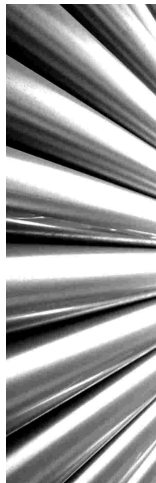


SUSTAINED GROWTH



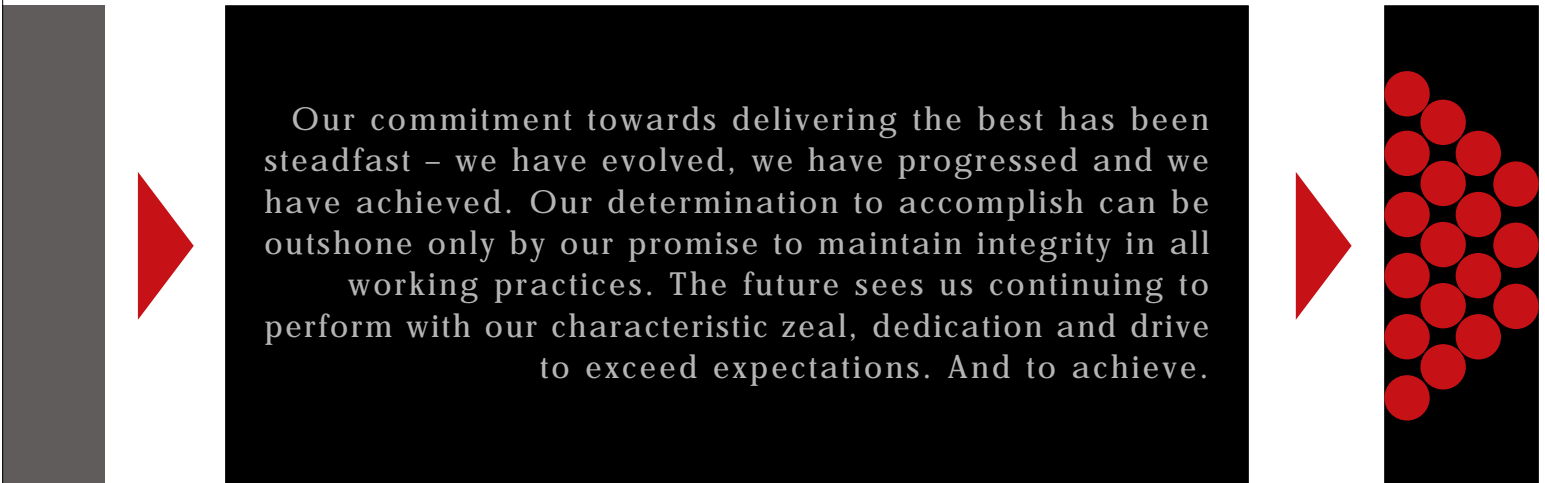
ANNUAL REPORT 2008

DADEX

49th ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 2008





Our commitment towards delivering the best has been steadfast – we have evolved, we have progressed and we have achieved. Our determination to accomplish can be outshone only by our promise to maintain integrity in all working practices. The future sees us continuing to perform with our characteristic zeal, dedication and drive to exceed expectations. And to achieve.

VISION

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

Dadex was formed with a commitment to consistently delivering superior products and services. Over the span of almost 50 years, the company has remained loyal to this core value whilst continuously developing its products and services portfolio.

The spirit of the organization is one of integrity, commitment, excellence and dedication - each facet instilled in it from its inception in 1959. This spirit along with an energetic workforce and a sound corporate culture is what drives the company to steadily continue with its evolution whilst keeping the industry needs and developments in mind.

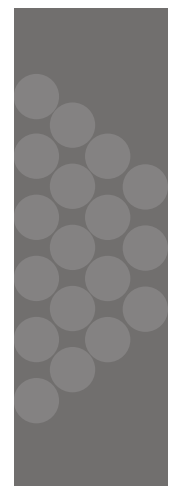
From building pipes to architectural cladding to agricultural solutions - the Dadex range of products encompass a wide spectrum of building solutions for corporate and individual customers.

Under the dynamic leadership of the Chief Executive, Mr. Sikander Dada the company is marching on strongly towards its 50th year, even under these challenging times. Dadex will continue in its path of sustained growth and remains absolutely committed to upholding the vision of Kassim Dada, the Founder Chairman:

“The conduct towards others must be based on kindness, service, fairness, charity, justice, honesty and the sanctity of promise, pledge or agreement.”

THE SPIRIT OF THE
ORGANIZATION IS ONE OF
INTEGRITY, COMMITMENT,
EXCELLENCE AND DEDICATION -
EACH FACET INSTILLED IN IT
FROM ITS INCEPTION IN 1959.

APPROACHING 50 YEARS



DADEX

Wavin AS

Wavin AS, is the plastic alternative to cast iron. AS is a low noise soil and waste system and easy to install pipe solution made of a special PP compound called Astolon. The system is designed for professional wastewater installations in buildings particularly multiple storey buildings where noise insulation is required e.g. hotels, hospitals and apartments. Moreover, it can also be used for roof, estate and bridge drainage etc.

Hep2O

Hep2O is the professional flexible push-fit plumbing system for hot and cold water and central heating. This flexible push-fit plumbing system, with professional installation techniques, is ideal for hot and cold water systems. Hep2O is used in metal containing components and is specifically designed for central heating and incorporates an additional internally protected oxygen barrier layer. Hep2O fittings are also designed to connect directly to copper pipe work.

ACP

Dadex Aluminum Composite Panel (ACP) is a modern and new-generation building material providing a huge range of possibilities to architects and designers. It is the perfect solution for interior and exterior building cladding and signage. It is an innovative product that has become the material of choice for a wide variety of applications, which can cater to diverse tastes and abilities of architects worldwide. Dadex ACP can be ordered in a large variety of colours and specifications which provide the end user with a high degree of freedom and flexibility. Furthermore, we at Dadex aim to offer quality products at an affordable price and always back our products with the required services.





ZarKaasht

Considering the potential of business for solutions towards increasing crop yields and efficient water utilisation in the country, Dadex, ventured into providing Irrigation Solutions for Agriculture and Landscape in 2006, in collaboration with Netafim, the world's leading company in this field, as a separate business division called ZarKaasht,

ZarKaasht which means “cultivate gold” aims at bringing a revolution in the country by improving its agriculture. With technical assistance from Netafim, ZarKaasht offers high efficiency irrigation systems, greenhouses, net houses, tunnel farms and a full range of agronomic services for a variety of applications such as field crops, biofuel crops, fruits, vegetables, flowers.

We have contributed in changing mindsets of the agriculture community through training programs on agricultural technology and offering a range of contemporary solutions for agro based problems. Since its inception, ZarKaasht has started to bring about a green revolution in the country in addition to well being for the farming community, thus achieving new milestones in its endeavour for ensuring sustained growth for all stakeholders.

ZarKaasht will expand its presence as the national leader in the field of innovative irrigation solutions.



