990,600
Expense recognized	1,347,214	(1,178,000)
Benefits paid during the year	-	(98,467)
Closing balance	3,061,347	1,714,133

13.2.2 Expense recognized/Prepaid cost

Current service cost	-	106,000
Interest cost	-	141,000
Expected return on plan assets	-	-
Recognized transitional asset	-	(1,425,000)
Net actuarial (gain)/loss recognized	-	-
	-	(1,178,000)

Principal Assumptions

Following are a few important actuarial assumptions

Discount rate	-	10%
Expected rate of increase in salary	-	9%

		2006 RUPEES	2005 RUPEES
14 CREDITORS, ACCRUED AND OTHER LIABILITIES			
Creditors		-	724,900
Accrued expenses	14.1	1,356,445	1,849,774
Sales tax payable		287,040	825
Dividend payable		786,693	416,925
Deduction at source		418,972	437,021
W.P.P.F	14.2	1,319,932	1,167,618
W.W.F		17,680	-
Lease installments		-	62,288
Others		385,711	425,712
		<u>4,572,473</u>	<u>5,085,063</u>
14.1	Include therein Director's remuneration payable amounting to Rs. 700,000 (2005:400,000)		
14.2 Worker's profit participation fund			
Balance at beginning of year		1,167,618	1,057,579
Interest on accrued balance		97,773	91,188
Allocation for the year		54,541	164,554
		<u>1,319,932</u>	<u>1,313,321</u>
Less: Payments during the year		-	(145,703)
Balance at end of year		<u>1,319,932</u>	<u>1,167,618</u>
15 CONTINGENCIES AND COMMITMENTS			
15.1	Letters of credit outstanding amounting to Rs. 13.77 Million (2005:6.807) against import of 350 tones (2005: 200 tones) of unbleached fully extensible sack Kraft paper.		
15.2	Commitments for rentals under lease agreement in respect of vehicle are as follows.		
Within one year		4,295,184	1,494,068
After one year but not more than five years		11,790,525	5,417,630
More than five years		-	-
		<u>16,085,709</u>	<u>6,911,698</u>
16 SHARE CAPITAL			
Authorized Capital			
10,000,000 (2005 : 5,000,000) Ordinary shares of Rs. 10/- each		<u>100,000,000</u>	<u>50,000,000</u>
Issued, subscribed and paid-up capital			
4,000,000 (2005 : 4,000,0000) Ordinary Shares of Rs. 10 fully paid in cash		<u>40,000,000</u>	<u>40,000,000</u>

	2006 RUPEES	2005 RUPEES
17 SURPLUS ON REVALUATION OF FIXED ASSETS		
Opening balance 1st July	-	-
Add: Surplus on Revaluation of Fixed assets during the year	26,408,129	-
	26,408,129	-
Less: Deferred Tax Liability @ 35%	(7,696,585)	-
Incremental depreciation taken to profit & loss account	(1,270,547)	-
Closing balance 30th June	17,440,997	-

17.1 Had there been no revaluation, the net book value of specific classes of Operating Property, Plant and Equipment as at June 30, 2006 would have been as follows.

Land	82,115	-
Building	3,047,742	-
Plant & Machinery	10,962,014	-
	14,091,871	-

17.2 The revaluation was done by Zafar Iqbal & Company (a approved valuer from Pakitan Bank's Association) on 10th of August 2005.

17.3 Basis of Revaluation

Land rates are based on local market and used to arrive at the present value.

The present value of Plant & Machinery have been computed after application of suitable appreciation / depreciation factors.

The basis of valuation of building are present prevalent market value of the similar building having the same location, age, type, condition and origin of building.

