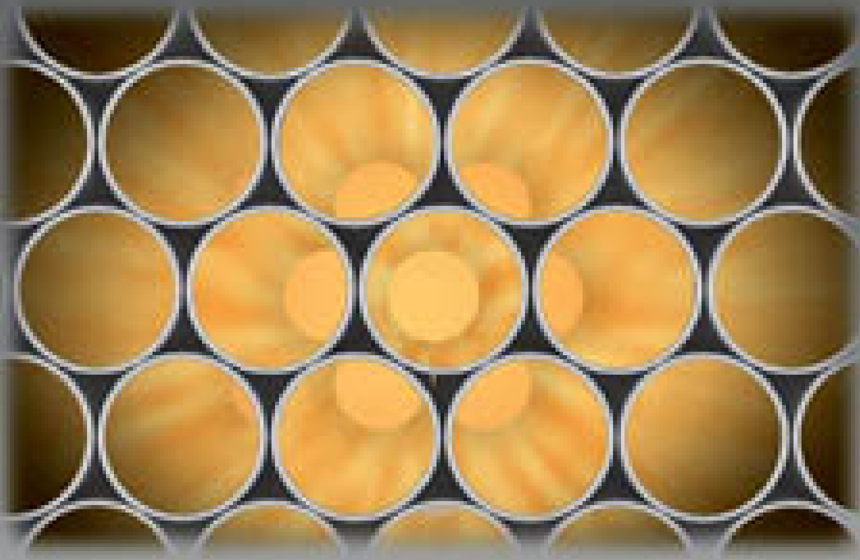

ANNUAL REPORT 2011

DADEX

52nd ANNUAL REPORT
FOR THE YEAR ENDED JUNE 30, 2011

VISION

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

MISSION STATEMENT

- We shall provide unparalleled service and best value to our customers through a responsive and cost effective supply chain.

- We are committed to provide quality products by strict adherence to international standards and best practices through technical collaboration with leading global companies in this business

- We are committed to follow business ethics, comply with SH&E standards and enhance our contribution to society.

- We shall strive to maximize our shareholders value through sustained profitable growth.

- We shall enhance existing employee productivity, hire, retain and develop best talent and provide them a competitive environment to excel and grow.

- We will aggressively focus on increasing our penetration in the piping systems market by exploring new channels.

- We shall continue to set new trends through innovative marketing and manufacturing.

Building Blocks of Dadex Values

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

Customer Focus

Superior Customer Support - Magnified Focus

Innovation

Boundless Thinking. Timeless Innovation

Quality

Quality Assured is Quality Delivered

Reliability

Reliability and Trust- A Secure Balance.

Ethical Practices

Solid Links to Strong Princeples.

Our Philosophy

Our forte has been and continues to be, to manufacture and market innovative customer-oriented products. Focusing on superiority, reliability and durability - we believe that these characteristics must embody not just our products but also our business practices. We believe in transparency; integrity, sound business practices and in presenting the best products and services to customers at all times.

At Dadex, our aim is to continue to be an organization renowned for its principled approach in all spheres of work. Be it the production of piping systems or roofing material or customer service - integrity is a force we believe in. And reliability is the foundation of all that we do.

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

CONTENTS

Company Information

Board of Directors	Abu Talib H.K. Dada- Chairman Maqbool H.H. Rahimtoola Qazi Sajid Ali Shahzad M. Husain Samad Dada (Alternate: Shahid M. Islam) Zulfiqar Ali Lakhani Mohammad Suleman Kanjiani Ghulam Mohammad Malkani Abdul Hamid Ahmed Dagia Syed Hasan Akbar Kazmi
Chief Executive Officer	Sikander Dada
Company Secretary / Acting Chief Financial Officer	Zahid Mahmood
Board Audit Committee	Qazi Sajid Ali - Chairman Samad Dada (Alternate: Shahid M. Islam) Shahzad M. Husain
Management Team	Sikander Dada - CEO Rizwan Amjed - Director (Operations) Suhail Nadeem - Director (Marketing & Sales) Tanveer Saleem - Director (Technical Services & Quality Assurance) Zahid Mahmood - Company Secretary / Acting CFO
Auditors	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants
Bankers	Habib Bank Limited Habib Metropolitan Bank Limited HSBC Bank Middle East Limited KASB Bank Limited MCB Bank Limited National Bank of Pakistan Oman International Bank S.A.O.G Standard Chartered Bank (Pakistan) Limited.
Legal Advisor	Surridge & Beecheno 3rd Floor, Finlay House, I.I. Chundrigar Road, Karachi.
Registered Office	Dadex House, 34-A/1, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi- 75400 Tel: (92-21) 111000789 Fax: (92-21) 34315716, 34315725 Email: info@dadex.com.pk
Share Registrar	Gangjees Registrar Services (Pvt) Limited 516, Clifton Centre, Khayaban-e-Roomi, Kehkashan, Block-5, Clifton, Karachi- 75600 Tel: (92-21) 35836920, 35375714, 35377045 Fax: (92-21) 35837956, 35810289 Email: gangjees@super.net.pk
Web Site	www.dadex.com

Notice of 52nd Annual General Meeting

Notice is hereby given that the 52nd Annual General Meeting of the Dadex Eternit Ltd., will be held on Monday, October 31, 2011 at 08:00 p.m., at Dadex House, 34-A/1, Block-6, PECHS, Shahrah-e-Faisal, Karachi to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the following:
   a) Audited Financial Statements for the year ended June 30, 2011 and the Auditors' Report thereon; and
   b) The Report of the Board of Directors for the year ended June 30, 2011.
2. To appoint auditors of the company for the year ending June 30, 2012, and authorize the Directors to fix their remuneration. The present auditors, M/s. Ernst & Young Ford Rhodes Sidat Hyder, being eligible have offered themselves for reappointment. As required by the paragraph xxxix of the Code of Corporate Governance, the Board of Directors Recommends, based on the recommendation of the Audit Committee the appointment of M/s. Emst & Young Ford Rhodes Sidat Hyder.

Karachi, October 04, 2011

By Order of the Board

(Zahid Mahmood)
Company Secretary.

NOTES:

1. The Register of Members and the Share Transfer Books of the Company shall remain closed from October 24, 2011 to October 31, 2011 (both days inclusive).Transfers received in order of the office of our Share Registrar, M/s. Gangjees Registrar Services (Pvt.)Ltd, 516, Clifton Centre, Khayaban-e-Roomi, Block-5, Clifton, Karachi-75600 by the close of business hours on October 22, 2011 will be treated in time for incorporating the change in the Register of Members as at October 24, 2011.
2. Entitlement to attend, participate and vote at the 52nd Annual General Meeting will be according to the Register of Members as at October 24, 2011.
3. A member of the Company entitled to attend and vote may appoint another member as his/her proxy to attend, speak and vote for him/her. An instrument of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must, to be valid, be deposited at the Registered Office of the Company not less than 48 hours before the time of the Meeting.
4. An instrument of the proxy applicable for the Meeting, in which a Member can direct the proxy how he/she wishes the proxy to vote, is being provided with the notice sent to Members. Further copies of the instrument of proxy may be obtained from the Registered Office of the Company during normal office hours.
5. Members are requested to submit declaration for Zakat on the required format and to notify immediately change, if any, in their registered addresses to our Share Registrar as mentioned above.
6. Members who have not yet submitted photocopy of their Computerized National Identity Cards are requested to send the same to our Share Registrar as mentioned above at the earliest.
7. CDC Account Holders will further have to follow the under-mentioned guidelines as laid down in Circular 1 dated January 26, 2000, issued by the Securities and Exchange Commission of Pakistan.

Notice of 52nd Annual General Meeting

A. For Attending the Meeting:

i. In the case of individuals, the account holder or sub-account holder whose securities and registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his original CNIC or original passport at the time of attending the meeting.

ii. In the case of a corporate entity, the Board of Directors' resolution/power of attorney with the specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of attending the meeting.

B. For Appointing Proxies:

i. In the case of individuals, the account holder or sub-account holder whose securities and registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.

ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii. Attested copies of the CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.

v. In the case of a corporate entity, the Board of Directors' resolution/power of attorney with the specimen signature shall be submitted (unless it has been provided earlier) along with the proxy form to the Company.

8. Transport will be available for members at 07:00 p.m., sharp outside the premises of the Karachi Stock Exchange Building to take them to the venue of the meeting.

Report of The Board of Directors

The Board of Directors of Dadex Eternit Limited ('Company') would like to present the 52nd Annual Report alongwith the Audited Financial Statements for the year ended June 30, 2011.

I. NATIONAL ECONOMY

The overall national economic environment of the country remained depressed, which had its impact on the operational environment of Your Company. The period under review has been marked by the continuing and intensified security challenges. The country has confronted for past many years and in addition to this; the country has faced multiple adverse shocks of commodity and oil prices and the unprecedented calamity of the floods, as a result of which the GDP growth on inflation adjusted basis was 2.4% on the back of strong performance of services sector for fiscal year 2011 (2010: 4.1%). In the same period the inflation was recorded at 14.1% (2010: 12.5%).

The overall business conditions in the country remained uncertain due to the factors as mentioned above, in particular the construction sector remained under pressure. The challenges posed by the exogenous shocks affected pace of reforms process as the Government was forced to make trade-offs and cater to unexpected demands for flood rehabilitation.

Pakistan's construction industry in particular, is facing its worst slump in years due to the absence of buyers, escalating prices of raw material and developer's inability to generate finances and credit-lines for their project have rendered many mega projects unfeasible to continue for now, which had affected the overall sales of Your Company.

II. BUSINESS

Sales and Profitability

In response to unfavorable economic conditions as mentioned above, Your Company has taken initiative to introduce market based products which has now started paying off and the Company has started to increase its market base that will be more predictable and consistent with the business. These initiatives have significant contribution in maintaining the Rs.2 Billion sales landmark, however the current year's sales of Rs. 2,086 million (2010: Rs.2,102 million) remained 0.7% lower than the last year's sales revenue. The margins remained under immense pressure due to increased prices of raw materials, the cost of goods sold was higher that has decreased the gross profit, which together with the increased cost of distribution has negatively impacted the overall results of the Company and for the first time in its 52 years' history, the Company closed the year in a loss.

Chrysotile Cement (CC) products have been contributing significantly in total revenue. CC roofing enjoys monopoly in the market and other alternatives available for this application has not been able to offer unique product features offered by CC Roofing. The enhanced production quantity coupled with the improved prices, contributed growth of more than 16% in the revenue over last year. Growth in CC roofing made up some losses in sales revenue of CC Pipes. CC pipes revenue declined by 30% over last year. This product range is facing intense competition in the market from GRP & other extruded thermoplastic pipes. Increased cost of production is making inroads for other alternatives.

Thermoplastic Pipes have experienced a growth of more than 14% over sales revenues of last year. Growth in competitive market of thermoplastic products is a good sign and is indicative of more focused efforts towards increase in market share in competitive market by developing products and improving the services.

Significant growth in revenues of HDPE pipes has played a major role in growth of overall sales revenues of Thermoplastic products. PVC and Pressure Pipes have also posted a growth of 19%. revenues of PPR pipes & Electrical Conduits are declined by 14% & 27% respectively.

While the sales remained under pressure, the Company's management had focused its attention on exercising an improved credit recovery.

Net (loss)/profit after tax of the Company for the year was Rs. (18,950) million (2010: Rs.10.016 million) with a (loss) / earning per share of Rs. (1.76) (2010: Rs. 0.93).

Operations

During the year under review the production of Plastics product was 9.5% higher than the last year and a significant growth in the volume of PE pipes was also registered. However; due to poor off-take, the production of PPR remained depressed. Raw material conversion efficiency had increased over the last year.

During the year, CC Plant was closed down for two months during the first half of the year that hampered the production of large diameter pipes. However, in the second half the production picked up due to increased activity of infrastructure development. The Asset health of CC Plants is deteriorating due to aging of plants which requires high level of maintenance during the next year to improve asset reliability.

III. DIVIDENDS AND APPROPRIATIONS

Summary of profits available for appropriations is as follows:

	(Rupees in '000')
Un-appropriated profit as at July 01, 2010	16,858
Prior year adjustment	-
Final dividend per share of Rs. Nil (2009:Rs.Nil) for the year ended June 30, 2010	-
Transfer to general reserves for the year ended June 30, 2010	(16,500)
(Loss) after taxation for the year ended June 30, 2011	(18,950)
Un-appropriated (Loss) as at June 30, 2011	(18,592)
Subsequent Effects	
Proposed final dividend per share of Rs. Nil	-
Transfer to general reserves for the year ended June 30, 2011	-
Un-appropriated (Loss) as at July 01, 2011	(18,592)

Break-up value per share as at June 30, 2011 is Rs.47.03 (2010:Rs.48.39)

IV. BOARD OF DIRECTORS AND ITS COMMITTEES

A. The terms of office of the Directors had expired on 12 July, 2011. In the Extraordinary General Meeting held on July 7, 2011, new Directors were elected for a period of three years commencing from July 13, 2011.