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Board Of Directors Abu Talib H.K. Dada - Chairman
 Maqbool H.H. Rahimtoola
 Qazi Sajid Ali
 Shahzad M. Husain
 Samad Dada
 Danish Dada
 Jahangir Siddiqui
 Rasheed Y. Chinoy
 Mohammad Suleman Kanjiani
 Mohsin Ashfaque
 (Alternate: Kamal Afsar)

Chief Executive Officer Sikander Dada

**Chief Financial Officer &
 Company Secretary** Muhammad Hanif Idrees

Board Audit Committee Mohammad Suleman Kanjiani - Chairman
 Qazi Sajid Ali
 Danish Dada

Management Team Sikander Dada - CEO
 Muhammad Hanif Idrees - Director Finance & Company Secretary
 Rizwan Amjed - Director Operations
 Suhail Nadeem - General Manager (Marketing & Sales)
 Tanveer Saleem - General Manager (Technical Services)
 Danish Dada - General Manager (Business Development)

Auditors Ford Rhodes Sidat Hyder & Co.
 Chartered Accountants

Bankers Citibank N.A.
 Habib Bank Limited
 Habib Metropolitan Bank Limited
 JS Bank Limited
 MCB Bank Limited
 National Bank of Pakistan
 NIB Bank Limited
 Oman International Bank S.A.O.G.
 Standard Chartered Bank (Pakistan) Limited
 HSBC Bank Middle East Limited
 United Bank Limited
 KASB Bank Limited

Registered Office Dadex House, 34-A/1, Block 6, P.E.C.H.S.,
 Shahrah-e-Faisal, Karachi- 75400

Website www.dadex.com

Notice is hereby given that the forty-ninth Annual General Meeting of the Dadex Eternit Ltd. will be held on Monday, 27 October, 2008 at 12.00 noon at Dadex House, 34-A/1, Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi to transact the following business:

A. ORDINARY BUSINESS

1. To receive, consider and adopt the following:
 - a) Financial statements for the year ended 30 June, 2008 and the Auditors' Report thereon; and
 - b) The Report of the Board of Directors for the year ended 30 June, 2008.
2. To consider and approve payment of 40% dividend in cash for the year ended 30 June, 2008 as recommended by the Board of Directors.
3. To appoint auditors for the year ended 30 June, 2009 and authorise the Directors to fix their remuneration.

B. SPECIAL BUSINESS

To consider and, if thought fit, to approve and adopt the following resolution with or without modification as a Special Business.

"Resolved that a company with limited liability be established in the Sultanate of Oman together with a local Omani in accordance with the Commercial Companies Law of Oman under such other name as the Ministry of Commerce and Industry of Sultanate of Oman may approve, to undertake the activities similar to Dadex Eternit Limited (the "Company"). The Overseas Company's paid up share capital shall be Riyal Omani (RO) 150,000 with a nominal value of RO 1 per share, of which the Company shall subscribe for 105,000 shares, with a nominal value of RO 1 per share, in the amount of RO 105,000 and the remaining 45,000 shares shall be subscribed for by local Omani with a nominal value of RO 1 per share, in the amount of RO 45,000.

Further Resolved that the Chief Executive and Chief Financial Officer of the Company shall be authorised to undertake all actions necessary and sign all documents necessary for the establishment and operation of the Overseas Company."

Statement under section 160 of the Companies Ordinance, 1984 pertaining to the Special Resolution is being sent to the Members.

By Order of the Board

(MUHAMMAD HANIF IDREES)
Company Secretary

Karachi: 11 September, 2008

C. NOTES:

1. The Register of Members and the Share Transfer Books of the Company shall remain closed from 20 October, 2008 to 27 October, 2008 (both days inclusive). Transfers received in order at the Registered Office of the Company by the close of business hours on 18 October, 2008 will be treated in time for incorporating the change in the Register of Members as at 20 October, 2008.
2. Entitlement to dividend and to attend, participate and vote at the forty-ninth Annual General Meeting will be according to the Register of Members as at 20 October, 2008.
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 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 changes, if any, in their registered address.

6. Members who have not yet submitted photocopy of their Computerised National Identity Cards to the Company are requested to send the same at the earliest.
7. CDC Account Holders will further have to follow the under-mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

a) For Attending the Meeting:

- i. In case of individuals, the account holder or sub-account holder whose securities and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- ii. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

b) For Appointing Proxies:

- i. In case of individuals, the account holder or sub-account holder whose securities and their 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 CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - iv. The proxy shall produce his original CNIC or original passport at the time of the meeting.
 - v. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
8. Transport will be available for Members at 11:00 a.m. sharp outside the premises of the Karachi Stock Exchange Building to take them to the venue of the meeting.

D. STATEMENTS UNDER SECTION 160 OF THE COMPANIES ORDINANCE, 1984

This statement is annexed to the notice of the forty ninth Annual General Meeting of Dadex Eternit Limited to be held on 27 October, 2008 at which matter explained in following paras is to be transacted as Special Business. The purpose of this Statement is to set forth the material facts concerning such Special Business.

Presently, vast scope exists internationally, in the construction sector. However, Pakistan is lagging behind to meet demands of international market on the basis of local positioning due to which international market remains inaccessible. Therefore, it is extremely important to take advantage of international market dynamic.

A Far East based Company (hereinafter referred to as the "Foreign Company") is setting up the facilities for manufacturing fittings in Oman and has approached the Company for setting up the manufacturing facilities for plastic pipes and profiles in Oman (the "Overseas Operations"). The Foreign Company is willing to have an agreement whereby the Overseas Operations will supply plastic pipes and profiles for customers of the Foreign Company.

In view of the situation explained in above paragraphs, our Company is interested in capturing this opportunity by establishing the Company in Oman for manufacturing plastic pipes and profiles and gaining an access to the ready-made customer base being provided by the Foreign Company. This arrangement would enable the Company to position itself from an internationally acceptable platform for ultimately driving the economic benefits for the Company and the Country in the shape of dividends without undertaking the risks and efforts of developing the market.

The Directors are not interested in this business except as shareholders of the Company.

The Directors of the Company are pleased to present the forty-ninth Annual Report along with the Audited Financial Statements for the year ended 30 June, 2008.

I. NATIONAL ECONOMY

The economy grew by 5.8% as against 6.8% last year. It was a difficult year due to several factors including soaring oil prices, disturbed political conditions and pressure on exchange and mark-up rates all leading to slow down and inflation. The downside risks in economy are stronger now than the past.

The difficult circumstances negatively affected the costs and margins and presented the Company with challenges.

II. BUSINESS

Sales and profitability

The economic conditions demanded extra efforts to sustain and perform. In spite of business environment not being favourable your Company's net turnover registered a growth of 18% as compared to the previous year. Most of the growth was volume based because of intense pressure on prices from the competition.

Your Company was able to sustain the gross profit percentage for the year in spite of rising raw material costs and depreciation of the new factory due to improved productivity at the plants as well as better cost and inventory controls. Expenses have mainly increased because of inflationary trend in the economy with transportation expenses being the major contributory.

More emphasis on inventory management of raw materials and finished goods helped in maintaining the level of financial charges in spite of rising rates of borrowing and capital expenditure for setting up plant at Sunder Industrial Estate (SIE).

The efforts have resulted in profit after tax being higher by 71% over previous year i.e. earning per share of Rs. 6.73 (30 June, 2007: Rs. 3.93)

Operations

In pursuance of its objective of achieving geographical diversification, your Company successfully completed the setting up the state of the art manufacturing facility on land acquired in 2005 in the Sunder Industrial Estate (SIE). The operations at Sunder Factory commenced in November, 2007. Overall capacity utilisation was 7% higher over last year.