18 SALES - Net		
Sales	96,830,633	100,271,203
Less: Sales Tax	12,632,346	13,078,853
	84,198,287	87,192,350

	Note	2006 RUPEES	2005 RUPEES
19 COST OF SALES			
Opening stock - Raw material		3,026,087	78,858
Purchases		61,612,380	54,105,064
		<u>64,638,467</u>	<u>54,183,922</u>
Closing stock - Raw material		(8,892,975)	(3,026,087)
Raw material consumed		55,745,492	51,157,835
Stores and spares consumed		262,965	452,796
Fuel and power		278,628	255,449
Salaries, wages and other benefits	19.1	5,561,875	2,221,678
Contract labor		-	3,481,500
Fees and subscription		30,575	11,700
Insurance		27,168	135,497
Repairs and maintenance		754,033	3,429,025
Depreciation		3,597,166	1,606,765
Traveling and conveyance		2,108	11,467
Others		13,971	15,895
Cost of goods manufactured		<u>66,273,981</u>	<u>62,779,607</u>
Finished goods			
Opening		994,008	174,963
Add: Finished goods purchased		-	11,759,000
Closing		(2,107,596)	(994,008)
		<u>(1,113,588)</u>	<u>10,939,955</u>
		<u><u>65,160,393</u></u>	<u><u>73,719,562</u></u>
19.1	It includes provision of Rs. 1,347,214 on account of staff retirement benefits based on actuarial valuation for the year ended June 30, 2005. (2005: Rs. 1,178,000) reversal due to Actuarial Valuation of Staff Retirement Benefits-Gratuity).		
20 OTHER INCOME			
Return on bank deposits		33,403	25,024
Wastage Sales		150,107	-
		<u>183,510</u>	<u>25,024</u>

	2006 RUPEES	2005 RUPEES
21 ADMINISTRATIVE EXPENSES		
Directors remuneration & other benefits	11,516,619	6,139,416
Traveling and conveyance	1,046,999	1,053,639
Rent, rates and taxes	314,000	370,426
Printing & Stationery	69,406	520
Documentation charges	-	27,526
Insurance	201,296	400,670
Auditor's Remuneration	235,000	180,000
21.1 Auditor's Remuneration		
Legal and professional	167,864	32,500
Advertisement	211,100	50,000
Depreciation	2,398,110	1,048,029
Fees and subscription	114,476	120,275
Others	924,293	376,240
	17,199,163	9,799,241
 21.1 Auditor's Remuneration		
Audit Fee	125,000	100,000
Half Yearly review	60,000	35,000
Certificate on compliance with code of corporate governance	35,000	30,000
Out of Pocket expenses	15,000	15,000
	235,000	180,000
 22 OTHER OPERATING CHARGES		
Worker's welfare fund	17,680	-
Auditor's remuneration	54,541	68,373
	72,221	68,373
 23 FINANCIAL CHARGES		
Interest on :		
Interest on WPPF	97,773	91,188
Lease Rental	1,055,330	371,808
Bank Charges	46,692	22,576
	1,199,795	485,572
 24 TAXATION		
24.1 Reconciliation between tax expense and accounting profit		
Profit before taxation	750,225	3,126,517
Add : Accounting Depreciation	5,995,276	2,654,796
Financial Charges on leased Assets	1,055,330	371,808
Provision for Gratuity	1,347,214	(1,178,000)
Less : Tax Depreciation	(2,105,323)	(1,810,607)
Lease Payments	(3,441,883)	(947,969)
gratuity paid	-	(98,467)
Taxable Income	3,600,839	2,118,078

	2005 RUPEES	2004 RUPEES
24.2 Provision for Taxation		
35%	<u>1,260,294</u>	<u>741,327</u>

25 REMUNERATION OF DIRECTORS

The aggregate amount charged in the accounts for the year are as follows:

	Directors	
	2006	2005
Managerial remuneration	6,600,000	4,800,000
Travelling & Utilities	4,916,619	1,339,416
Number of persons	<u>11,516,619</u>	<u>6,139,416</u>
	<u>1</u>	<u>1</u>

25.1 Working Director is also provided with free use of Company's owned and maintained cars.

26 EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation	<u>747,254</u>	<u>3,898,568</u>
Weighted average ordinary shares in issue during the year	<u>4,000,000</u>	<u>4,000,000</u>
Earning per share - Basic	<u>0.19</u>	<u>0.97</u>

27 PLANT CAPACITY

	No. of bags	No. of bags
Installed capacity	<u>26,000,000</u>	<u>26,000,000</u>
Production	<u>7,197,900</u>	<u>7,010,000</u>

Reason of low Production

Currently the company is making sells only to its associated company DCIL due to which the installed capacity cannot be fully utilized.