During the year, Board of Directors meetings were held eight times and Board Audit Committee meetings were held six times.

B. The ongoing litigation between the shareholders and some of the Directors of the Company has been adequately disclosed in the Notes no.3.1.5, 23.1 and 33.1 & 39.2 to the current Financial Statements, under review.

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

V. ENERGY CONSERVATION

During the year under review, the growing cost of energy remained a concern. Increase in the KESC tariff was one of the reasons for significant impact on cost of production in CC. However, the impact on Plastics was minimal because gas prices remained static during the year.

Your Company in order to bring down the cost of energy consumption has installed Bi-Fuel system on diesel generator at Karachi Factory, which will improve its utilization and will help to bring down cost of energy produced from this generator from Rs 26/ KWH to Rs 12/ KWH, based on current diesel and gas prices. Diesel generator at Hyderabad Factory will also be converted to Bi-Fuel.

VI. INFORMATION COMMUNICATION TECHNOLOGY

SAP modules already implemented are providing value added benefits to the Management reporting and the Company plans to enhance existing features of SAP utilities. Further, we are working on developing controls in SAP processes, improving MIS reports, implement new processes (production process, purchase process, sales process, HR processes and etc), revoke & provide SAP authorization to develop controls in the system, conduct SAP User Trainings in different modules. We are also planning to deploy new servers (SAP backup server, Terminal servers), Hardware Fire Wall to improve network security and improvement in existing LAN/WAN and deployment of new backup connections to minimize network downtime.

VII.CORPORATE PHILANTHROPY AND COMMUNITY WELFARE

Your Company during the year has taken active part in various philanthropic and welfare activities and has made contribution of Rs. 390,949 towards various beneficiaries:

1. Women Islamic Mission
2. Khidmat-e-Khalq Committee
3. Education Excellence
4. Romana Iftikhar
5. The Citizen Foundation
6. Gulab Devi Chest Hospital

Apart from this Your Company has donated flood relief goods for the rehabilitation of our brothers and sisters in need.

VIII. BUSINESS ETHICS AND ANTI-CORRUPTION MEASURES.

Your Company believes that corporate success has always been and always will be based on the respect for the moral values and the satisfaction of the ethical, legal and social expectations. Your Company does not discriminate on the basis of race, sex, religion, disability or family status in the recruitment, training or advancement of its employees. All employees are required to give an Annual Compliance Certificate in acknowledgement of their understanding and acceptance of the Code of Business Ethics.

Your Company has well established internal controls in place. The internal control review has been outsourced and one of the top five audit firms M/s KPMG Taseer Hadi & Co., Chartered Accountants are appointed as an independent audit firm, who assesses the internal control systems. The Board Audit Committee regularly reviews the internal audit reports and measures are taken to implement the recommendations of the internal auditors.

Your Company's philosophy and policy continues to be to follow sound corporate practices which provide consumer protection and ensure effective anti-corruption measures.

IX. RURAL DEVELOPMENT,

Your Company also has its manufacturing facilities in Hyderabad and Sunder Estate which effectively contribute towards rural development and the Company encourages the employment of people from adjourning rural areas.

X. CONTRIBUTION TO THE NATIONAL EXCHEQUER AND THE ECONOMY OF THE COUNTRY

Your Company has contributed around Rs.447 million (2010: Rs. 448 million) towards the National Exchequer in shape of income tax, sales tax, duties, levies and other taxes.

XI. HEALTH, SAFETY, ENVIRONMENT (HSE) AND QUALITY

Your Company continually strives to align HSE management systems and processes best practice. HSE Integrated Management System that was launched during the first half of the fiscal year under review has been fully engrained into operations management at all three manufacturing sites. The Certificates (ISO 14001:2004 and OHSAS 18001:2007) obtained in the month of December are now due for surveillance audit by SGS, the certifying body.

Dadex Manufacturing's HSE-Integrated Management System is also very much in line with guidelines provided by Institute of Chrysotile, Canada for the controlled use of Chrysotile, reassuring that the system in place is globally acceptable.

Training and Development Centre that was established at the Karachi factory as a part of HSE-Integrated Management System has been fully utilized during the year under review, enabling 1626 man-hour in HSE related trainings and 679 man-hours of technical trainings during the year without incurring any additional cost to the Company. Employees involved in plant operations are given regular trainings on First aid and rescue operations, emergency preparedness and response.

During the year your Company has done a successful re-certification Audit of ISO 9001:2008 and achieved Quality Management System certification by SGS, and have re-validated the following product license from the Pakistan Standards & Quality Control Authority (PSQCA).

- o UPVC pressure pipes
- o CC Pressure pipes
- o CC Corrugated sheets
- o PE water pipes
- o PE gas pipes
- o PPR pipes
- o Nikasi pipes
- o CC Sewer pipes

Your Company conducts its business in a manner that protects the health and safety of its employees, contractors and communities in which it operates. Your Company has organized environmental monitoring through certified laboratories in Karachi Factory, Hyderabad Factory and Sunder Factory.

Your Company is committed to provide a system that helps in eliminating unsafe and unhealthy work condition as a part of its corporate vision which continues to adhere to implement an ongoing basis for environment friendly policy as a part of its management strategy and quality assurance.

XII. EMPLOYMENT OF SPECIAL PERSONS

Your Company will ensure the employment of special persons in all future appointments and a special quota will be kept for them.

XIII. INDUSTRIAL RELATIONS

Your Company maintains cordial relations with its employees at all three manufacturing locations through Collective Bargaining Agents (CBA). Negotiation on the Charter of Demand 2011-2012 presented by the Hyderabad Factory CBA was concluded peacefully during the year. Chartered of Demand 2011-2013 is currently under negotiation between the management and Karachi Factory CBA.

XIV. HUMAN RESOURCES

Human Capital is the most valuable intangible asset of the company which plays a vital role for the growth of the business. Your Company strongly believes in investing in its human capital in order to equip them with up-to-date knowledge and skills to create and sustain a culture of high performance in a competitive business environment. The process of ongoing people development by providing trainings to employees to enhance productivity and skills has continued during the year.

Our employees and unions are motivated enough to play their role to handle the challenges and opportunities related to the business.

XV. COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

A) Your Board of Directors are pleased to confirm:

1) That your Company has applied the principles contained in the Code of Corporate Governance and relevant listing regulations, as narrated in the “Statement of Compliance with Code of Corporate Governance”, for the year ended June 30, 2011 annexed with this Report.

2) That your Company while complying with the applicable regulations has applied the principles contained in the Code of Corporate Governance, relating to “Related Party Transaction”, covered under new sub regulation no 37 (xiiia) which has been added vide Karachi Stock Exchange's letter no KSE/N-269 dated 19th January, 2009.

3) That the Board of Directors have adopted the “Statement of Business Ethics and Practices” and measures have been taken to ensure that the employees within the organisation effectively observe these rules of conduct.

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

a. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

b. Proper books of accounts of the Company have been maintained.

c. Appropriate accounting policies have been consistently applied in the preparation of the financial statements, and accounting estimates are based on reasonable and prudent judgment.

d. International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements.

5) The External Auditors have emphasised certain matters in their Report to the Members, which have been adequately explained in the Notes to the financial statements.

6) The system of internal control and such other procedures, which are in place, are being continuously reviewed by the Board's Audit Committee. The Internal Audit function has been outsourced and is being performed by one of the top five audit firms i.e. KPMG Taseer Hadi & Co., Chartered Accountants. The internal auditors have carried out the internal audit as per the approved audit plan for the year 2010-2011.

7) There are no significant doubts upon the Company's ability to continue as a going concern.

8) There has been no material departure from the best practices of corporate governance, as detailed in the applicable listing regulations.

B) Following is the further information in accordance with the Corporate and Financial Reporting Framework laid down in the Code of Corporate Governance:

1) The summary of the key operating and financial data of the Company, spanning the last ten years is annexed with this Report.

2) Taxes and levies are as disclosed in the Notes to the Accounts.

3) The following is the value of investments, held by the Provident Fund based on the latest audited accounts as at June 30, 2011:

2011	2010
(Rupees in '000')	
168,071	151,408

4) The statement, showing the pattern of shareholding of the Company as at June 30, 2011 is annexed with this Report.

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

XVI. AUDITORS

The present auditors M/s Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants retire at the conclusion of the Fifty second Annual General Meeting. Being eligible, they have offered themselves for re-appointment. As required by the Code of Corporate Governance, the Board Audit Committee has recommended their re-appointment, by the Company's shareholders, as auditors of the Company for the financial year ending June 30, 2012, and the Board agrees to the recommendation of the Board Audit Committee.

Auditors recommended for appointment hold satisfactory rating under the “Quality Control Review Programme” of the Institute of Chartered Accountants of Pakistan.

XVII. MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company, to which the balance sheet relates and the date of this Report.

XVIII. FUTURE PROSPECTS AND CHALLENGES

The risk factor for the developers has gone up. Till two years back, price of steel and cement were relatively stable, but during the last year we have witnessed on an average 12 to 15 percent escalation in the prices, which has resulted in the increase of cost of construction in the country. The construction companies have also been beset by their own financial woes as Banks are reluctant to lend money to the constructors, which have and will continue to impact the overall sales of Your Company.

The economy was in the process of recovering from the shocks of the last year's floods, which has been dented with a blow in shape of the recent rainfalls in the Province of Sindh, which has once again affected the rehabilitation process and once again the Government will have to divert its attention to rehabilitation of the flood effectees, which will have its negative impact on the overall sales of Your Company as the Government project which have been a major contributor to the Company's sale will come to an halt.

Despite of the challenges which inevitably surface, Your Company, however looks forward to 2012 with optimism, yet prepared to face the above mentioned challenges. The Company hopes that neutralizing factors such as healthy price increase, government support, a hike in local construction and possibly the commencement of reconstruction activity in Afghanistan, will allow the Company to offer its shareholders a more lucrative year ahead.

XIX. ACKNOWLEDGEMENTS

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

We would like to take this opportunity to thank all our shareholders and other stakeholders including our vendors, our banks and financial institutions, and our insurers for reposing their trust in the Company.

We would also like to thank our employees who have stood firm with the Company in this difficult phase. We are hopeful that their dedication, commitment and hard work will once again take the Company to the same height that it achieved in the past.

Karachi: October 04, 2011

On behalf of the Board of Directors

Abu Talib H.K. Dada
Chairman

Attendance of Board of Directors Meeting For the year ended June 30, 2011

Name of Director	Total No. of Meetings held during the year	No. of Meetings Attended
MR. ABU TALIB H.K. DADA - CHAIRMAN	8	8
MR. MAQBOOL H.H. RAHIMTOOLA	8	6
MR. QAZI SAJID ALI	8	7
MR. SHAHZAD M. HUSAIN	8	7
MR. SAMAD DADA	8	7
MR. ZULFIQAR ALI LAKHANI	8	4
MR. JAHANGIR SIDDIQUI	8	0
MR. RASHEED Y. CHINOY	8	0
MR. MOHAMMAD SULEMAN KANJIANI	8	3
MR. MOHSIN ASHFAQUE Alternate:MR. KAMAL AFSAR	8	0
MR.SIKANDER DADA - CEO	8	7

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

Statement of Compliance with the Code of Corporate Governance for the Year Ended June 30, 2011

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

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

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At the moment all Directors on the Board are elected non-executive directors.
2. All the directors (expect for Mr. Kamal Afsar, who was the alternate director to Mr. Mohsin Ashfaque) have confirmed that:
   a. None of them is serving as a director in ten other listed companies;
   b. They are registered taxpayers; and
   c. None of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non-Banking Financial Institution. None of the directors is a member in any Stock Exchange.
3. The Company has prepared a "Statement of Ethics and Business Practices", which has been signed by all the directors and employees of the Company.
4. The Board of Directors has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. Any amendments in significant policies, if material, are approved by the Board of Directors and a complete record of amendments in such policies along with the dates on which they were approved has been maintained.
5. No casual vacancy occurred in the Board of Directors during the year.
6. Election of Directors was held on July 7, 2011, in an extra-ordinary general meeting, in which ten directors were elected for a term of next three years.
7. All the powers of the Board of Directors have been duly exercised and decisions on material transactions, including appointment and determination of remuneration of the CEO.
8. The meetings of the Board of Directors were presided over by the Chairman. Eight meetings of the Board of Directors were held during the year. Written notices of the Board meetings, along with agenda were circulated at least seven days before the meeting. The minutes of the meeting were appropriately recorded and circulated within prescribed time limits.
9. Directors are conversant with the listing regulations and legal requirements and as such are fully aware of their duties and responsibilities.
10. During the year, the Company Secretary resigned and in place of her, new Company Secretary who is also the acting CFO has been appointed with the approval of the Board of Directors.
11. The transactions with related parties are carried out on arm's length basis and approved by the Board Audit Committee and by the Board of Directors except for the matter noted in paragraph 15 below. A complete party-wise record of related party transactions has been maintained by the Company.
12. The Directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
13. The financial statements of the Company were duly endorsed by CEO and acting CFO before approval of the Board of Directors. Except for the financial statements of the half year ended December 30, 2010, where the CEO was out of country and in his place three directors alongwith acting CFO have signed the said financial statement, this situation is adequately disclosed in the financial statements as per the requirement of section 241(2) of the Companies Ordinance, 1984.