III. DIVIDENDS AND APPROPRIATIONS

Summary of profits available for appropriations is as follows:

	(Rupees in '000)
Unappropriated profit as at 01 July, 2007	44,405
Final dividend Rs. 3.00 per share (2006: Rs. 1.75) for the year ended 30 June, 2007	(32,292)
Transfer to general reserves for the year ended 30 June, 2007	(10,417)
Profit after taxation for the year ended 30 June, 2008	72,430
Unappropriated profit as at 30 June, 2008	<u>74,126</u>
Subsequent Effects	
Proposed final dividend per share of Rs. 4.00	43,056
Transfer to general reserves for the year ended 30 June, 2008	25,000
Unappropriated profit as at 01 July, 2008	6,070
	<u>74,126</u>

Break-up value per share as at 30 June, 2008 is Rs. 49.46 (2007: Rs. 45.73)

IV. BOARD OF DIRECTORS

The current directors were elected in terms of section 178(5) of the Companies Ordinance, 1984 at the Extra Ordinary General Meeting held on 10 July, 2008 for a period of three years commencing with effect from 13 July, 2008 and expiring on 12 July, 2011.

The Board of Directors would like to place on record the valuable contribution of the outgoing Directors while on the Board of the Company.

During the year under review, five meetings of the Board of Directors were held. Attendance by Chairman, Chief Executive and each Director is annexed with this report.

V. INFORMATION COMMUNICATION TECHNOLOGY

The Company completed the gigantic task of implementing various modules of SAP, which is the state of the art Enterprise Resource Planning (ERP) solution, in nine months, which is an achievement in record time.

In addition to the above, concept of thin computing has been introduced within the organisation, which is expected to be completed by the second quarter of the financial year ending 30 June, 2009. In the area of data and voice communication implementation of latest Wimax technology through one of the leading players in the telecommunication field was accomplished during the year.

VI. CONTRIBUTION TO THE NATIONAL ECONOMY

During the year under review, the Company has contributed over Rs. 405 million (2007: Rs. 361 million) in shape of duties, taxes and levies to the Government exchequer.

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

During the year, certification audit by SGS was conducted successfully resulting in awarding of ISO 9001:2000 certificate valid up to 5 April, 2011. This achievement demonstrates our commitment towards excelling in our Quality, Environment and Safety objectives. An action plan has been prepared to bring the operations at our Sunder Factory under the ambit of Quality Management Systems (QMS) by the financial year ending 30 June, 2009 besides bringing all elements of QMS in line with SAP system. As a part of our continuous improvement in quality assurance, during the year, our laboratory has been equipped with additional facilities.

VIII. HUMAN RESOURCES

Human Capital is the most valuable intangible asset of the Company which has played its role for the growth of the business. Your Company is committed to nurture this capital by investing on appropriate selection of human resource and then retention and training of such resource.

IX. COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE AND BEST PRACTICES OF TRANSFER PRICING

A) Your Board of Directors is 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 30 June, 2008 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 and relevant schedule of the Companies Ordinance, 1984 regarding Transfer Pricing. In pursuance of Securities & Exchange Commission's letter no SMD / SE /2(85)/2003 dated 08 July, 2008 implementation / applicability of listing regulation no 38 relating to "Transfer Pricing" has been deferred till 31 December, 2008.
- 3) That the Board has adopted the "Statement of Business Ethics and Practices" and measures have been taken to ensure that all 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 account of the Company have been maintained.
 - c. Appropriate accounting policies have been consistently applied in preparation of financial statements, and accounting estimates are based on reasonable and prudent judgment.
 - d. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- 5) The system of internal control and other such procedures, which are in place, are being continuously reviewed by the Board's Audit Committee. To further enhance the quality of the Internal Audit, with effect from 1 July, 2008, Internal Audit function has been transferred from the existing firm of Chartered Accountants to one of the top five audit firms i.e. KPMG Taseer Hadi & Co. The process of review will continue and any weaknesses in controls identified in the process will be removed.
- 6) There are no significant doubts upon the Company's ability to continue as a going concern.
- 7) There has been no material departure from the best practices of corporate governance, as detailed in the applicable listing regulations.

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

- 1) The summary of key operating and financial data of the Company of 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 Provident Fund based on the latest audited accounts as at June 30:

2008	2007
----- (Rupees in '000) -----	
154,181	145,523

- 4) The statement, showing pattern of shareholding of the Company as at 30 June, 2008 is annexed with this report.
- 5) The directors, CFO & Company Secretary and their spouses and minor children did not carry out any trade in the shares of the Company during the year, except those disclosed in the pattern of shareholding.

X. AUDITORS

The present auditors M/s Ford Rhodes Sidat Hyder & Co., Chartered Accountants retire at the conclusion of the forty-ninth Annual General Meeting. Being eligible, they have offered themselves for reappointment. As required by the Code of Corporate Governance, Board Audit Committee has recommended their reappointment, by the Company's shareholders, as auditors of the Company for the financial year ending 30 June, 2009 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.

XI. 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.

XII. FUTURE PROSPECTS AND CHALLENGES

Weakening currency and rising oil and food prices pose a risk to the economy. However, infrastructure projects offer an opportunity in addition to exports market, which also have a potential.

Commencement of the manufacturing operations in the North has enhanced our competitiveness due to proximity to a major market segment and increasing the market share by capturing the opportunities. The increasing awareness among the target market, materialisation of the Mega Project being initiated by the Government is expected to have positive impact on the Agriculture & Irrigation business and over all results of the Company.

XIII. ACKNOWLEDGEMENTS

We would like to take this opportunity to thank our customers for their support and patronage without which none of this would have been possible.

We would also like to thank all other stakeholders including our vendors, bankers and financial institutions, insurers, Government and our shareholders for their cooperation, support and reposing confidence on us.

The dedication and commitment of our management and staff is an important contribution towards the results achieved, for which they deserve a special thanks. We are sure that with such dedicated and committed team we are Inshallah going to continue to grow.

On behalf of the Board of Directors

(ABU TALIB H.K. DADA)
Chairman

Karachi: 11 September, 2008

Name of Director	Total No. of Board Meetings	No. of Meetings Attended
SIKANDER DADA - CHAIRMAN & CEO	5	5
ABDUR RAZZAK DADA (Alternate: MUHAMMAD HANIF IDREES)	5	- 5 5
ABU TALIB H.K. DADA	5	3
MAQBOOL H.H. RAHIMTOOLA	5	5
QAZI SAJID ALI	5	5
SHAHZAD M. HUSAIN	5	5
RASHEED Y. CHINOY	5	3
MUHAMMAD NAJAM ALI	5	4
MOHAMMAD ALI JAMEEL	5	2
SAAD S. FARUQUI	5	2

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

This statement is being presented to comply with the Code of Corporate Governance contained in Listing Regulation No. 37 of listing regulations of Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the 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. As of 30 June, 2008, there was no executive director in the Company's Board of Directors, other than the Chairman & CEO.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. All the resident directors of the Company have confirmed that they are registered taxpayers.
4. All the resident directors have confirmed that none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs and none of them is a member of a stock exchange in Pakistan.
5. No casual vacancy occurred in the Board during the year ended 30 June, 2008.
6. The Company has prepared a "Statement of Ethics and Business Practices", which has been signed by all the directors and senior management employees of the Company.
7. The Board of Directors has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. Any amendments in significant policies are approved by the Board and a complete record of amendments in significant policies along with the dates on which they were approved has been maintained.
8. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO have been taken by the Board.
9. The meetings of the Board were presided over by the Chairman. The Board met at least once in every quarter. Written notices of the Board meetings, along with agenda were circulated at least seven days before the meeting. The minutes of the meeting were appropriately recorded and circulated.
10. Directors are well conversant with the listing regulations and legal requirements and as such are fully aware of their duties and responsibilities.
11. There was no new appointment of CFO or Company Secretary during the year.
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 CFO before approval of the Board.
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 all the corporate and financial reporting requirements of the Code.
16. The Board has formed an audit committee. It comprises four members, of whom three are non-executive directors including the chairman of the committee.
17. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

18. The Board has set-up an effective internal audit function.
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.

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

Karachi: 11 September, 2008

SIKANDER DADA
Chief Executive

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Dadex Eternit Limited to comply with the Listing Regulation No. 37 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's 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code, as applicable to the Company, for the year ended 30 June, 2008.