28 TRANSACTIONS WITH ASSOCIATED COMPANIES

Sale of goods	<u>96,830,633</u>	<u>100,271,203</u>
Purchase of Electricity	<u>278,628</u>	<u>209,149</u>
Repayment of loan	<u>4,074,348</u>	<u>393,564</u>
Repayment of Director's loan	<u>-</u>	<u>2,250,000</u>

28.1 The transactions with associated companies are made at arm's length value under normal commercial terms and conditions.

	2006 RUPEES	2005 RUPEES
29 CASH AND CASH EQUIVALENTS		
Cash and bank balances	805,937	667,057

30 FINANCIAL INSTRUMENTS & RELATED DISCLOSURES

30.1 Interest rate risk exposure

The information relating to the Company's exposure to interest rate risk based on maturity dates is as follows.

	2006						
	Interest bearing			Non - Interest bearing			Total
	Maturity upto one year	Maturity after one year	Sub Total	Maturity upto one year	Maturity after one year	Sub Total	
Financial Assets							
Trade debts	-	-	8,502,381	-	8,502,381	8,502,381	
Deposits	-	-	-	6,118,516	-	-	
Cash and bank balances	94,026	94,026	711,911	-	711,911	805,937	
	94,026	94,026	9,214,292	6,118,516	9,214,292	9,308,318	
Financial Liabilities							
Long-term Liability	-	-	-	-	-	-	
Lease Liability	2,550,275	15,422,624	17,972,899	-	-	17,972,899	
Creditors, accrued and other liabilities	-	-	4,286,209	-	4,286,209	4,286,209	
	2,550,275	15,422,624	2,550,275	4,286,209	-	4,286,209	
On balance sheet gap (Assets-Liabilities)	(2,456,249)	(15,422,624)	(2,456,249)	4,928,083	6,118,516	4,928,083	
	(2,456,249)	(15,422,624)	(2,456,249)	4,928,083	6,118,516	4,928,083	
	2005						
Financial Assets							
Trade debts	-	-	27,854,430	-	27,854,430	27,854,430	
Loans & Advances	-	-	-	-	-	-	
Deposits	-	-	-	-	-	-	
Cash and bank balances	136,791	-	136,791	530,266	-	530,266	
	136,791	-	136,791	28,384,696	-	28,384,696	
Financial Liabilities							
Long-term Liability	-	-	-	4,074,348	4,074,348	4,074,348	
Lease Liability	776,824	3,617,641	4,394,465	-	-	4,394,465	
Creditors, accrued and other liabilities	-	-	3,479,599	-	3,479,599	3,479,599	
	776,824	3,617,641	4,394,465	3,479,599	4,074,348	7,553,947	
On balance sheet gap (Assets-Liabilities)	(640,033)	(3,617,641)	(4,257,674)	24,905,097	(4,074,348)	20,830,749	
	(640,033)	(3,617,641)	(4,257,674)	24,905,097	(4,074,348)	20,830,749	

30.2 Credit Risk

Credit risk represents the accounting loss that would be recognized at the reporting date if the counter parties failed completely to perform as contracted. There is no credit risk as the company makes 100% sales to DadaBhoj Cement Industries Limited which is an associated company.

30.3 Concentration of credit risk

The Company is exposed to concentration of credit risk in respect of trade debts as there is only one customer to whom the company sells its goods. However, since the customer is an associated company, the risk is mitigated.