Statement of Compliance with the Code of Corporate Governance for the Year Ended June 30, 2011

14. The Directors, CEO and executives do not hold any interest in the shares of the Company, other than that disclosed in the pattern of shareholding.

15. The Company has complied with the corporate and financial reporting requirements of the Code except as disclosed below:

    Mr. Danish Dada was an employee since May 06, 2008 and then was elected as a director at the election of directors held at the Extraordinary General Meeting on July 10, 2008. After his election as a director, the monthly remuneration being paid to him as an employee remained unchanged. As regards non-compliance with section 218 of the Companies Ordinance, 1984, relating to disclosure of interest, the legal counsel states, "it was well within the knowledge of all concerned that Mr. Sikander Dada is the father of Mr. Danish Dada and thus had constructive notice about the interest of Mr. Danish Dada in the appointment of Mr. Sikander Dada as the Chief Executive of the Company.

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

17. The meetings of the Board Audit Committee were duly held at least once every quarter of the financial year, as required by the Code, for the review of the quarterly accounts for the year ended June 30, 2011 and annual financial statements for the year ended June 30, 2010. The Board Audit Committee have recommended all the quarterly accounts and annual financial statements and the Board of Directors have approved them for the years ended June 30, 2011 and 2010.

18. The system of internal control and such other procedures, which are in place, are being continuously reviewed by the Board's Audit Committee. The Board of Directors has setup an effective internal audit function. The internal audit function has been outsourced and is being performed by one of the top five audit firms i.e. KPMG Taseer Hadi & Co., Chartered Accountants. The internal auditors have carried out the internal audit as per the approved audit plan for the year 2010-2011.

19. The statutory auditors of the Company have confirmed that:

    a. They have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan;

    b. They or any of the partners of the firm, their spouses and minor children do not hold shares of the Company; and

    c. The firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

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

Karachi: October 04, 2011

On behalf of the Board of Directors

Sikander Dada
Chief Executive

Auditors' Review Report on Statement of Compliance

ERNST & YOUNG

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530, Pakistan

Tel: +9221 3565 0007
Fax: +9221 3568 1965
www.ey.com

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) for the year ended **30 June 2011** prepared by the Board of Directors (the Board) of Dadex Eternit Limited (the Company) to comply with the Listing Regulation No. 35 (Chapter XI) of the Karachi Stock Exchange (Guarantee) Limited where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, the Listing Regulation of the Karachi Stock Exchange require the Company to place before the Board of Directors for their consideration and approval, related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance, for the year ended **30 June 2011**.

Chartered Accountants

Karachi: October 04, 2011

Auditors' Report to the Members

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530, Pakistan
Tel: +9221 3565 0007
Fax: +9221 3568 1965
www.ey.com

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Dadex Eternit Limited** (the Company) as at **30 June 2011** and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change as stated in note 4.1 to the accompanying financial statements, with which we concur;

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at **30 June 2011** and of the loss, its comprehensive income, cash flows and changes in equity for the year then ended; and

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Auditors' Report to the Members

ERNST & YOUNG

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

:- 2 -:

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

We draw attention to:

i) note 33.1 to the financial statements, wherein it has been fully explained that the Honorable High Court of Sindh in its order dated 14 April 2010 ordered that the remuneration relating to the son of Chief Executive shall not be approved till the next date of hearing. Accordingly, the financial statements for the years ended 30 June 2010 and 30 June 2009 have been approved by the directors at their meetings held on 29 September 2010 and 15 April 2010 respectively, with the exception of the remuneration referred to above charged in the accompanying financial statements. Further, the matter relating to compliance with requirements of section 188(1)(c)(i) of the Companies Ordinance, 1984 is also pending decision by the Honorable High Court of Sindh; and

ii) notes 33.1 and 39.2 to the financial statements, wherein it has been stated that during the period from 19 May 2009 to 25 January 2010 (for a period of approximately eight months), members of the Board of Directors (the Board) were restrained by the Honorable High Court of Sindh from attending meetings of the Board or its various committees. Accordingly, in such period the Chief Executive Officer (CEO) continued to act in his capacity as CEO as stated in note 39.2.

Our report is not qualified in respect of the above matters.

Chartered Accountants

Audit Engagement Partner: Shariq Ali Zaidi

Karachi: October 04, 2011

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Financial Pages

Balance Sheet
as at June 30, 2011

	Note	2011	2010
ASSETS		**--------- (Rupees in '000') --------**	
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	5	**290,337**	345,066
Intangible assets	6	**451**	5,653
		290,788	350,719
Investment property	7	**13,176**	14,691
Long-term investment	8	**855**	80
Long-term loans	9	**3,993**	3,769
Long-term deposits	10	**6,740**	6,730
		315,552	375,989
CURRENT ASSETS			
Stores, spare parts and loose tools	11	**37,705**	48,101
Stock-in-trade	12	**626,914**	783,211
Trade debts	13	**151,312**	110,200
Loans and advances	14	**12,120**	17,539
Trade deposits and short-term prepayments	15	**13,455**	11,665
Accrued interest and other receivables	15.3	**11,266**	2,672
Sales tax and excise duty - net		**15,216**	-
Taxation - net		**58,500**	50,628
Cash and bank balances	16	**4,741**	38,001
		931,229	1,062,017
TOTAL ASSETS		**1,246,781**	1,438,006
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	17	**107,640**	107,640
Reserves	18	**398,563**	413,239
		506,203	520,879
NON-CURRENT LIABILITIES			
Deferred tax liability	19	**1,916**	22,537
CURRENT LIABILITIES			
Trade and other payables	20	**527,147**	524,341
Accrued mark-up		**10,968**	11,729
Short-term borrowings	21	**200,547**	288,056
Current portion of long-term financing		-	60,000
Sales tax and excise duty - net		-	1,999
Derivatives	22	-	8,465
		738,662	894,590
CONTINGENCIES AND COMMITMENTS	23		
TOTAL EQUITY AND LIABILITIES		**1,246,781**	1,438,006

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

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

Profit and Loss Account
for the Year Ended June 30, 2011

	Note	2011	2010
		--------- (Rupees in '000') --------	
Turnover - net	24	**2,086,451**	2,101,734
Cost of sales	25	**(1,680,378)**	(1,635,833)
Gross profit		**406,073**	465,901
Distribution cost	26	**(281,455)**	(268,019)
Administrative expenses	27	**(102,987)**	(121,580)
Other operating expenses	28	**(11,289)**	(20,600)
Other operating income	29	**36,682**	38,445
Operating profit		**47,024**	94,147
Finance cost	30	**(57,348)**	(74,243)
Share of profit on investment in an associate		**775**	80
(Loss) / profit before taxation		**(9,549)**	19,984
Taxation	31	**(9,401)**	(9,968)
(Loss) / profit for the year		**(18,950)**	10,016
		(Rupees)	
(Loss) / earnings per share - Basic and diluted	32	**(1.76)**	0.93

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

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

Statement of Comprehensive Income for the Year Ended June 30, 2011

	Note	2011	2010
		--------- (Rupees in '000') --------	
(Loss) / profit for the year		**(18,950)**	10,016
Other comprehensive loss for the year			
Net movement in cash flow hedge		**256**	(619)
Income tax effect		**(416)**	(525)
		(160)	(1,144)
Reclassification adjustment for loss included in profit and loss account		**4,434**	-
		4,274	(1,144)
Total comprehensive (loss) / income for the year		**(14,676)**	8,872

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

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

Cash Flow Statement
for the Year Ended June 30, 2011

	Note	2011	2010
		--------- (Rupees in '000') --------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	36	**220,227**	425,707
Income tax paid		**(38,110)**	(39,913)
Long-term loans - net		**(224)**	321
Long-term deposits - net		**(10)**	(2,508)
Net cash flows from operating activities		**181,883**	383,607
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure (net of Rs.0.686 million and Rs.0.038 million payable by and refunded to the Company respectively)		**(5,128)**	(7,734)
Proceeds from disposal of property, plant and equipment	5.3	**3,617**	1,278
Interest received		**2**	1,920
Net cash flows used in investing activities		**(1,509)**	(4,536)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing		**(60,000)**	(60,000)
Short-term borrowings - net		**(87,509)**	(184,113)
Interest / mark-up paid		**(58,109)**	(83,032)
Payments for derivative financial instruments - cross currency swap		**(6,651)**	(12,130)
Payments for cash flow hedge - interest rate swap		**(1,323)**	(2,530)
Dividend paid		**(42)**	(115)
Net cash flows used in financing activities		**(213,634)**	(341,920)
Net (decrease) / increase in cash and cash equivalents		**(33,260)**	37,151
Cash and cash equivalents at the beginning of the year		**38,001**	850
Cash and cash equivalents at the end of the year	16	**4,741**	38,001

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

Abu Talib H. K. Dada
Chairman

Sikander Dada
Chief Executive

Zahid Mahmood
Acting Chief Financial Officer

Statement of Changes In Equity
for the Year Ended June 30, 2011

	Issued, Subscribed and Paid-up Capital	RESERVES Capital reserves - share premium	REVENUE RESERVES General	Accumulated loss	Other (Note 22)	Total	Grand Total
	(Rupees in '000')						
Balance as at June 30, 2009	107,640	5,655	370,000	25,136	(3,130)	397,661	505,301
Effect of prior year adjustment	-	-	-	6,706	-	6,706	6,706
Balance as at June 30, 2009 (Restated)	107,640	5,655	370,000	31,842	(3,130)	404,367	512,007
Transfer to general reserve for the year ended June 30, 2009	-	-	25,000	(25,000)	-	-	-
Profit for the year	-	-	-	10,016	-	10,016	10,016
Other comprehensive loss for the year, net of tax	-	-	-	-	(1,144)	(1,144)	(1,144)
Total comprehensive income for the year	-	-	-	10,016	(1,144)	8,872	8,872
Balance as at June 30, 2010	**107,640**	**5,655**	**395,000**	**16,858**	**(4,274)**	**413,239**	**520,879**
Transfer to general reserve for the year ended June 30, 2010	-	-	**16,500**	**(16,500)**	-	-	-
Loss for the year	-	-	-	**(18,950)**	**-**	**(18,950)**	**(18,950)**
Reclassification adjustment for loss included in profit and loss account	-	-	-	-	**4,274**	**4,274**	**4,274**
Total comprehensive loss for the year	-	-	-	**(18,950)**	**4,274**	**(14,676)**	**(14,676)**
Balance as at June 30, 2011	**107,640**	**5,655**	**411,500**	**(18,592)**	**-**	**398,563**	**506,203**

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

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

Notes to the Financial Statements for the Year Ended June 30, 2011

1. NATURE AND STATUS OF BUSINESS

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

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

3. BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention except for the derivative financial instruments which are measured at fair value in accordance with the requirements of International Accounting Standard (IAS) - 39 "Financial Instruments: Recognition and Measurement" as referred to in notes 4.19 and 22 to these financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Standards, amendments and interpretations adopted during the year

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

New and amended standards and interpretations

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

IFRS 2 Group Cash-settled Share-based Payment Arrangements

IAS 32 Financial Instruments: Presentation - Classification of Rights Issues (Amendment)

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

Improvements to various standards issued by IASB

Issued in 2009

IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations

IFRS 8 Operating Segments

IAS 1 Presentation of Financial Statements

IAS 7 Statement of Cash flows Presentation of Financial Statements

IAS 17 Leases

IAS 36 Impairment of Assets

IAS 39 Financial Instruments : Recognition and Measurement

Issued in May 2010

IFRS 3 Business Combinations

IAS 27 Consolidated and Separate Financial Statements

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

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

4.2 Significant accounting judgments, estimates and assumptions

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

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

(a) determining the impairment, residual values, useful lives and pattern of flow of economic benefits of property, plant and equipment, intangible assets and investment property (notes 4.3, 4.4, 4.5, 5, 6 and 7);
(b) provision against stores, spare parts and loose tools and stock-in-trade / adjustment of stores, spare parts and loose tools and stock-in-trade to their net realizable value (notes 4.8, 4.9, 11 and 12);
(c) provision and impairment of financial assets (notes 4.6, 4.12, 13, 14 and 15);
(d) recognition of taxation and deferred tax (notes 4.16, 19 and 31); and
(e) derivative financial instruments (notes 4.19 and 22).

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

4.3 Property, plant and equipment

Owned

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

Depreciation is charged to profit and loss account using the straight-line method over their estimated useful lives at the rates disclosed in note 5.1 to these financial statements, whereby the cost of an asset less residual value is written-off over its estimated useful life. A full month's depreciation is charged for assets in the month of purchase and no depreciation is charged in the month of disposal. Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements, if any, are capitalized.