Karachi: 11 September, 2008

FORD RHODES SIDAT HYDER & CO.
CHARTERED ACCOUNTANTS

We have audited the annexed balance sheet of DADEX ETERNIT LIMITED as at 30 June, 2008 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

We conducted our audit in accordance with the auditing 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 accounts and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June, 2008 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Karachi: 11 September, 2008

FORD RHODES SIDAT HYDER & CO.
CHARTERED ACCOUNTANTS



Financial Pages

	Note	2008	2007
----- (Rupees in '000) -----			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	460,718	430,407
Intangible asset	5	13,587	-
		<u>474,305</u>	<u>430,407</u>
Long-term investments	6	876	1,049
Long-term loans	7	4,307	2,942
Long-term deposits	8	4,150	4,059
		<u>483,638</u>	<u>438,457</u>
CURRENT ASSETS			
Stores, spare parts and loose tools	9	77,044	69,458
Stock-in-trade	10	776,309	734,882
Trade debts	11	125,929	125,809
Loans and advances	12	41,875	16,428
Trade deposits and short-term prepayments	13	20,950	16,826
Other receivables	14	15,563	1,774
Interest accrued		222	-
Short-term investments	15	100,247	275
Sales tax and excise duty refundable - net		4,582	-
Taxation - net		15,302	16,669
Cash and bank balances	16	46,615	9,939
		<u>1,224,638</u>	<u>992,060</u>
TOTAL ASSETS		<u><u>1,708,276</u></u>	<u><u>1,430,517</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	17	107,640	107,640
Reserves	18	424,781	384,643
		<u>532,421</u>	<u>492,283</u>
NON-CURRENT LIABILITIES			
Long-term financing	19	120,000	-
Deferred taxation	20	26,658	30,146
		<u>146,658</u>	<u>30,146</u>
CURRENT LIABILITIES			
Trade and other payables	21	646,703	386,607
Accrued interest / mark-up		10,937	6,252
Short-term borrowings	22	341,557	491,883
Current portion of long-term financing	19	30,000	-
Current portion of liabilities against assets subject to finance lease		-	9,568
Sales tax payable		-	13,778
		<u>1,029,197</u>	<u>908,088</u>
CONTINGENCIES AND COMMITMENTS	23	-	-
TOTAL EQUITY AND LIABILITIES		<u><u>1,708,276</u></u>	<u><u>1,430,517</u></u>

The annexed notes from 1 to 41 form an integral part of these financial statements.

MUHAMMAD HANIF IDREES
Chief Financial Officer

SIKANDER DADA
Chief Executive

ABU TALIB H.K. DADA
Chairman

	Note	2008	2007
		----- (Rupees in '000) -----	
Turnover - net	24	1,969,608	1,657,144
Cost of sales	25	(1,496,625)	(1,261,195)
Gross profit		<u>472,983</u>	<u>395,949</u>
Distribution costs	26	(220,523)	(181,135)
Administrative expenses	27	(85,658)	(77,607)
Other operating expenses	28	(31,034)	(37,718)
Other operating income	29	39,995	21,440
Operating profit		<u>175,763</u>	<u>120,929</u>
Finance costs	30	(95,800)	(67,252)
Share of profit / (loss) on investment in an associate	6.1	42	(3,749)
Profit before taxation		<u>80,005</u>	<u>49,928</u>
Taxation	31	(7,575)	(7,637)
Profit after taxation		<u><u>72,430</u></u>	<u><u>42,291</u></u>
		(Rupees)	
Earnings per share	32	6.73	3.93

The annexed notes from 1 to 41 form an integral part of these financial statements.

MUHAMMAD HANIF IDREES
Chief Financial Officer

SIKANDER DADA
Chief Executive

ABU TALIB H.K. DADA
Chairman

	Note	2008	2007
----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	36	333,396	347,690
Income tax paid		(9,696)	(8,242)
Long-term loans and advances - net		(1,365)	1,558
Long-term deposits - net		(91)	4,192
Net cash generated from operating activities		322,244	345,198
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(136,354)	(135,074)
Investments encashed		275	212
Proceeds from disposal of property, plant and equipment		25,682	5,805
Interest received		56	485
Net cash used in investing activities		(110,341)	(128,572)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing		150,000	-
Short-term borrowings - net		(150,326)	(90,828)
Finance lease rentals paid		(9,568)	(31,128)
Interest / mark-up paid		(33,396)	(68,388)
Dividend paid		(31,937)	(18,655)
Net cash used in financing activities		(75,227)	(208,999)
Net increase in cash and cash equivalents		136,676	7,627
Cash and cash equivalents at the beginning of the year		9,939	2,312
Cash and cash equivalents at the end of the year		146,615	9,939
Cash and cash equivalents comprises of:			
Short-term investment	15.1	100,000	-
Cash and bank balances	16	46,615	9,939
		146,615	9,939

The annexed notes from 1 to 41 form an integral part of these financial statements.

MUHAMMAD HANIF IDREES
Chief Financial Officer

SIKANDER DADA
Chief Executive

ABU TALIB H.K. DADA
Chairman

	Reserves						Grand Total
	Share Capital	Capital Reserve - Share Premium	Revenue Reserves		Sub Total	Total	
General Reserves			Unappropriated Profit	Total			
----- (Rupees in '000) -----							
Balance as at July 01, 2006	107,640	5,655	334,583	20,951	355,534	361,189	468,829
Final dividend for the year ended June 30, 2006 @ Rs. 1.75 per share	-	-	-	(18,837)	(18,837)	(18,837)	(18,837)
Profit after taxation for the year ended June 30, 2007	-	-	-	42,291	42,291	42,291	42,291
Balance as at June 30, 2007	<u>107,640</u>	<u>5,655</u>	<u>334,583</u>	<u>44,405</u>	<u>378,988</u>	<u>384,643</u>	<u>492,283</u>
Balance as at July 01, 2007	107,640	5,655	334,583	44,405	378,988	384,643	492,283
Final dividend for the year ended June 30, 2007 @ Rs. 3 per share	-	-	-	(32,292)	(32,292)	(32,292)	(32,292)
Transfer to general reserve for the year ended June 30, 2007	-	-	10,417	(10,417)	-	-	-
Profit after taxation for the year ended June 30, 2008	-	-	-	72,430	72,430	72,430	72,430
Balance as at June 30, 2008	<u>107,640</u>	<u>5,655</u>	<u>345,000</u>	<u>74,126</u>	<u>419,126</u>	<u>424,781</u>	<u>532,421</u>

The annexed notes from 1 to 41 form an integral part of these financial statements.