30.4 Liquidity Risk

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The company follows an effective cash management and planning policy to ensure availability of funds to take appropriate measures of new requirements.

30.5 Fair value of the financial instruments

The carrying value of all financial instruments reported in the financial statements approximates their fair value.

30.6 Financial risk management objectives

The company's activities exposed it to a variety of financial risks, including the effect of changes in foreign exchange rates, credit and liquidity risks associated with various financial assets and liabilities respectively as referred in note No. 30.1. The Company finances its operation through equity and management of working capital with a view to maintaining a reasonable mix between the various sources of finance to minimize risk. Taken as whole, risk arising from the companies financial instruments is limited as there is no significant exposure to market risk in that respect.

31 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 2nd October, 2006 by the Board of Directors of the Company.

32 GENERAL

The figures have been rounded off nearest to the rupees.

DIRECTOR

DIRECTOR

* These financial statements have been signed by two directors, as the Chief Executive, Mr. Fazal Kari Dadabhoy is out of Country for the purpose of medical checkup of his mother

DADABHOY SACK LIMITED

DADABHOY SACK LIMITED

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2006

NUMBER OF SHARE HOLDERS	SHAREHOLDING		TOTAL SHARES HELD
	FROM	TO	
59	101	500	29,200
18	501	1000	17,400
2	1001	5000	7,500
1	5001	10000	10,000
5	10001	50000	220,530
1	50001	100000	100,000
1	100001	300000	276,000
2	300001	1739370	3,339,370
89			4,000,000

Categories of Share holders	No. of Shareholders	Shares Held	Percentage %
Individuals	84	274,630	6.87
Investment Companies	1	10,000	0.25
Joint Stock Companies	3	3,615,370	90.38
Financial Institutions	1	100,000	2.50
	89	4,000,000	100

INFORMATION AS REQUIRED UNDER CODE OF CORPORATE GOVERNANCE

Shareholder Category	No. of Share holder	No. of Holding
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Associated Companies		
Dadabhoy Trading Corp. (Pvt) Ltd.	1	1,739,370
Dadabhoy Cement Ind. Ltd.	1	276,000
Dadabhoy Hydrocarbon Limited.	1	1,600,000

NIT AND ICP

Investment Corporation of Pak	1	10,000
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Directors

Mr. Muhammad Hussain Dadabhoy	1	700
Mrs. Razia Hussain Dadabhoy	1	42,548
Mr. Muhammad Amin Dadabhoy	1	45,979
Mr. Fazal Karim Dadabhoy (Chief Executive)	1	41,541
Mrs. Humaira Dadabhoy	1	44,570
Mrs. Yameen Dadabhoy	1	45,892
Naseemuddin	1	500

Shareholders Holding 10% or More Voting Interest

Dadabhoy Trading Corp (Pvt) Ltd.	1	1,739,370
Dadabhoy Hydrocarbon Ltd.	1	1,600,000

Banks, Dfis NBFis, Insurance Com, ETC

National Bank of Pakistan	1	10,000
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DADABHOY SACK LIMITED

TWENTY THIRD ANNUAL GENERAL MEETING 2006

FORM OF PROXY

I / We _____

of _____ being

A member of DADABHOY SACK LIMITED and holder of _____

Ordinary shares as per registered Folio No. _____

Hereby appoint _____

of _____

or failing him _____

of _____

vide Registered Folio No. _____

As my / our proxy to vote for me/us and on my/our behalf at the Twenty-Third Annual General Meeting of the Company to be held on 31st October 2006 and at any adjournment thereof.

Signed by me/us this _____ day of _____ 2006

Signed by the said

Important :

This form of Proxy duly completed must be deposited at the Company's Registered Office, 5th Floor, Maqbool Commercial Complex, Block 7 & 8, JCHS, Shahrah-e-Faisal, Karachi not later than 48 hours before the time of holding the meeting.

A proxy should also be a shareholder of the Company.



_____ for Office use