Gains and losses on disposals of property, plant and equipment are determined by comparing sale proceeds with the carrying amount of the relevant assets. These are included in the profit and loss account.

Assets residual values and useful lives are reviewed, and adjusted, if appropriate at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Capital work-in-progress

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

Assets subject to finance lease

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of leased items are capitalized at the inception of lease. Assets subject to finance lease are stated at the lower of the present value of minimum lease payments under the lease agreements and their fair value. Depreciation is charged using the same basis and rates used for similar owned assets whereby the cost of assets less residual value is written off over their estimated useful lives. Income arising from sale and lease back transactions, if any, is deferred and is amortized equally over the lease period.

The outstanding obligations under the lease less finance charges allocated to future period are shown as a liability. Financial charges are calculated at the interest rate implicit in the lease and are charged to the profit and loss account.

4.4 Intangible assets

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

Generally, costs associated with developing or maintaining computer software programmes are recognized as an expense as incurred. However, costs that are directly associated with identifiable software and have probable economic benefit exceeding the cost beyond one year, are recognized as an intangible asset. Direct costs include the purchase cost of software and related overhead cost.

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

Amortization is charged to the profit and loss account using the straight-line method over their estimated useful lives at the rate disclosed in note 6 to these financial statements. A full month's amortization is charged for assets in the month of purchase and no amortization is charged in the month of disposal.

4.5 Investment property

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

Depreciation is charged to the profit and loss account using the straight-line method over their estimated useful lives at the rates disclosed in note 7 to these financial statements, whereby the cost of an asset less residual value is written-off over its estimated useful life. A full month's depreciation is charged for assets in the month of purchase and no depreciation is charged in the month of disposal. Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements, if any, are capitalized.

4.6 Impairment

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

4.7 Investments

4.7.1 Investment in an associate

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

Under the equity method, the investment in the associate is carried in the balance sheet at cost plus post acquisition changes in the Company's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is not amortized. The profit and loss account reflects the share of the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Company recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity. Profits and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate. The Company recognises the share of loss in an associate to the extent of carrying value of its investment in an associate.

The financial statements of the associate are prepared for the same reporting period as the parent company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

4.7.2 Held-to-maturity

Held-to-maturity investments are non-derivative financial assets which carry fixed or determinable payments and fixed maturities and which the Company has positive intention and ability to hold till maturity. After initial measurement held to maturity investments are measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initially recognized amount and the maturity amount, less allowance for repayment. This calculation includes all the fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transactions cost and all other premiums and discounts. Gains and losses are recognized in the profit and loss account when the investments are derecognized or impaired, as well as through the amortization process.

4.8 Stores, spare parts and loose tools

These are valued at the lower of cost and net realizable value. Cost is determined on the weighted average cost less provision for obsolete and slow moving items except for items in transit which are stated at invoice values plus other charges incurred thereon.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale which is generally equivalent to the estimated replacement cost.

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

4.9 Stock-in-trade

4.9.1 Raw materials

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

4.9.2 Work-in-process

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

4.9.3 Finished goods

Finished goods are valued at the lower of weighted average cost and net realizable value. Cost in the case of manufactured finished goods includes prime cost and an appropriate portion of manufacturing overheads. Items in transit are valued at cost comprising invoice values plus other charges incurred thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs necessarily to be incurred to make the sale.

4.10 Trade debts and other receivables

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

4.11 Cash and cash equivalents

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

4.12 Provisions

Provisions are recognized when:

a) the Company has a present obligation (legal or constructive) as a result of past events;
b) it is probable that an outflow of resources will be required to settle the obligation; and
c) a reliable estimate of the amount can be made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.13 Revenue recognition

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

a) Revenue from sale of goods is recognized when significant risk and rewards of ownership of goods have passed to the buyers, usually on delivery of goods.
b) Dividend income is recognized when the right to receive the dividend is established.
c) Rental income is recorded on accrual basis.
d) Interest income is recorded using effective interest rate.
e) Service income is recognized when related services are rendered. In such case, revenue is recognized by reference to the stage of completion of a transaction as of the balance sheet date to the extent of cost incurred and, accordingly adjusting the same against other receivables / advances from customers.
f) Sales of scrap goods are recorded net of cost on receipt basis.

4.14 Retirement benefits

The Company operates an approved contributory provident fund for all permanent employees for which the employer's contribution is charged to the profit and loss account for the year.

4.15 Compensated absences

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

Notes to the Financial Statements
for the Year Ended June 30, 2011

4.16 Taxation

Current

Provision for taxation is computed on taxable income at the current rates of taxation or based on turnover at the specified rates, whichever is higher, after taking into account tax credits and rebates available, if any, in accordance with the provision of the Income Tax Ordinance, 2001. It also includes any adjustment to tax payable in respect of prior years. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred

Deferred tax is provided in full using the liability method on all temporary differences arising at the balance sheet date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, while deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be recognized.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recognized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirement of Accounting Technical Release - 27 of the Institute of Chartered Accountants of Pakistan. Deferred tax is charged or credited to profit and loss account.

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

4.17 Foreign currency translation

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

4.18 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. All financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled or expired. Any gain or losses on derecognition of financial assets and financial liabilities are taken to the profit and loss account.

4.19 Derivative financial instruments

The Company uses derivative financial instruments such as cross currency swaps and interest rate swaps to hedge its foreign market risks and interest rate risks respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Derivatives that do not qualify for hedge accounting are recognized in the balance sheet at fair value with corresponding effect to profit and loss account.

The fair values of the cross currency swap and interest rate swap represent the discounted value of the future cash flows estimates based on relevant economic assumptions for the period till the maturity of the swap contracts.

The fair value of the forward currency contracts is calculated with reference to current forward exchange rates for contracts with similar maturity terms.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Company will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedge risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair values or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash flow hedges

Cash flow hedges are when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.

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

On an ongoing basis, the Company assesses whether each derivative continues to be highly effective in offsetting changes in the cash flows of hedged items. If and when a derivative is no longer expected to be highly effective, hedge accounting is discontinued.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income and is recognized when the forecast transaction is ultimately recognized in the profit and loss account. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the profit and loss account. Movements on the hedging reserve are shown in other comprehensive income. Derivative instruments that are designated as, and are effective hedging instruments, are classified consistent with the classification of the underlying hedged item. The derivative instrument is separated into a current portion and non-current portion only if a reliable allocation can be made.

4.20 Offsetting of financial assets and financial liabilities

A financial asset and financial liability is offset and the net amount is reported in the balance sheet, if the Company has a legally enforceable right to set-off the transactions and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.21 Borrowing costs

Borrowing and other related costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

4.22 Dividend and appropriation to reserves

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

4.23 Segment reporting

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

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

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

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

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

Standard or Interpretation		**Effective date (accounting periods beginning on or after)**
IAS 1	Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented	July 01, 2012
IFRS 7	Financial Instruments : Disclosures - Amendments enhancing disclosures about transfers of financial assets	July 01, 2011
IAS 12	Income Tax (Amendment) - Deferred Taxes : Recovery of underlying assets	January 01, 2012
IAS 19	Employee Benefits - Amended Standard resulting from the post-employment benefits and termination benefits projects	January 01, 2013
IAS 24	Related Party Disclosures (Revised)	January 01, 2011
IFRIC 14	Prepayments of a Minimum Funding Requirement (Amendment)	January 01, 2011

Notes to the Financial Statements for the Year Ended June 30, 2011

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

In addition to the above, amendments to various accounting standards have also been issued by the IASB as a result of its annual improvement project, primarily with a view to remove inconsistencies and clarify wordings. Such improvements are generally effective for accounting periods beginning on or after January 01, 2011. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

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

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

	Note	2011	2010
		--------- (Rupees in '000') --------	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	5.1	**282,668**	337,754
Capital work-in-progress	5.2	**7,669**	7,312
		290,337	345,066

5.1 Operating assets

	COST			ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	
	As at July 01, 2010	Additions/ (disposals)/ *transfers/ (note 5.1.5)	As at June 30, 2011	As at July 01, 2010	For the year / (on disposals)	As at June 30, 2011	As at June 30, 2011	Depre-ciation rate per annum %
	---------- (Rupees in '000') ----------							
OWNED								
Freehold land	25,211	-	25,211	-	-	-	25,211	-
Leasehold land	3,596	-	3,596	1,576	50	1,626	1,970	1-2.5
Factory buildings on freehold and leasehold land (note 5.1.2)	186,047	668 *426	187,141	75,962	15,667	91,629	95,512	10
Buildings on freehold land other than factory	3,712	-	3,712	1,944	216	2,160	1,552	5
Buildings on leasehold land other than factory	44,699	-	44,699	25,763	1,907	27,670	17,029	5
Plant and machinery (note 5.1.3)	756,315	493 *1,175	757,983	609,977	31,070	641,047	116,936	10
Furniture and fittings	9,885	65 *100	10,050	5,609	774	6,383	3,667	10
Vehicles and transportation equipment	53,077	(5,333)	47,744	33,411	7,075 (5,124)	35,362	12,382	20
Office and factory equipment	31,405	104 (81) *1,597	33,025	21,951	2,688 (23)	24,616	8,409	10-33.3
2011	**1,113,947**	**1,330** **(5,414)** ***3,298**	**1,113,161**	**776,193**	**59,447** **(5,147)**	**830,493**	**282,668**	

* Represents transfers from capital work-in-progress.

Notes to the Financial Statements for the Year Ended June 30, 2011

	COST			ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	
	As at July 01, 2009	Additions/ (disposals)/ *transfers/ (note 5.1.5)	As at June 30, 2010	As at July 01, 2009	For the year / (on disposals)	As at June 30, 2010	As at June 30, 2010	Depre-ciation rate per annum %
	---------------------------------- (Rupees in '000') -----------------------------------							
OWNED								
Freehold land	25,211	-	25,211	-	-	-	25,211	-
Leasehold land	3,596	-	3,596	1,526	50	1,576	2,020	1-2.5
Factory buildings on freehold and leasehold land (note 5.1.2)	185,953	94	186,047	59,961	16,001	75,962	110,085	10
Buildings on freehold land other than factory	3,712	-	3,712	1,747	197	1,944	1,768	5
Buildings on leasehold land other than factory	44,109	* 590	44,699	23,856	1,907	25,763	18,936	5
Plant and machinery (note 5.1.3)	754,790	1,090 * 435	756,315	578,958	31,019	609,977	146,338	10
Furniture and fittings	9,885	-	9,885	4,721	888	5,609	4,276	10
Vehicles and transportation equipment	50,873	* 4,153 (1,949)	53,077	26,783	8,312 (1,684)	33,411	19,666	20
Office and factory equipment	30,090	230 * 1,142 (57)	31,405	18,423	3,544 (16)	21,951	9,454	10-33.3
2010	**1,108,219**	**1,414** **(2,006)** *** 6,320**	**1,113,947**	**715,975**	**61,918** **(1,700)**	**776,193**	**337,754**	

	Note	2011	2010
		--------- (Rupees in '000') --------	
5.1.1 The depreciation for the year has been allocated as follows:			
Cost of sales	25	**48,605**	49,070
Distribution cost	26	**5,329**	5,235
Administrative expenses	27	**5,513**	7,613
		59,447	61,918

5.1.2 Represents cost of Rs.131.630 million (2010: Rs.131.630 million) and Rs.55.511 million (2010: Rs.54.417 million) and written down value of Rs.87.134 million (2010: Rs.100.525 million) and Rs.8.388 million (2010: Rs.9.560 million) of factory buildings on freehold and leasehold land respectively.

5.1.3 Plant and machinery includes items such as fusion machine and related equipments having written down value of Rs.0.179 million (2010: Rs.0.343 million) which are in possession of customers for use on a temporary basis.

5.1.4 The cost of fully depreciated assets as at June 30, 2011 is Rs.517.222 million (2010: Rs.446.872 million).

5.1.5 The Company was restrained from incurring capital expenditure through an Order of Honorable High Court of Sindh dated March 27, 2009 (note 23.1). However, this Order was vacated by the Court on July 10, 2009 and the Company was allowed to incur capital expenditure subject to the prior approval of the Board of Directors.

	Note	**2011**	2010
		--------- (Rupees in '000')	--------
5.2 Capital work-in-progress			
Plant and machinery - Green House Farming System		**13,979**	13,979
Impairment loss on plant and machinery	5.2.1	**(8,213)**	(7,387)
		5,766	6,592
Plant and machinery - others		**120**	-
		5,886	6,592
Advance against purchase of operating assets		**1,783**	720
	5.2.3	**7,669**	7,312
5.2.1 Impairment loss on plant and machinery			
Opening balance		**7,387**	6,891
Charge for the year	28	**826**	496
Closing balance	5.2.2	**8,213**	7,387

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

5.2.3 During the year, additions of Rs.4.514 million (2010: Rs.6.320 million) were made to capital work-in-progress and assets of Rs.3.298 million (2010: Rs.6.320 million) were transferred to operating assets (see note 5.1).