MUHAMMAD HANIF IDREES
Chief Financial Officer

SIKANDER DADA
Chief Executive

ABU TALIB H.K. DADA
Chairman

1. NATURE AND STATUS OF BUSINESS

- 1.1 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 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 principal business of the Company is to manufacture and sale of construction material, which mainly includes piping system and other allied products manufactured from chrysotile cement, rubber and plastics, merchandising of imported fittings, accessories and other building products. The Company is also engaged in providing irrigation solution for agriculture and landscape.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 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 (IFRS) issued by the International Accounting Standards Board 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.

2.2 Significant accounting judgements and estimates

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

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

- (a) Determining the impairment, residual values, useful lives and pattern of flow of economic benefits of property, plant and equipment; (Note 4)
- (b) Provision against inventories / adjustment of inventories to their Net Realizable Value; (Notes 9 & 10)
- (c) Provision and impairment of financial assets; (Notes 11 - 15)
- (d) Recognition of taxation and deferred tax; (Notes 20 & 31) and
- (e) Derivative financial instruments (Note 21)

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

2.3 Basis of preparation

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

2.4 Property, plant and equipment

Owned

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

Depreciation is charged to profit and loss account using the straight-line method at the rates disclosed in note 4 to the 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 purchased 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 proceeds with the carrying amount of the relevant assets. These are included in the profit and loss account.

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.

2.5 Intangible asset

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 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 profit and loss account using the straight-line method at the rate disclosed in note 5 to the financial statements. A full month's amortization is charged for assets purchased and no amortization is charged in the month of disposal.

2.6 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.

2.7 Investments

2.7.1 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 accounts reflect 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 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.

2.7.2 Held-to-maturity Investments

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 premium and discounts. Gain and losses are recognized in the profit and loss account when the investments are derecognized or impaired, as well as through the amortized process.

2.8 Stores, spare parts and loose tools

These are valued at lower of cost and net realizable value. Cost is determined on moving 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 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.

2.9 Stock-in-trade

2.9.1 Raw materials

Raw materials are valued at the lower of moving average cost and net realizable value.

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

2.9.2 Work-in-process

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

2.9.3 Finished goods

Finished goods are valued at lower of moving average cost and net realizable value. Cost in 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.

2.10 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 review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified.

2.11 Cash and cash equivalents

Cash and bank balances are carried in the balance sheet at cost. For the purposes of cash flow statement, cash and cash equivalents are cash and bank balances and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant changes in value.

2.12 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.

2.13 Liabilities and finance charges against assets subject to finance lease

Liabilities against assets subject to finance lease are accounted for at net present value of minimum payments under the lease arrangements. Lease payments are apportioned between the finance charges and reduction of lease liability so as to achieve a constant rate of financial cost on the remaining balance of the liability. Financial costs are charged directly to profit and loss account.

2.14 Revenue recognition

- a) Revenue from sales 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 and interest income is recorded on accrual basis.
- d) Service income is recognized when related services are rendered.
- e) Sales of scrap goods are recorded net of cost on receipt basis.

2.15 Retirement benefits

The Company operates an approved contributory provident fund for all permanent employees for which contributions are charged to profit and loss account for the year.

2.16 Compensated absences

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

2.17 Taxation

2.17.1 Current

Provision for current taxation is the higher of the amount computed on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, and minimum tax computed at the prescribed rate on turnover.

2.17.2 Deferred

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

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

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recognized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

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

2.18 Foreign currency transactions and translations

Foreign currency transactions are translated into Pakistani Rupees using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

2.19 Financial instruments

Financial instruments carried on the balance sheet include investments, loans, deposits, receivables, cash and bank balances, trade creditors, borrowings and financing.

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 and are derecognized in case of assets, when the contractual rights under the instrument are realised, expire or surrendered and in case of liability, when the obligation is discharged, cancelled or expired.

A financial asset and financial liability is off set and the net amount is reported in the balance sheet if the Company has legally enforceable right to setoff the recognized amount and intend either to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.20 Derivative financial instruments

The Company uses derivative financial instruments such as cross currency swaps and forward currency contracts. 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 value of the cross currency swap represents the discounted value of the future cash flows estimated based on relevant economic assumptions for the period till the maturity of the swap contract.

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

2.21 Offsetting

A financial asset and financial liability is off-set and the net amount is reported in the balance sheet when there is a legal enforceable right to set-off the transactions is available and also there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.22 Borrowings and related costs

Borrowings are recorded at the proceeds received. Borrowing and other related costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take 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 intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

2.23 Dividend and appropriation to reserves

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

2.24 Transaction with related parties

Transactions with related parties are based on the policy that all transactions between the Company and the related parties are carried out at arm's length basis determined in accordance with "Comparable Uncontrolled Price Method".

2.25 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

3. ACCOUNTING STANDARDS NOT YET EFFECTIVE

The following revised standards 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 (Revised)	January 01, 2009
IAS 23 - Borrowing Costs (Revised)	January 01, 2009
IAS 27 - Consolidated and Separate Financial Statements (Revised)	January 01, 2009
IFRS 3 - Business Combinations	January 01, 2009
IFRS 7 - Financial Instruments: Disclosures	July 01, 2008
IFRS 8 - Operating Segments	January 01, 2009
IFRIC 12 - Service Concession Arrangements	January 01, 2009
IFRIC 13 - Customer Loyalty Programs	July 01, 2008
IFRIC 14 - The Limit on Defined Benefit Asset, Minimum Funding Requirements and their Interactions	January 01, 2008

The Company expects that the adoption of the above standards and interpretations will have no material impact on the Company's financial statements in the period of initial application other than certain changes and enhancements in the presentation and disclosures.

4. Property, Plant And Equipment

	Note	2008	2007
----- (Rupees in '000)-----			
Operating assets	4.1	453,531	277,655
Capital work-in-progress	4.2	7,187	152,752
		460,718	430,407

4.1 Operating assets

2008

	Cost			Depreciation			Book Value As at June 30, 2008	Depreciation Rate % Per Annum
	As at July 1, 2007	Additions / (Disposals)/ transfer**	As at June 30, 2008	As at July 1, 2007	For the Year / (on Disposals)/ transfer**	As at June 30, 2008		
(Rupees in '000)								
OWNED								
Freehold land	27,894	98 (4,252) (476)	23,264	-	-	-	23,264	-
Leasehold land	5,292	3,300 (4,996)	3,596	1,765	71 (360)	1,476	2,120	1-2.5 %
Buildings on freehold land	2,301	-	2,301	1,454	136	1,590	711	5%
Factory buildings on leasehold land	51,316	27,404 ** 104,478 476	183,674	37,439	6,626	44,065	139,609	10%
Buildings on leasehold land other than factory	73,755	886 (778)	73,863	31,591	3,365 (409)	34,547	39,316	5%
Plant and machinery	556,943	72,181 * 85,388 ** 27,597	742,109	455,942	39,822 * 46,126	541,890	200,219	10%
Furniture and fittings	8,542	959	9,501	3,045	792	3,837	5,664	10%
Vehicles and transportation equipment	43,903	18,646 (15,340) * 2,751 ** 700	50,660	22,001	8,301 * 2,123 (10,807)	21,618	29,042	20%
Office and factory equipment	24,079	5,612 (1,500)	28,191	11,639	4,451 (1,485)	14,605	13,586	10-33.3 %
	794,025	129,086 (26,866) * 88,139 ** 132,775	1,117,159	564,876	63,564 (13,061) * 48,249	663,628	453,531	
ASSETS SUBJECT TO FINANCE LEASE								
Plant and machinery	85,388	- * (85,388)	-	37,704	8,422 * (46,126)	-	-	10%
Vehicles and transportation equipment	2,751	- * (2,751)	-	1,929	194 * (2,123)	-	-	20%
	88,139	* (88,139)	-	39,633	8,616 * (48,249)	-	-	
	882,164	129,086 (26,866) ** 132,775	1,117,159	604,509	72,180 (13,061)	663,628	453,531	

2007

	Cost			Depreciation			Book Value As at June 30, 2007	Depreciation Rate % Per Annum
	As at July 1, 2006	Additions / (Disposals)/ transfer**	As at June 30, 2007	As at July 1, 2006	For the Year / (on Disposals)/ transfer**	As at June 30, 2007		
(Rupees in '000)								
OWNED								
Freehold land	27,894	-	27,894	-	-	-	27,894	-
Leasehold land	5,292	-	5,292	1,696	69	1,765	3,527	1-2.5 %
Buildings on freehold land	2,301	-	2,301	1,316	138	1,454	847	5%
Factory buildings on leasehold land	50,250	1,066	51,316	34,914	2,525	37,439	13,877	10%
Buildings on leasehold land other than factory	73,640	115	73,755	28,241	3,350	31,591	42,164	5%
Plant and machinery	138,840	9,089 *409,014	556,943	103,647	3,985 *348,310	455,942	101,001	10%
Furniture and fittings	5,429	3,113	8,542	2,374	671	3,045	5,497	10%
Vehicles and transportation equipment	32,770	9,152 (8,844) *10,825	43,903	13,045	6,076 (6,427) *9,307	22,001	21,902	20%
Office and factory equipment	15,790	7,738 (62) *613	24,079	7,816	3,447 (62) *438	11,639	12,440	10-33.3 %
	<u>352,206</u>	<u>30,273</u> (8,906) *420,452	<u>794,025</u>	<u>193,049</u>	<u>20,261</u> (6,489) *358,055	<u>564,876</u>	<u>229,149</u>	
ASSETS SUBJECT TO FINANCE LEASE								
Plant and machinery	494,402	- *(409,014)	85,388	360,360	25,654 *(348,310)	37,704	47,684	10%
Office and factory equipment	613	- *(613)	-	343	95 *(438)	-	-	10 & 33.33%
Vehicle and transportation equipment	13,576	- *(10,825)	2,751	8,553	2,683 *(9,307)	1,929	822	20%
	<u>508,591</u>	<u>-</u> *(420,452)	<u>88,139</u>	<u>369,256</u>	<u>28,432</u> *(358,055)	<u>39,633</u>	<u>48,506</u>	
	<u>860,797</u>	<u>30,273</u> (8,906)	<u>882,164</u>	<u>562,305</u>	<u>48,693</u> (6,489)	<u>604,509</u>	<u>277,655</u>	

* Represents transferred from assets subject to finance lease on completion of lease period.

** Represents transferred from capital work in progress on completion of work.

4.1.1 During the year borrowing cost has been capitalized amounting to Rs. 5.213 million (2007: Rs. 6.027 million) in the factory buildings on leasehold land pertaining to Sunder project by using weighted average capitalization rate of 10.28% (2007: 9.73%).

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

	Note	2008	2007
----- (Rupees in '000)-----			
Cost of sales	25	55,644	34,263
Distribution costs	26	4,376	1,820
Administrative expenses	27	10,631	11,537
Net rental income	29.1	1,529	1,073
		<u>72,180</u>	<u>48,693</u>

4.1.3 Operating assets include various items of factory equipment having written down value of Rs. 0.768 million (2007: Rs. 0.493 million) which are given to customers for use on a temporary basis. No rent is charged by the Company from these customers.

4.1.4 Buildings on leasehold land other than factory include property given on rent having written down value of Rs. 15.248 million (2007: Rs. 16.022 million).

4.2 Capital work-in-progress

	Note	2008	2007
----- (Rupees in '000)-----			
Plant and machinery		13,979	26,087
Less: Impairment loss on plant and machinery	4.2.1	<u>6,792</u>	<u>5,987</u>
		7,187	20,100
Advance against purchase of vehicles		-	700
Cost of acquiring SAP license		-	11,985
Civil works		-	119,967
		<u>7,187</u>	<u>152,752</u>

4.2.1 Impairment loss on plant and machinery

	Note	2008	2007
----- (Rupees in '000)-----			
Opening balance		5,987	-
Provision for the year		<u>805</u>	<u>5,987</u>
Closing balance		<u>6,792</u>	<u>5,987</u>

4.2.2 Impairment loss has been recognized on certain plant and machinery as it is not currently in use. Impairment has been determined using fair value less cost to sell method which was carried out at year end by an independent valuer.

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

	Cost	Accumulated depreciation	Written down value	Sale proceeds / Insurance claim	Mode of disposal	Particulars of buyer
	----- (Rupees in '000) -----					
FREEHOLD AND LEASEHOLD LAND AT HUB	9,248	360	8,888	16,093	Negotiation	M/s. Lion Steel (Private) Limited
BUILDING ON LEASEHOLD LAND OTHER THAN FACTORY						
Hub land boundary wall	778	410	368	500	Negotiation	M/s. Lion Steel (Private) Limited
VEHICLE AND TRANSPORTATION EQUIPMENT						
Suzuki Mehran VX CNG with Senden AC	418	279	139	220	Car Buy Back Scheme	Mr. Hafiz Noor Alam - Employee
Suzuki Cultus VXR CNG	673	291	382	425	Car Buy Back Scheme	Mr. Akram Khan - Employee
Suzuki Cultus VXR CNG	595	220	375	438	Car Buy Back Scheme	Mr. Salman Ghaffar - Employee
Honda Civic Exi	1,418	307	1,111	1,289	Negotiation	Syed Riaz Ahmed
Suzuki Mehran VXR CNG	380	266	114	323	Negotiation	Mr. Taimour Dyer
Toyota Corolla Gli	1,027	754	273	773	Negotiation	Mr. Wasim Mirza
Suzuki Baleno CNG	841	474	367	495	Negotiation	Mr. Zeeshan Mumtaz
Suzuki Liana Rxi	828	449	379	577	Negotiation	Ms. Zaibunnisa Khanani
Suzuki Mehran VX CNG with Senden AC	418	335	83	278	Negotiation	Mr. Malik Abdul Khaliq
Suzuki Mehran VX CNG with Senden AC	366	116	250	339	Negotiation	Mr. Malik Abdul Khaliq
Suzuki Mehran VX CNG with Senden AC	366	116	250	324	Negotiation	Mr. Malik Abdul Khaliq
Honda City Sdi	927	649	278	624	Negotiation	Mr. Khurram Tariq
Toyota Corolla Gli	1,011	708	303	651	Car Buy Back Scheme	Mr. Anwar-ul-Hasan - Ex-Employee
Aggregate of assets disposed-off having written down value below Rs. 50,000/- each	7,572	7,327	245	2,333	Insurance Claim Car Buy Back Scheme Negotiation	Various
	<u>26,866</u>	<u>13,061</u>	<u>13,805</u>	<u>25,682</u>		

5. INTANGIBLE ASSET

2008	Cost			Amortization			Rate	
	As at July 1, 2007	Additions / transfer*	As at June 30, 2008	As at July 1, 2007	For the Year	As at June 30, 2008		Written down value as at June 30, 2008
(Rupees in '000)								
Computer software	-	3,300 * 11,985	15,285	-	1,698	1,698	13,587	33.33%
	-	3,300 * 11,985	15,285	-	1,698	1,698	13,587	

* Represents transferred from capital work in progress upon completion of project.