Notes to the Financial Statements for the Year Ended June 30, 2011

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

	Cost	Accumulated depreciation	Written down value	Sale proceeds/ Insurance claim	Gain / (loss)	Mode of disposal	Particulars of buyer
	----------------------	(Rupees in '000')	----------------------				
VEHICLE AND TRANSPORTATION EQUIPMENT							
Suzuki Mehran VXR CNG	419	237	182	419	237	Insurance claim	M/s New Jubilee Insurance Company Limited
Items having book value upto Rs 50,000	4,915	4,887	28	3,155	3,127	As per Company Policy / Negotiation	Various employees and ex-employees
OFFICE AND FACTORY EQUIPMENT							
Items having book value upto Rs.50,000	80	23	57	43	(14)	Negotiation / Insurance claim	Various ex -employees / M/s. New Jubilee Insurance Company Limited
2011	**5,414**	**5,147**	**267**	**3,617**	**3,350**		
2010	2,006	1,700	306	1,278	972		

6. INTANGIBLE ASSETS

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

Notes to the Financial Statements for the Year Ended June 30, 2011

	COST			ACCUMULATED AMORTIZATION			WRITTEN DOWN VALUE	
	As at July 01, 2009	Additions	As at June 30, 2010	As at July 01, 2009	For the year (note 6.1)	As at June 30, 2010	As at June 30, 2010	Amortization rate %
	(Rupees in '000')							
SAP Software and Licenses	20,700	-	20,700	8,147	6,900	15,047	5,653	33.33
2010	**20,700**	**-**	**20,700**	**8,147**	**6,900**	**15,047**	**5,653**	

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

7. INVESTMENT PROPERTY

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

	COST			ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	
	As at July 01, 2009	Additions	As at June 30, 2010	As at July 01, 2009	For the year (note 7.2)	As at June 30, 2010	As at June 30, 2010	Depreciation rate per annum %
	(Rupees in '000')							
Investment property	30,308	-	30,308	14,102	1,515	15,617	14,691	5
2010	**30,308**	**-**	**30,308**	**14,102**	**1,515**	**15,617**	**14,691**	

7.1 During the year, a valuation in respect of above mentioned property was carried out by Iqbal A.Nanjee & Co. (Private) Limited, an independent professional valuer, using present market value method as at June 30, 2011. Accordingly, the fair value thereof was determined to be Rs.302.322 million (2010: Rs.293.022 million).

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

Notes to the Financial Statements for the Year Ended June 30, 2011

8. LONG-TERM INVESTMENT - Equity method

Movement of investment in an associate

	Note	2011	2010
		--------- (Rupees in '000') --------	
Balance at beginning of the year		**80**	-
Share of profit - current year	8.1	**1,375**	1,389
Unrecognized loss of last year recognized during the year		-	(1,309)
Adjustment for last year's loss based on audited financial statements		**(600)**	-
		775	80
Balance at end of the year		**855**	80

8.1 The Company has 48.04 percent (2010: 48.04 percent) shareholding [i.e. 625,000 (2010: 625,000) ordinary shares of Rs.10/- each] in Berdex Construction Chemicals (Private) Limited (Berdex). Berdex is engaged in the marketing and distribution of construction chemicals in Pakistan.

8.2 Based on the audited financial statements of Berdex for year ended June 30, 2011, Berdex has reported a profit of Rs.2.862 million and accumulated losses of Rs.11.230 million (2010: incurred profit of Rs.2.891 million and accumulated losses of Rs.12.843 million based on unaudited financial statements).

8.3 The summarized financial information of the associate of the Company, based on the audited financial statements for the year ended June 30, 2011 is as follows:

	Note	2011	2010
		--------- (Rupees in '000') --------	
Total Assets		**20,418**	17,949
Total Liabilities		**18,637**	17,781
Revenue		**26,470**	36,205
Profit after tax		**2,862**	2,891

9. LONG-TERM LOANS - secured, considered good

	Note	2011	2010
Executives	9.1	**52**	177
Employees		**4,984**	4,978
	9.2	**5,036**	5,155
Current portion	14	**(1,043)**	(1,386)
		3,993	3,769

9.1 Reconciliation of carrying amount of loans to executives

	2011	2010
Balance at beginning of the year	**177**	645
Disbursements	**135**	125
Repayments	**(260)**	(593)
Balance at end of the year	**52**	177

Notes to the Financial Statements for the Year Ended June 30, 2011

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

9.3 The maximum aggregate amount of loans due from the executives at the end of any month during the year was Rs.0.166 million (2010: Rs.0.499 million).

	Note	2011	2010
		--------- (Rupees in '000') --------	
10. LONG-TERM DEPOSITS			
Deposits against services and supplies	10.1 & 10.2	**6,740**	6,730

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

10.2 This includes deposit with Sikander (Private) Limited - a related party amounting to Rs.0.100 million (2010: Rs.0.100 million).

	Note	2011	2010
		--------- (Rupees in '000') --------	
11. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		**4,740**	9,270
Spare parts		**42,159**	49,851
Consumable accessories		**4,602**	6,399
Loose tools		**2,609**	2,167
Items in transit		**1,258**	-
	25.1	**55,368**	67,687
Provision for slow moving and obsolete stores, spare parts and loose tools	11.1	**(17,663)**	(19,586)
		37,705	48,101
11.1 Provision for slow moving and obsolete stores, spare parts and loose tools			
Opening balance		**19,586**	22,658
(Reversal) / charge for the year	25	**(1,923)**	(3,072)
Closing balance		**17,663**	19,586
12. STOCK-IN-TRADE			
Raw materials			
- in hand	12.1	**186,536**	277,163
- in transit		**17,052**	55,155
	25	**203,588**	332,318
Work-in-process	12.2 & 25	**72,903**	104,734
Finished goods			
- Manufactured	12.3 & 25	**217,411**	216,548
- Trading [including in transit Rs.10.7 million (2010: Rs.12.3 million)]	12.4 & 25	**133,012**	129,611
		350,423	346,159
		626,914	783,211

Notes to the Financial Statements for the Year Ended June 30, 2011

12.1 Includes raw materials costing Rs.163.832 million (2010: Rs.42.19 million) which are carried at net realizable value of Rs.146.912 million (2010: Rs.30.84 million).

12.2 Includes products costing Rs.6.671 million (2010: Rs.Nil) which are carried at net realizable value of Rs.2.829 million (2010: Rs.Nil).

12.3 Includes products costing Rs.31.205 million (2010: Rs.49.37 million) which are carried at net realizable value of Rs.16.473 million (2010: Rs.31.85 million).

12.4 Includes products costing Rs.64.115 million (2010: Rs.82.93 million) which are carried at net realizable value of Rs.41.456 million (2010: Rs.59.30 million).+

13. TRADE DEBTS - unsecured

		2011			2010		
	Note	Turnkey	Other than Turnkey (note 13.3 and 13.4)	Total	Turnkey	Other than Turnkey	Total
		(Rupees in '000')					
Considered good		-	151,312	151,312	-	110,200	110,200
Considered doubtful		17,414	106,382	123,796	19,357	105,229	124,586
	13.3	17,414	257,694	275,108	19,357	215,429	234,786
Provision for doubtful debts	13.1	(17,414)	(106,382)	(123,796)	(19,357)	(105,229)	(124,586)
		-	151,312	151,312	-	110,200	110,200

13.1 Provision for doubtful debts

	2011			2010		
	Turnkey	Other than Turnkey	Total	Turnkey	Other than Turnkey	Total
	(Rupees in '000')					
Opening balance	19,357	105,229	124,586	21,041	94,949	115,990
Charge for the year	-	10,887	10,887	-	17,415	17,415
Reversal during the year	(1,943)	(9,734)	(11,677)	(1,684)	(7,135)	(8,819)
	(1,943)	1,153	(790)	(1,684)	10,280	8,596
Closing balance	17,414	106,382	123,796	19,357	105,229	124,586

Notes to the Financial Statements for the Year Ended June 30, 2011

13.2 Provision for doubtful debts against turnkey projects represents estimate of the loss expected to be incurred on pipes supplied but not installed / certified to date on various projects.

13.3 Includes amount due from related parties, Century Paper and Board Mills Limited and Cyber Internet Services (Private) Limited, amounting to Rs.0.011 million and Rs.4.483 million (2010: Rs.0.011 million and Rs.0.032 million).

13.4 The provision for doubtful debts includes an amount of Rs.15.632 million (2010: Rs.15.633 million), net of security deposits of Rs.1.813 million received from customers, recoverable from an ex-employee who had reportedly collected the amount from customers and did not surrender the same to the Company. A law suit has been filed against the ex-employee to recover the above amount.

13.5 As at June 30, 2011, the ageing analysis of unimpaired trade debts is as follows:

	Total	Neither past due nor impaired	Past due but not impaired > 30 days upto 90 days	> 90 days upto 180 days	> 180 days upto 360 days
	--------------------	(Rupees in '000')			--------------------
2011	**151,312**	**79,014**	**39,115**	**14,961**	**18,222**
2010	110,200	46,728	47,019	6,486	9,967

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

	Note	**2011**	2010
		--------- (Rupees in '000')	--------
14. LOANS AND ADVANCES			
Loans - secured, considered good			
Current portion of long-term loans	9	**1,043**	1,386
Advances - unsecured, considered good			
Employees		**329**	784
Suppliers / contractors		**10,608**	15,229
Others		**140**	140
	14.1	**11,077**	16,153
Advances - considered doubtful			
Suppliers / contractors		**500**	500
Provision for doubtful advances		**(500)**	(500)
		-	-
		12,120	17,539

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

Notes to the Financial Statements for the Year Ended June 30, 2011

	Note	2011	2010
		--------- (Rupees in '000') --------	
15. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Trade deposits		**13,772**	10,020
Provision for doubtful trade deposits	15.1	**(5,958)**	(5,458)
		7,814	4,562
Other deposits		**4,481**	4,190
Prepayments			
Rent		**72**	341
SAP maintenance fee		**-**	2,075
Others		**1,088**	497
	15.2	**13,455**	11,665
15.1 Provision for doubtful trade deposits			
Opening balance		**5,458**	4,221
Charge for the year	28	**500**	2,173
Reversal during the year		**-**	(936)
Closing balance		**5,958**	5,458

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

15.3 Accrued Interest and Other Receivables

Included herein utilities expenses of CEO amounting to Rs. 0.562 million and security expenses of a director amounting to Rs. 0.126 million paid by the Company for and on behalf of CEO and a director of the Company, which is receivable by the Company as these were not approved by the Board of Directors in their meeting held on October 4, 2011

	Note	2011	2010
		--------- (Rupees in '000') --------	
16. CASH AND BANK BALANCES			
Cash in hand		**262**	176
Cash at banks in:			
Current accounts			
- Foreign currency		**2,265**	2,114
- Local currency		**2,214**	35,647
		4,479	37,761
PLS saving account	16.1	**-**	64
		4,741	38,001

16.1 This carries mark-up at the rate of 5 percent (2010: 5 percent) per annum at the year end.

17. SHARE CAPITAL

17.1 Authorised capital

2011	2010		2011	2010
(Number of shares)			--------- (Rupees in '000') --------	
12,000,000	12,000,000	Ordinary shares of Rs.10/- each	**120,000**	120,000
8,000,000	8,000,000	'B' class ordinary shares of Rs.10/- each	**80,000**	80,000
20,000,000	20,000,000		**200,000**	200,000

17.2 Issued, subscribed and paid-up capital (note 17.3)

2011	2010		2011	2010
(Number of shares)			--------- (Rupees in '000') --------	
		Ordinary shares of Rs.10/- each:		
1,714,264	1,714,264	fully paid in cash	**17,143**	17,143
476,386	476,386	issued as fully paid for consideration other than cash	**4,764**	4,764
8,573,309	8,573,309	issued as fully paid bonus shares	**85,733**	85,733
10,763,959	10,763,959		**107,640**	107,640

17.3 Ordinary shares include 4,090,536 shares of B class of Rs.10/- each converted into and deemed to be ordinary shares on disposal by a foreign shareholder, in prior years, in accordance with the Articles of Association of the Company.

17.4 Sikander (Private) Limited holds 2,690,112 (2010: 2,690,112) ordinary shares having face value of Rs.10/- each (2010: Rs.10/- each) representing 24.99 percent (2010: 24.99 percent) shareholding as of balance sheet date.

18. RESERVES

	Note	2011	2010
		--------- (Rupees in '000') --------	
Capital reserves - share premium		**5,655**	5,655
Revenue reserves			
- General reserve		**411,500**	395,000
- (Accumulated loss) / unappropriated profit		**(18,592)**	16,858
		392,908	411,858
Other reserves	22.2	**-**	(4,274)
		398,563	413,239

19. DEFERRED TAX LIABILITY

	Note	2011	2010
		--------- (Rupees in '000') --------	
Deferred tax liabilities on taxable temporary difference:			
- accelerated tax depreciation on owned assets		**29,946**	45,529
Deferred tax assets on deductible temporary differences:			
- provision for slow moving and obsolete stores, spare parts and loose tools		**(5,382)**	(5,995)
- taxable losses		**(18,868)**	(9,149)
- derivatives	19.2	**-**	(2,592)
- other deductible temporary differences		**(3,780)**	(5,256)
		(28,030)	(22,992)
		1,916	22,537

19.1 Deferred tax asset of Rs.39.700 million (2010: Rs.49.303 million) has not been recognized in these financial statements due to uncertainty about the timing of reversal of such temporary differences in line with the accounting policy of the Company (see note 4.16).

19.2 It includes reversal of Rs.0.416 million (2010: Rs.0.525 million) in respect of interest rate swap - cash flow hedge (note 22.2), directly charged to equity.

20. TRADE AND OTHER PAYABLES

	Note	2011	2010
		--------- (Rupees in '000') --------	
Creditors	20.1	**57,868**	72,052
Bills payable		**80,842**	110,038
Accrued liabilities		**87,658**	83,816
Accrual for compensated absences		**28,645**	27,437
Advances from customers		**229,780**	188,213
Advance from tenant		**5,380**	4,310
Payable to Collector of Customs		**-**	3,850
Security deposits from distributors and others		**26,337**	22,861
Workers' Profit Participation Fund	20.2	**361**	1,440
Workers' Welfare Fund		**-**	404
Unclaimed dividend		**8,826**	8,868
Others		**1,450**	1,052
		527,147	524,341

20.1 This includes amounts due to a related party, Berger Paints Pakistan Limited amounting to Rs.0.055 million (2010: Rs.0.134 million) as of balance sheet date.

20.2 Workers' Profit Participation Fund

	Note	2011	2010
		--------- (Rupees in '000') --------	
Balance as at July 01		**1,440**	1,484
Allocation for the year	28	**-**	1,051
		1,440	2,535
Interest on funds utilized in the Company's business	30	**94**	211
Amounts paid on behalf of the fund		**(1,173)**	(1,306)
Balance as at June 30		**361**	1,440

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

	Note	2011	2010
		--------- (Rupees in '000') --------	
21. SHORT-TERM BORROWINGS - secured			
Running finances utilized under mark-up arrangements	21.1 & 21.2	**123,119**	199,086
Foreign currency term finances	21.1 & 21.3	**46,428**	10,190
Export refinance	21.1 & 21.4	**31,000**	28,780
Money market loan	21.1	-	50,000
		200,547	288,056

21.1 These finance facilities have been obtained from various commercial banks aggregating to Rs.780 million (2010: Rs.990 million) out of which Rs.579.257 million (2010: Rs.701.944 million) remains unutilized as at the balance sheet date. These facilities are secured by the creation of a first pari-passu charge against hypothecation of the Company's stock-in-trade and trade debts.

21.2 These facilities carry mark-up at the rate of 14.77 to16.02 (2010: 13.59 to 15.34) percent per annum.

21.3 These facilities carry mark-up of 3 months LIBOR plus spread at the rate of 4 to 5 (2010: 3) percent per annum and are repayable latest by August 27, 2011.

21.4 This facility carries mark-up at the rate of 11 (2010: 8) percent per annum and is repayable latest by August 31, 2011.

	Note	2011	2010
		--------- (Rupees in '000') --------	
22. DERIVATIVES			
Cross currency swap	22.1	-	7,100
Interest rate swap	22.2	-	1,365
		-	8,465

22.1 The Company had executed a PKR to USD Cross Currency Swap with a commercial bank for a period of three years at a notional amount of Rs.100 million, which has commenced from November 28, 2007 and matured during the year on November 29, 2010. Under the swap arrangement the principal payable amount of Rs.100 million at 10.00% p.a. was swapped with a USD component at Rs.61.18 per USD making the loan amount to USD 1.635 million carrying an interest rate of 6.10% p.a. which has been exchanged at the maturity of the respective swap arrangement.

22.2 The Company had an interest rate swap contract with a commercial bank designated as hedge for future cash flows arising out of interest payments in respect of long-term financing obtained by the Company. The interest rate swap contract have been negotiated to match the terms of the aforementioned financing at a nominal value of Rs 150 million having interest payment of 15.55 percent per annum and interest receipt of 6 months KIBOR. During the year, interest rate swap contract matured on April 18, 2011 and the loss previously recognized in equity / other comprehensive income is transferred to profit and loss account.

23. CONTINGENCIES AND COMMITMENTS

Contingencies

23.1 A suit has been filed by some of the directors of the Company (Plaintiffs) in the Honorable High Court of Sindh (the Court), praying for certain reliefs wherein the Company including some directors / employees have been made defendants. In addition, the Plaintiffs had filed several Applications including those relating to the grant of a temporary injunction for the appointment of an inspector and forensic auditors, as well as, an interim injunction application for restraining the Company from incurring further capital expenditure. The Court in its Order dated July 10, 2009 vacated the Plaintiffs' Applications with respect to restraining the Company from incurring capital expenditure (subject to prior approval of the Board of Directors) and for the appointment of forensic auditors. However, except for the above, the remaining Applications are pending before the Court for a hearing.

Some members of the Company have filed two Petitions in the Court mainly alleging the violation of Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Ordinance, 2002 (Takeovers Ordinance), wherein the Securities and Exchange Commission of Pakistan (SECP) and the Company have also been made Parties. The matter is still pending in the Court for adjudication. The Petitioners have also referred to the proceedings by SECP on the matter in their respective Petitions. SECP by its Order dated July 28, 2009 has held that the Takeovers Ordinance has not been violated in which respect certain parties have also filed an Appeal to the Appellate Bench of the SECP. However, this aspect of the matter is also pending in the Court.

As mentioned above, during the year ended June 30, 2010, the Company has filed Applications for becoming a party to the Petitions and restraining the members who are Parties to the Petitions from the sale and purchase of shares of the Company. In addition, certain applications have been filed by the Company / members of the Company seeking to stay the Board Meeting and Annual General Meeting (AGM) of the Company and alleging violations of a Court Order. The Court in its Order dated June 17, 2010 has disposed off the Application pertaining to becoming a party to the petitions in favor of the Company. However, except for the above, the remaining Applications are pending before the Court for hearing.

As per legal counsel of the Company, no significant damages have been claimed by the Plaintiffs in the Suit against the Company other than for recovery on behalf of the Company including certain amounts allegedly paid to a related party and an ex-employee (see note 13.4). The legal counsel further states that since no damages have been claimed by the Plaintiffs against the Company in the above Suit, it would appear that the Suit and its related Applications would have no financial exposure to the Company.

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

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

Being aggrieved by the Judgment of SHC, the Company filed petition for leave to appeal against the judgment of SHC before Honorable Supreme Court of Pakistan (SCP). The SCP has granted leave to appeal to the Company vide its Order dated June 23, 2011 and converted the Petition into Appeal. Further, the SCP has stayed the proceedings before the Environmental Protection Tribunal pending final decision in the case.

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

23.3 Commitments

Commitments are as follows:

	Note	2011 Capital expenditure	2011 Others	2011 Total	2010 Total
		--------------- (Rupees in '000')			---------------
Bonds and Letters of guarantee issued by banks	23.3.1	-	**84,422**	**84,422**	96,232
Letters of credit		-	**141,807**	**141,807**	19,553
Post dated cheques	23.3.2	-	**74,893**	**74,893**	98,883
Import contracts		-	**45,893**	**45,893**	47,042
Local purchase contracts		**247**	**12,006**	**12,253**	5,214
		247	**359,021**	**359,268**	266,924

23.3.1 These are secured by a first pari-passu hypothecation charge as disclosed in note 21.1.

23.3.2 Represents post dated cheques of Rs.41.911 million (2010: Rs.98.883 million) issued in favour of Collector of Customs on account of import of raw material under SRO 565(I)/2006 dated June 05, 2006 as amended vide SRO 564(I)/2008 dated June 11, 2008.

23.3.3 The Company has entered into commercial property leases on its investment property. These non-cancellable leases have remaining terms of between three to five years. Future minimum rentals receivable under non-cancellable operating leases as at year end are as follows:

	2011	2010
	--------- (Rupees in '000')	--------
Not later than one year	**32,973**	20,167
Later than one year	**58,967**	60,896
	91,940	81,063

Notes to the Financial Statements
for the Year Ended June 30, 2011

	Note	2011	2010
		--------- (Rupees in '000')	--------
24. TURNOVER - net			
Local			
- manufactured		**2,156,730**	2,122,244
- trading		**217,928**	205,600
- others		**3,133**	31,034
		2,377,791	2,358,878
Export		**86,899**	84,792
		2,464,690	2,443,670
Less:			
Returns		**11,567**	7,988
Special excise duty		**28,595**	18,022
Sales tax		**338,077**	315,926
		378,239	341,936
		2,086,451	2,101,734
25. COST OF SALES			
Manufactured			
Raw materials consumed			
Opening stock	12	**332,318**	359,147
Purchases		**1,040,546**	1,124,135
Closing stock	12	**(203,588)**	(332,318)
		1,169,276	1,150,964
Export Rebate - Duties		**(218)**	(1,389)
		1,169,058	1,149,575
Stores, spare parts and loose tools consumed	25.1	**55,902**	55,552
Salaries, wages and other benefits [includes Rs.Nil (2010: Rs.3.309 million) in respect of bonus to workers]	25.2	**114,677**	114,969
Procured services		**31,796**	32,000
Fuel, water and power		**81,798**	74,305
Insurance		**5,725**	5,592
Traveling		**326**	533
Communication		**1,400**	1,052
Depreciation	5.1.1	**48,605**	49,070
Rent, rates and taxes		**3,129**	2,765
Repairs and maintenance		**22,792**	20,778
Technical assistance fee		**7,417**	10,738
Printing and stationery		**668**	803
Reversal for slow moving and obsolete stores, spare parts and loose tools	11.1	**(1,923)**	(3,072)
Other expenses		**1,398**	1,781
Opening stock of work-in-process	12	**104,734**	84,084
Closing stock of work-in-process	12	**(72,903)**	(104,734)
Cost of goods manufactured		**1,574,599**	1,495,791
Opening stock of finished goods	12	**216,548**	207,853
Closing stock of finished goods	12 & 25.3	**(217,411)**	(216,548)
		1,573,736	1,487,096
Trading			
Opening stock	12	**129,611**	195,207
Purchases		**121,829**	104,684
		251,440	299,891
Closing stock	12 & 25.3	**(133,012)**	(129,611)
		118,428	170,280
Sale of scrap		**(11,786)**	(21,543)
		1,680,378	1,635,833

Notes to the Financial Statements for the Year Ended June 30, 2011

	Note	2011	2010
		--------- (Rupees in '000') --------	
25.1 Stores, spare parts and loose tools consumed			
Opening stock	11	**67,687**	79,492
Purchases		**43,583**	43,747
Closing stock	11	**(55,368)**	(67,687)
		55,902	55,552

25.2 Staff retirement benefits

Salaries, wages and other benefits include Rs.4.650 million (2010: Rs.4.541 million) in respect of staff retirement benefits (provident fund contribution).

25.3 These are net of adjustments of Rs.3.121 million and Rs.0.021 million relating to finished goods stock of manufactured and trading items respectively written off during the year.

	Note	2011	2010
		--------- (Rupees in '000') --------	
26. DISTRIBUTION COST			
Transportation and other charges on local sales		**107,663**	108,600
Transportation and other charges on export sales		**4,922**	4,457
		112,585	113,057
Salaries and other benefits	26.1	**66,431**	66,996
Repairs and maintenance		**12,091**	11,706
Depreciation	5.1.1	**5,329**	5,235
Advertising and sales promotion		**14,709**	18,451
Commission expense		**27,795**	15,326
Communication		**3,026**	2,466
Traveling		**6,138**	9,672
Professional charges		**1,457**	1,728
Printing, stationery and subscription		**994**	1,340
Rent, rates and taxes		**23,484**	17,010
Fuel, water and power		**3,553**	1,624
Insurance		**673**	533
Procured services		**2,141**	1,790
Others		**1,049**	1,085
		281,455	268,019

26.1 Staff retirement benefits

Salaries and other benefits include Rs.3.156 million (2010: Rs.3.248 million) in respect of staff retirement benefits (provident fund contribution).

	Note	2011	2010
		--------- (Rupees in '000') --------	
27. ADMINISTRATIVE EXPENSES			
Salaries and other benefits	27.1	**37,976**	40,323
Rent, rates and taxes - investment property		**1,080**	1,295
- others	27.2	**1,414**	1,299
Procured services		**2,968**	5,129
Insurance		**2,164**	2,246
Depreciation - operating assets	5.1.1	**5,513**	7,613
- investment property	7	**1,515**	1,515
Amortization	6	**5,202**	6,900
Repairs and maintenance		**6,973**	6,030
Printing, stationery and subscription		**986**	3,166
Communication		**5,675**	8,328
Traveling		**3,579**	2,150
Fuel, water and power		**7,027**	6,831
Auditors' remuneration	27.3	**2,398**	3,541
Legal and professional		**16,612**	23,296
Others		**2,181**	1,918
		102,987	121,580

Notes to the Financial Statements for the Year Ended June 30, 2011

27.1 Staff retirement benefits

Salaries and other benefits include Rs.1.765 million (2010: Rs.1.954 million) in respect of staff retirement benefits (provident fund contribution).