5.1 The amortization charge for the year has been charged to Administrative expenses (Note 27).

6. LONG-TERM INVESTMENTS

	Note	2008	2007
(Rupees in '000)			
Investment in a related party			
An associate (equity method)			
625,000 (2007: 625,000) ordinary shares of Rs. 10/- each		5,000	5,000
Share of loss on investment in an associate	6.1	(4,124)	(4,166)
		<u>876</u>	<u>834</u>
Other (held to maturity)			
Defense Saving Certificates	6.2	50	150
Accrued interest	6.2	197	340
		<u>247</u>	<u>490</u>
Less: Maturity within next twelve month shown in current assets		247	275
		-	215
		<u>876</u>	<u>1,049</u>

6.1 Investment in an associate

The Company holds 48.04 (2007: 48.04) percent shareholding i.e., 625,000 (2007: 625,000) ordinary shares of Rs. 10/- each in Berdex Construction Chemicals (Private) Limited (Berdex). Berdex is engaged in marketing and distribution of construction chemicals in Pakistan. The following table illustrates summarized financial information of the Company's proportionate share in associate.

Note	2008	2007
	----- (Rupees in '000) -----	
Amounts incorporated in respect of investment in associate based on the latest un-audited financial statements are set out below:		
Company's share in net assets at beginning of the year	834	4,583
Share of profit / (loss) for the year	42	(3,811)
Adjustment due to right issue - gain	-	62
	<u>42</u>	<u>(3,749)</u>
	<u>876</u>	<u>834</u>
Share of the associate's balance sheet		
Current assets	32,938	1,885
Non-current assets	1,066	374
Current liabilities	(32,180)	(1,425)
Net assets	<u>1,824</u>	<u>834</u>
Share of turnover for the year	<u>38,344</u>	<u>2,003</u>

- 6.2 The effective rate of profit on Defence Saving Certificate is 18.04% (2007: ranging from 15.01% to 18.04%) per annum. This certificate is pledged with various Government Departments as a security against supply of goods to them and will be matured by November 2008.

7. LONG-TERM LOANS - secured

Note	2008	2007
	----- (Rupees in '000) -----	
Loans, considered good to:		
Executives	894	-
Other employees	5,002	4,189
	<u>5,896</u>	<u>4,189</u>
Less: Receivable within one year shown in current assets	12	1,247
	<u>1,589</u>	<u>1,247</u>
	<u>4,307</u>	<u>2,942</u>

- 7.1 Loans to employees represent 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 employment and are secured by way of registration of vehicles purchased in the name of the Company.

7.2 Reconciliation of carrying amount of loans to Executives

	Opening balance as at July 01, 2007	Disbursement	Repayment	Closing balance as at June 30, 2008
	----- (Rupees in '000) -----			
Executives	<u>-</u>	<u>1,000</u>	<u>106</u>	<u>894</u>

- 7.3 The maximum aggregate amount of advances due from executives at the end of any month during the year was Rs. 0.894 million (2007: Nil).

8. LONG-TERM DEPOSITS

	Note	2008	2007
----- (Rupees in '000)-----			
Deposits with leasing companies		-	4,247
Less: Current portion of deposits		-	4,247
Other deposits	8.1	4,150	4,059
		<u>4,150</u>	<u>4,059</u>

8.1 This includes deposit with Sikander (Private) Limited - an associated company amounting to Rs. 0.100 million (2007: Rs. 0.100 million).

9. STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2008	2007
----- (Rupees in '000)-----			
Stores		7,313	5,476
Spares		70,810	69,320
Consumable accessories		15,024	7,136
Loose tools		2,606	2,368
Items in transit		3,443	1,397
		<u>99,196</u>	<u>85,697</u>
Provision for slow moving and obsolete stores, spare parts and loose tools	9.1	(22,152)	(16,239)
		<u>77,044</u>	<u>69,458</u>

9.1 Provision for slow moving and obsolete stores, spares parts and loose tools

	2008	2007
----- (Rupees in '000)-----		
Opening balance	16,239	16,239
Provision for the year	5,913	-
Closing balance	<u>22,152</u>	<u>16,239</u>

10. STOCK-IN-TRADE

	Note	2008	2007
----- (Rupees in '000)-----			
Raw materials			
- in hand		389,789	374,456
- in transit		69,399	33,453
		<u>459,188</u>	<u>407,909</u>
Work-in-process		48,985	37,616
Finished goods			
- Manufactured	10.1	150,721	134,076
- Trading [including in transit Rs. 3.702 million (2007: Rs. 14.03 million)]	10.2	117,415	155,281
		<u>268,136</u>	<u>289,357</u>
		<u>776,309</u>	<u>734,882</u>

- 10.1** Includes products costing Rs. 12.922 million (2007: Nil) are carried at net realizable value (NRV) of Rs. 6.473 million (2007: Nil).
- 10.2** Includes products costing Rs. 3.260 million (2007: Nil) are carried at net realizable value (NRV) of Rs. 1.086 million (2007: Nil).

11. TRADE DEBTS - unsecured

Note	2008			2007		
	Turnkey	Other than Turnkey	Total	Turnkey	Other than Turnkey	Total
----- (Rupees in '000)-----						
Considered good	-	125,929	125,929	-	125,809	125,809
Considered doubtful	21,041	96,486	117,527	21,041	72,051	93,092
	<u>21,041</u>	<u>222,415</u>	<u>243,456</u>	<u>21,041</u>	<u>197,860</u>	<u>218,901</u>
Less: Provision for doubtful debts	11.1	21,041	96,486	117,527	21,041	72,051
		<u>-</u>	<u>125,929</u>	<u>-</u>	<u>125,809</u>	<u>125,809</u>

11.1 Provision for doubtful debts

Opening balance	21,041	72,051	93,092	21,041	50,194	71,235
Provision for the year	-	40,665	40,665	-	27,740	27,740
Provision written back	-	(16,147)	(16,147)	-	(4,377)	(4,377)
Write off during the year	-	(83)	(83)	-	(1,506)	(1,506)
	<u>-</u>	<u>24,435</u>	<u>24,435</u>	<u>-</u>	<u>21,857</u>	<u>21,857</u>
Closing balance	<u>21,041</u>	<u>96,486</u>	<u>117,527</u>	<u>21,041</u>	<u>72,051</u>	<u>93,092</u>

- 11.2** 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.
- 11.3** Includes amount due from a related party, Crescent Textile Mills Limited amounting to Rs. Nil (2007: Rs. 0.031 million)
- 11.4** The maximum aggregate amount due from related parties at the end of any month during the year was Rs. 0.261 million (2007: Rs. 0.031 million).
- 11.5** The provision for doubtful debts includes an amount of Rs. 16.663 million recoverable from an ex-employee who had reportedly collected the amount from parties and has yet to surrender the same to the Company. However, the Company still keeps the legal right to receive the said amount from the respective debtors.