27.2 Other rent, rates and taxes include rent amounting to Rs.0.290 million (2010: Rs.0.264 million) paid to Sikander (Private) Limited - a related party.

	Note	2011	2010
		--------- (Rupees in '000') --------	
27.3 Auditors' remuneration			
Audit fee		**900**	900
Fee for half yearly review		**400**	400
Fee for review of compliance with Code of Corporate Governance		**100**	100
Special certifications and other services		**793**	1,871
Out of pocket expenses		**205**	270
		2,398	3,541
28. OTHER OPERATING EXPENSES			
Directors' fee		**420**	380
Audit Committee fee		**160**	100
Workers' Profit Participation Fund	20.2	-	1,051
Workers' Welfare Fund		-	404
Impairment loss on plant and machinery	5.2.1	**826**	496
Donations	28.1	**391**	648
Loss recognised on expiry of cash flow hedge contract	22.2	**4,434**	-
Exchange loss - net of exchange gain of Rs.3.935 million (2010: Rs.5.139 million)		**4,558**	7,688
Provision for doubtful trade deposits and debts	15.1	**500**	9,833
		11,289	20,600

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

	Note	2011	2010
		--------- (Rupees in '000') --------	
29. OTHER OPERATING INCOME			
Income from financial assets			
Income from bank deposits		**2**	1,912
Reversal of provision against doubtful debts	13.1	**790**	-
Income from non-financial assets			
Gain on disposal of operating assets	5.3	**3,350**	972
Rental income - investment property	29.1	**30,062**	29,014
Net income from services	29.2	**2,038**	5,882
Gain on fair value of cross currency swap		**440**	665
		36,682	38,445

29.1 Expenses in respect of investment property have been allocated to administrative expenses (note 27).

29.2 Net income from services
Nature of services

	2011			2010		
	Revenue	**Expenses**	**Income**	**Revenue**	**Expenses**	**Income**
	------------------------ (Rupees in '000') ------------------------					
Jointing	**2,569**	**531**	**2,038**	2,093	615	1,478
Aluminium cladding	**-**	**-**	**-**	6,383	1,979	4,404
	2,569	**531**	**2,038**	8,476	2,594	5,882

	Note	2011	2010
		--------- (Rupees in '000') --------	
30. FINANCE COST			
Mark-up on long-term financing		**4,544**	13,056
Mark-up on short-term borrowings		**49,973**	58,020
Interest on Workers' Profit Participation Fund	20.2	**94**	211
Bank and other charges		**2,737**	2,956
		57,348	74,243
31. TAXATION			
Current - for the year		**29,740**	16,649
- prior year		**699**	(1,349)
		30,439	15,300
Deferred		**(21,038)**	(5,332)
	31.1	**9,401**	9,968

31.1 The provision for current income tax is based on minimum taxation under Section 113 of the Income Tax Ordinance, 2001. Accordingly, tax charge reconciliation with the accounting profit is not reported.

	Note	2011	2010
		--------- (Rupees in '000') --------	
32. (LOSS) / EARNINGS PER SHARE - Basic and Diluted			
(Loss) / profit for the year after taxation		**(18,950)**	10,016
		------- (Number of shares) -------	
Weighted average ordinary shares in issue during the year		**10,763,959**	10,763,959
		------- (Rupees) -------	
(Loss) / earnings per share - basic and diluted		**(1.76)**	0.93

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

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

The aggregate amounts charged in these financial statements for the year for remuneration and benefits to the chief executive, director and executives of the Company were as follows:

	Chief Executive		Director		Executives	
	2011	2010	**2011**	2010	**2011**	2010
	(Rupees in '000')					
Managerial remuneration	**5,209**	5,209	-	2,090	**27,465**	24,121
Housing						
- Rent	**270**	270	-	170	**7,395**	5,972
- Utilities	**521**	862	-	209	**2,611**	2,411
- Other items	**1,174**	1,051	-	-	**1,078**	713
Medical	-	-	-	-	**702**	496
Retirement benefits	**573**	573	-	260	**2,872**	2,463
Compensated absences	**583**	817	-	587	**1,353**	2,988
Insurance	**1,294**	1,012	-	-	-	-
	9,624	9,794	-	3,316	**43,476**	39,164
Number of person(s)	**1**	1	-	1	**26**	20

33.1 Mr. Danish Dada was an employee since May 06, 2008 and then was elected as a director at the election of directors held at the Extraordinary General Meeting on July 10, 2008. After his election as a director, the monthly remuneration being paid to him as an employee remained unchanged. As regards to non-compliance with section 218 of the Companies Ordinance, 1984 relating to disclosure of interest, the legal counsel states, "it was well within the knowledge of all concerned that Mr. Sikander Dada is the father of Mr. Danish Dada and thus had constructive notice about the interest of Mr. Danish Dada in the appointment of Mr. Sikander Dada as the Chief Executive of the Company". Mr. Danish Dada has resigned on March 17, 2010, from the directorship of the Company.

During the previous year, the directors representing 38% shareholding (as at June 30, 2011 and till the date of issuance of these financial statements, Mahvash & Jahangir Siddiqui Foundation, Jahangir Siddiqui Securities Services Limited, Jahangir Siddiqui & Sons Limited, Jahangir Siddiqui and Ali Jahangir Siddiqui are the shareholders of the 38% shareholding) filed an application under Suit No. 166 of 2009 pending in the Honourable High Court of Sindh (Court) for restraining the Company "from approving the accounts for the year ending 30.06.09" at "the Board meeting on 15.04.10 or thereafter and/or the general body meeting". The Court has issued the following Order dated 14.04.2010 on the said application:

> "2. Counsel for the plaintiff states that on 15.04.2010, the accounts are being submitted to the Board for approval wherein inter alia three items i.e., remuneration of Chief Executive, Remuneration to Director Mr. Danish Dada and authorization of Chief Executive on the basis of Power of Attorney, may be ordered not to be approved as their approval would be unlawful.

In so far as the objections as to the remuneration of the Chief Executive and his power of attorney are concerned any interim order at this stage may hamper the smooth running of the company, therefore no interim orders can be passed at this stage unless the other side is also heard. As regards objection to the remuneration of son of Chief Executive is concerned, it is hereby directed that accounts relating to his remuneration shall not be approved till the next date of hearing. Issue notice for 23.04.2010. Office to fix all pending applications on the said date."

Accordingly, the remuneration of the Director aggregating to Rs 7.479 million for the years ended June 30, 2009 and June 30, 2010 was not considered and hence not approved by the Board of Directors / Members of the Company.

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

33.3 Aggregate amount charged in these financial statements with respect to Directors' fee including Audit Committee fee for the year was Rs.0.580 million (2010: Rs.0.480 million) (see note 28).

34. CAPACITY AND PRODUCTION

The production capacities of the plants depend on product mix. The name plate capacities are determined on a certain product mix whereas actual product mix is different and varies from year to year depending upon the orders from customers. Capacity is also influenced by the timing of the orders. Therefore, production is subject to annual variations and actual capacity of the plant is indeterminable.

35. TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise of associated companies, staff retirement funds, Chief Executive, directors and key management personnel. Transactions with related parties and associated undertakings during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Related parties	Nature of transaction	2011	2010
		--------- (Rupees in '000')	--------
Transactions with associated companies due to common directorship:			
Berger Paints Pakistan Limited	Purchase of goods	**374**	1,891
	Sale of goods	**31**	83
Sikander (Private) Limited	Rent paid	**290**	264
Cyber Internet Services (Private) Limited	Sale of goods	**29,303**	22,135
Century Insurance Company Limited (CICL)	Insurance premium paid to New Jubilee Insurance Company Limited [(CICL is co-insurer with 25% share (2010:17.50% share)]	**3,623**	175
Staff retirement benefits:			
Dadex Eternit Limited - Provident Fund	Employer contribution	**9,572**	9,743

35.1 For the year ended June 30, 2011, the Company has not made any provision for doubtful debts relating to amounts owed by related parties except as disclosed in note 13.3 to these financial statements.

36. CASH GENERATED FROM OPERATIONS

	Note	2011	2010
		--------- (Rupees in '000') --------	
(Loss) / profit before taxation		**(9,549)**	19,984
Adjustments for non cash and other items:			
Depreciation - property, plant and equipment	5.1.1	**59,447**	61,918
- investment property	7	**1,515**	1,515
Amortization	6	**5,202**	6,900
Gain on disposal of property, plant and equipment	29	**(3,350)**	(972)
Interest income	29	**(2)**	(1,912)
Share of profit on investment in an associate	8	**(775)**	(80)
Impairment loss on plant and machinery	28	**826**	496
Finance cost	30	**57,348**	74,243
Loss recognised on expiry of cash flow hedge contract	28	**4,434**	-
Gain on fair value of cross currency swap	29	**(440)**	(665)
Working capital changes	36.1	**105,571**	264,280
		220,227	425,707

36.1 Working capital changes

	2011	2010
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	**10,396**	8,733
Stock-in-trade	**156,297**	63,080
Trade debts	**(41,112)**	3,798
Loans and advances	**5,419**	24,054
Trade deposits and short-term prepayments	**(1,790)**	4,555
Other receivables	**(8,594)**	(1,682)
Sales tax and excise duty - net	**(17,215)**	-
	103,401	102,538
Increase in current liabilities		
Trade and other payables	**2,170**	161,742
	105,571	264,280

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. Taken as a whole, the Company is exposed to market risk (including interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The Company's principal financial liabilities comprise bank loans, short-term borrowings and trade and other payables. The main purpose of these financial liabilities is to raise finance for Company's operations. The Company has various financial assets such as loans, advances, deposits, trade and other receivables and cash and bank balances, which are directly related to its operations.

The Company's finance and treasury departments oversee the management of these risks and provide assurance to the Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company policies and risk appetite. No changes were made in the objectives, policies or processes and assumptions during the year ended June 30, 2011. The policies for managing each of these risks are summarized below:

37.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk. Financial instruments susceptible to market risk include loans, borrowings and derivative financial instruments. The sensitivity analysis in the following sections relate to the position as at June 30, 2011 and 2010.

37.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Company enters into various types of long-term and short-term financing arrangements for financing its capital expenditure and to meet working capital requirements at variable rates. The Company is currently evaluating different options to mitigate its exposure against interest rate risk since the interest rate swap arrangements matured during the year (see note 22.2).

37.1.2 Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Company's (loss) / profit before tax and equity (through impact on floating rate borrowings). This analysis excludes the impact of movement in market variables on non-financial assets and liabilities of the Company. Further, interest rate sensitivity does not have an asymmetric impact on the Company's result.

	Increase / decrease in basis points	**Effect on (loss) / profit before tax**	**Effect on equity**
		--------- (Rupees in '000')	--------
2011			
Pak Rupee	**+100**	**2,005**	-
Pak Rupee	**-100**	**(2,005)**	-
2010			
Pak Rupee	+100	(3,480)	14
Pak Rupee	-100	3,480	(14)

37.1.3 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities. The Company is currently evaluating different options to mitigate exposures against currency risk since the cross currency swap arrangements matured during the year (see note 22.1).

The following table demonstrates the sensitivity to a reasonably possible change in the USD exchange rate. As at June 30, 2011, if Pakistani Rupee (Pak Rupee) had weakened / strengthened by 5% against the USD and Euro, with all other variables held constant, the effect on the Company's (loss) / profit before tax (due to changes in the fair value of monetary assets and liabilities) at June 30, 2011 and 2010 is as follows:

	Increase / decrease in US Dollar and Euro to Pak Rupee	Effect on (loss) / profit before tax (Rs. in '000')
2011	**+5%**	**3,978**
	-5%	**(3,978)**
2010	+5%	(5,430)
	-5%	5,430

37.1.4 Other price risk

Other price risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market prices such as equity price risk. Equity price risk is the risk arising from uncertainties about future values of investment securities. As at the balance sheet date, the Company is not exposed to other price risk.

37.2 Credit risk

37.2.1 Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Out of the total financial assets of Rs.201.475 million (2010: Rs.187.487 million), the financial assets which are subject to credit risk amounted to Rs.196.110 million (2010: Rs.173.528 million). The Company's credit risk is primarily attributable to its trade debts, deposits, loans, accrued interest and other receivables, and bank balances. The Company manages its credit risk in respect of trade debts by obtaining advances from customers. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. Further, the Company's credit risk arises from loan, deposits and other receivables are managed by obtaining securities in respective notes to these financial statements.

The credit quality of financial assets that are past due but not impaired is disclosed in note 13.5 to these financial statements. As at balance sheet date, there are no financial assets that would otherwise be past due or impaired whose terms have been renegotiated.

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

	Note	2011	2010
		--------- (Rupees in '000')	--------
Long-term loans	9	**3,993**	3,769
Long-term deposits	10	**6,740**	6,730
Trade debts	13.5	**79,014**	46,728
Loans and advances	14	**12,120**	17,539
Deposits	15	**12,295**	8,752
Accrued interest and other receivables		**11,266**	2,672
Bank balances	16	**4,479**	37,825
		129,907	124,015

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

	2011	2010
	--------- (Rupees in '000') --------	
Bank Balances by short-term rating category (note 16)		
A1+	**2,189**	35,680
A1	**10**	27
P-1	**2,265**	2,114
A2	**15**	4
	4,479	37,825

37.3 Liquidity risk

Liquidity risk represents the risk that a Company will encounter difficulties in meeting obligations with the financial liabilities. The Company monitors its risk to shortage of funds by maintaining a balance between continuity of funding and flexibility through the use of short-term borrowings and long-term financing.

The table below summarizes the maturity profile of the Company's financial liabilities at June 30, 2011 and 2010 based on contractual undiscounted payment dates:

	On demand	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**More than 5 years**	**Total**
	------------------------ (Rupees in '000') ------------------------					
June 30, 2011						
Trade and other payables	8,826	462,978	54,982	-	-	526,786
Accrued mark-up	-	-	10,968	-	-	10,968
Short-term borrowings	31,000	45,810	123,737	-	-	200,547
	39,826	**508,788**	**189,687**	**-**	**-**	**738,301**

	On demand	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**More than 5 years**	**Total**
	------------------------ (Rupees in '000') ------------------------					
June 30, 2010						
Long-term financing	-	-	60,000	-	-	60,000
Trade and other payables	8,868	459,481	50,298	-	-	518,647
Accrued mark-up	-	11,729	-	-	-	11,729
Short-term borrowings	28,780	56,446	202,830	-	-	288,056
	37,648	**527,656**	**313,128**	**-**	**-**	**878,432**

Notes to the Financial Statements
for the Year Ended June 30, 2011

37.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction. The carrying amounts of all the financial instruments reflected in these financial statements are approximate to their fair value.

37.5 Capital management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business sustain future development of the business and maximize shareholders value.

The Company monitors capital using a debt equity ratio, which is net debt divided by total capital plus net debt. Equity comprises of share capital, revenue and other reserves. The gearing ratios as at June 30, 2011 and 2010 were as follows:

	Note	2011	2010
		--------- (Rupees in '000') --------	
Long-term financing including current portion		-	60,000
Trade and other payables	20	**527,147**	524,341
Accrued mark-up		**10,968**	11,729
Short-term borrowings	21	**200,547**	288,056
Total debt		**738,662**	884,126
Cash and cash equivalents	16	**(4,741)**	(38,001)
Net debt		**733,921**	846,125
Total capital		**506,203**	520,879
Total capital and net debt		**1,240,124**	1,367,004
Gearing Ratio		**59.18%**	61.90%

The Company finances its expansions projects through equity, borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

38. INFORMATION ABOUT OPERATING SEGMENTS

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

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

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

Notes to the Financial Statements for the Year Ended June 30, 2011

	Chrysotile Cement	Plastic	Others	Total
	------------------ (Rupees in '000') ------------------			
2011				
TURNOVER - net	**918,906**	**1,149,403**	**18,142**	**2,086,451**
RESULT				
Segment result	**54,188**	**(29,097)**	**(1,422)**	**23,669**
Unallocated expense				
Other operating expenses				**(11,289)**
Other operating income				**34,644**
Finance cost				**(57,348)**
Share of profit on investment in an associate				**775**
Taxation				**(9,401)**
Loss for the year				**(18,950)**
OTHER INFORMATION				
Capital expenditure	-	**2,726**	-	**2,726**
Unallocated corporate capital expenditure				**1,902**
Total capital expenditure				**4,628**
Depreciation	**6,005**	**40,451**	-	**46,456**
Unallocated corporate depreciation and amortization				**19,708**
Total depreciation and amortization				**66,164**
ASSETS AND LIABILITIES				
Segment assets	**323,409**	**621,091**	**22,578**	**967,078**
Unallocated corporate assets				**279,703**
Total assets				**1,246,781**
Segment liabilities	**161,092**	**141,078**	**402**	**302,572**
Unallocated corporate liabilities				**438,006**
Total liabilities				**740,578**
2010				
TURNOVER - net	1,018,583	1,059,647	23,504	2,101,734
RESULT				
Segment result	144,178	(67,887)	5,892	82,183
Unallocated expense				
Other operating expenses				(20,600)
Other operating income				32,564
Finance cost				(74,243)
Share of profit on investment in an associate				80
Taxation				(9,968)
Profit for the year				10,016
OTHER INFORMATION				
Capital expenditure	60	5,762	-	5,822
Unallocated corporate capital expenditure				1,912
Total capital expenditure				7,734
Depreciation	6,315	41,018	-	47,333
Unallocated corporate depreciation and amortization				23,000
Total depreciation and amortization				70,333
ASSETS AND LIABILITIES				
Segment assets	399,899	798,730	27,727	1,226,356
Unallocated corporate assets				211,650
Total assets				1,438,006
Segment liabilities	173,039	205,059	568	378,666
Unallocated corporate liabilities				538,461
Total liabilities				917,127

38.1 Geographical information

Turnover

The geographical information for turnover is given in note 24.

	2011	2010
	--------- (Rupees in '000') --------	
Non-current assets		
Pakistan	**315,552**	375,989

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

38.2 Segment assets and liabilities

Segment assets include all operating assets by a segment and consist principally of property, plant and equipment, stores and spare parts and loose tools, stock- in- trade, trade debts and loans and advances net of impairment and provisions, if any. Segment liabilities include all operating liabilities and consist principally of trade and other payables.

38.3 Finance cost has not been allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Company. Further, income taxes are not allocated to operating segments.

38.4 There are no inter segment sales/purchases.

39. DATE OF AUTHORISATION FOR ISSUE

39.1 These financial statements have been authorised for issue on October 04, 2011 by the Board of Directors of the Company.

39.2 During the period from May 19, 2009 to January 25, 2010 (for a period of approximately eight months), the members of the Board of Directors (the Board) were restrained from attending the meetings of the Board as directors or its various committees as a consequence of the Orders issued by the Honorable High Court of Sindh (Court) in the Petitions referred in note 23.1. In view of such restraint, over which the Company had no control, the powers which had to be exercised by the Board, as required, were not possible. During that period the Chief Executive Officer (CEO) continued to act in his capacity as CEO based on the powers incidental to his appointment as a CEO under the Companies Ordinance, 1984 and the Power of Attorney executed in his name dated March 30, 1989. The above restraint placed on the Board was removed by the Court on January 25, 2010, whereby the Board became functional again.

40. GENERAL

40.1 Certain prior year's figures have been reclassified consequent upon certain changes in current year's presentation for more appropriate comparison. However, there are no material reclassifications to report.

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

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

Pattern of share holding as at June 30, 2011

Categories of Share Holders	Number of Shares Held	Percentage of Issued Capital
Associated Companies, Undertakings and Related Parties	**3,143,162**	29.20
Bandenawaz Limited	2,050	0.02
Jahangir Siddiqui & Sons Limited	451,000	4.19
Sikander (Pvt.) Limited	2,690,112	24.99
NIT	**121**	0.00
National Investment Trust Limited	121	0.00
Directors, CEO & their Spouses	**2,284,637**	21.22
Mr. Abu Talib H. K. Dada (Director)	310,469	2.88
Mrs. Halima w/o Abu Talib H.K. Dada	29,847	0.28
Mr. Jahangir Siddiqui (Director)	1,050,000	9.75
Mr. Maqbool H.H. Rahimtoola (Director)	5,300	0.05
Mr. Mohammad Suleman Kanjiani (Director)	100	0.00
Mr. Mohsin Ashfaque (Director)	100	0.00
Mr. Qazi Sajid Ali (Director)	1	0.00
Mr. Rasheed Y. Chinoy (Director)	100	0.00
Mr. Shahzad M. Husain (Director)	4	0.00
Mr. Samad Dada (Director)	279,125	2.59
Mr. Sikander Dada (CEO)	609,586	5.66
Mr. Zulfiqar Ali Lakhani (Director)	5	0.00
Banks, Insurance Company, Joint Stock Companies, Charitable Trusts and Others	**2,038,384**	18.94
Ideal Life Assurance Company Ltd.	25	-
Jahangir Siddiqui Securities Service Ltd	1,040,536	9.67
Mahvash & JS Foundation	949,000	8.82
Muslim Commercial Bank Ltd.	440	0.00
National Bank of Pakistan	2,726	0.03
United Bank Ltd.	348	0.00
Others	45,309	0.42
Shareholders holding ten percent or more voting interest in the company		
Province Ltd.	**1,465,000**	13.61
Individuals	**1,832,655**	17.03
TOTAL	**10,763,959**	100.00

Pattern of share holding as at June 30, 2011

Number of Share Holders	Share Holding from	Share Holding to	Total Shares Held
2,924	1	100	55,474
567	101	500	129,733
156	501	1,000	107,653
113	1,001	5,000	218,549
16	5,001	10,000	101,220
7	10,001	15,000	81,657
1	25,001	30,000	29,751
1	30,001	35,000	30,433
1	40,001	45,000	43,000
1	60,001	65,000	64,011
2	90,001	95,000	184,452
1	270,001	275,000	273,125
1	275,001	280,000	279,198
1	310,001	315,000	310,469
1	450,001	455,000	451,000
1	595,001	600,000	600,000
1	605,001	610,000	609,586
1	945,001	950,000	949,000
1	1,040,001	1,045,000	1,040,536
1	1,045,001	1,050,000	1,050,000
1	1,460,001	1,465,000	1,465,000
1	2,690,001	2,695,000	2,690,112
3,800			**10,763,959**

Categories of Share Holders	Numbers of Share Holders	Numbers of Shares Held	Percentage of Issued Capital
Individual	3,772	4,117,292	38.25
NIT	1	121	0.00
Associated Companies	3	3,143,162	29.20
Banks	3	3,514	0.03
Insurance Company	1	25	0.00
Joint Stock Company	1	1,040,536	9.67
Charitable Trusts	1	949,000	8.82
Foreign Shareholding	1	1,465,000	13.61
Others	17	45,309	0.42
	3,800	**10,763,959**	**100.00**

Last Ten Years at a Glance

Fiscal Year Ending June 30	Turnover	(Loss) / Profit After Taxation	Assets	Dividend Amount	Dividend Percentage (%)
------------------------- (Rupees in 000's) ------------------------					
2011	2,086,451	(18,950)	1,246,781	-	0.00%
2010	2,101,734	10,016	1,438,006	-	0.00%
2009 (Restated)	2,189,890	25,772	1,540,412	-	0.00%
2008	2,017,194	72,430	1,708,276	43,056	40.00%
2007	1,657,144	42,291	1,430,517	32,292	30.00%
2006	1,335,387	14,548	1,492,196	18,837	17.50%
2005 (Restated)	1,290,858	54,505	1,234,610	37,674	35.00%
2004 (Restated)	946,854	37,577	1,183,292	32,292	30.00%
2003	710,644	28,414	711,040	21,528	20.00%
2002 (Restated)	562,226	8,498	651,401	13,455	12.50%

Form of Proxy

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

I/We ______________________ son / daughter /wife of ______________________

of ______________________ (full address)

being a member(s) of Dadex Eternit Ltd. holding ______________________

Ordinary shares hereby appoint ______________________

of ______________________ (full address) or failing him

______________________ of

______________________ (full address)

who is/are also member(s) of Dadex Eternit Ltd as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 52nd Annual General Meeting of the company to be held on Monday, October 31, 2011 at 08:00 p.m. and at any adjournment thereof.

As witness my/our hand/seal this __________ day of ______________________ 2011

Signed by the said ______________________
in the presence of
1 ______________________

____

2 ______________________

____

Folio/CDC Account No

Signature on Revenue Stamp of Rs. 5/-

This signature should agree with the specimen registered with the Company

Important:

1 This proxy duly completed and signed, must be received at the Registered Office of the Company, Dadex House, 34-A/1, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi, not less than 48 hours before the time of holding the meeting.

2 No person shall act as proxy unless he himself is a member of the Company, except that a corporation may appoint a person who is not a member.

3 If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

For CDC Account Holders/Corporate Entities:
In addition to the above the following requirements have to be met:

i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

ii) Attested copies of CNIC and of the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iii) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.

iv) In the case of a corporate entity, the Board of Directors resolution/power of attorney with the specimen signature should be submitted (unless it has been provided earlier) along with the proxy form to the Company.

Affix correct postage

The Company Secretary
Dadex Eternit Limited
34-A / 1, Block 6, P.E.C.HS.
Shahrah-e-Faisal
Karachi - 75400