12. LOANS AND ADVANCES

Note	2008	2007
----- (Rupees in '000)-----		
Considered good		
Current portion of long-term loans	7	1,589
Others		5
Unsecured, advances to:		
- employees		882
- suppliers / contractors		39,240
- contractors for turnkey projects		-
- others		159
		<u>41,875</u>
Considered doubtful		
Advances to suppliers / contractors		500
Less: Provision for doubtful advances		500
		<u>-</u>
		<u>41,875</u>
		<u>16,428</u>

13. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	Note	2008	2007
----- (Rupees in '000) -----			
Trade deposits		22,720	16,727
Provision for doubtful trade deposits	13.1	(4,221)	(5,800)
		<u>18,499</u>	<u>10,927</u>
Other deposits		700	120
Current portion of deposits with leasing companies		-	4,247
Short-term prepayments		1,751	1,532
		<u>20,950</u>	<u>16,826</u>

13.1 Provision for doubtful trade deposits

	Note	2008	2007
----- (Rupees in '000) -----			
Opening balance		5,800	4,000
Provision for the year		522	1,800
Provision written back		(2,101)	-
Closing balance		<u>4,221</u>	<u>5,800</u>

14. OTHER RECEIVABLES

These include balance receivable against sale of freehold and leasehold land amounting to Rs. 15.023 million (2007: Nil).

15. SHORT-TERM INVESTMENTS - Held to maturity

	Note	2008	2007
----- (Rupees in '000) -----			
Term deposit receipt	15.1	100,000	-
Current portion of long-term investments	6	247	275
		<u>100,247</u>	<u>275</u>

15.1 Represents term deposit placed with a bank carrying interest rate at the rate of 15% per annum, maturing latest by July 01, 2008.

16. CASH AND BANK BALANCES

	Note	2008	2007
----- (Rupees in '000) -----			
PLS saving accounts	16.1	45	1,293
Current accounts			
- Foreign currency		11	10
- Local currency		45,139	7,858
		<u>45,150</u>	<u>7,868</u>
Cash in hand		1,420	778
		<u>46,615</u>	<u>9,939</u>

16.1 The mark-up rates on PLS saving accounts ranging from 2.5% to 6% per annum (2007: 2.5% to 3% per annum) at year end.

17. SHARE CAPITAL**17.1 Authorised capital**

2008	2007	Note	2008	2007
----- (Number of shares)-----			----- (Rupees in '000)-----	
12,000,000	12,000,000	Ordinary shares of Rs. 10/- each 'B' class ordinary shares of Rs. 10/- each	120,000	120,000
8,000,000	8,000,000		80,000	80,000
<u>20,000,000</u>	<u>20,000,000</u>		<u>200,000</u>	<u>200,000</u>

17.2 Issued, subscribed and paid-up capital

2008	2007	Note	2008	2007
----- (Number of shares)-----			----- (Rupees in '000)-----	
914,264	914,264	Ordinary shares of Rs. 10/- each fully paid in cash	9,143	9,143
476,386	476,386	Ordinary shares of Rs. 10/- each issued as fully paid for consideration other than cash	4,764	4,764
5,282,773	5,282,773	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	52,828	52,828
800,000	800,000	'B' class ordinary shares of Rs. 10/- each fully paid in cash	8,000	8,000
3,290,536	3,290,536	'B' class ordinary shares of Rs. 10/- each issued as fully paid bonus shares	32,905	32,905
<u>10,763,959</u>	<u>10,763,959</u>		<u>107,640</u>	<u>107,640</u>

17.3 Out of the total share capital of the Company, associated companies held 598,158 (2007: 2,645,058) ordinary shares of Rs. 10 each as at June 30, 2008.

18. RESERVES

Note	2008	2007
	----- (Rupees in '000)-----	
Capital reserve - share premium	5,655	5,655
Revenue reserves		
- General reserve	345,000	334,583
- Unappropriated profit	74,126	44,405
	419,126	378,988
	<u>424,781</u>	<u>384,643</u>

19. LONG-TERM FINANCING - secured

Note	2008	2007
	----- (Rupees in '000)-----	
From a banking company		
Long-term loan	150,000	-
Less: Current portion of long-term financing	30,000	-
	<u>120,000</u>	<u>-</u>

19.1 Represents loan obtained from a commercial bank carrying mark up at the rate of 6 months KIBOR plus 1% with sales price of Rs. 150 million and purchase price of Rs. 210.016 million. The loan is repayable in 5 equal semi-annual installments commencing one year after the date of disbursement of loan i.e. April 16, 2009. The loan is secured by creating first pari-passu charge by way of hypothecation over the hypothecated assets in the sum of Rs. 200 million in favour of the bank and creation of first pari-passu charge by way of mortgage charge over present and future plant and machinery.

20. DEFERRED TAXATION

	Note	2008	2007
----- (Rupees in '000)-----			
Deferred tax liabilities on taxable temporary difference:			
- Accelerated tax depreciation on owned assets		63,681	25,880
- Assets subject to finance lease		-	11,777
		63,681	37,657
Deferred tax assets on deductible temporary difference:			
- Provision for slow moving and obsolete stores, spare parts and loose tools		6,610	4,917
- Taxable loss		17,281	-
- Loss on cross currency swap		7,421	-
- Other deductible temporary differences		5,711	2,594
		26,658	30,146

20.1 Deferred tax asset has not been recognized on the carrying amount of provision for doubtful debts amounting to Rs. 41.135 million (Rs. 32.582 million) as the management is of the view that it will not be able to substantiate the write-off of those provision to have that allowed by the Income Tax authorities. In case such amount is allowed by the Income Tax authorities, the related deferred tax amount is a contingent asset.

21. TRADE AND OTHER PAYABLES

	Note	2008	2007
----- (Rupees in '000)-----			
Creditors	21.1	53,202	13,441
Bills payable		220,446	64,489
Accrued liabilities		110,824	120,015
Accrual for compensated absences		22,062	18,186
Liability for capital expenditure		-	3,968
Unclaimed dividend		8,478	8,124
Payable to contractors against turnkey projects		-	30
Distributors security deposits		12,688	10,400
Advances from customers		167,716	117,980
Workers' Profits Participation Fund	21.2	4,487	2,800
Workers' Welfare Fund		2,619	1,019
Advance from tenant		14,247	17,699
Fair value of derivative - unrealized loss on revaluation of forward exchange contracts		1,970	-
Fair value of derivative	21.3	24,867	-
Others		3,097	8,456
		646,703	386,607

21.1 This includes amount due to related parties - Berger Paints Pakistan Limited Rs. 0.162 (2007: Rs. Nil), Trakker (Private) Limited Rs. Nil (2007: Rs. 0.129 million) and Optimus Limited Rs. 0.056 million (2007: Rs. Nil) at the year end.

21.2 Workers' Profits Participation Fund

	Note	2008	2007
----- (Rupees in '000)-----			
Balance as at July 01		2,800	703
Allocation for the year	28	4,303	2,687
		7,103	3,390
Interest on funds utilized in the Company's business	30	179	115
Less: Amounts paid on behalf of the fund		2,795	705
Balance as at June 30		4,487	2,800

- 21.3** The Company has entered into a cross currency swap for a period of three years with notional amount of Rs. 100 million, commencing from November 28, 2007 and maturing on November 29, 2010. The outstanding balance of this arrangement is Rs. 83.34 million as at the balance sheet date. Under the swap arrangement the principal payable amount of Rs. 100 million is swapped with US \$ component at Rs. 61.18 per US \$ making the loan amount to US\$ 1.635 million which will be exchanged at the maturity of the respective swap arrangement. The amount will be settled semi-annually. As at the balance sheet date, the net fair value of the cross currency swap was Rs. 24.867 million against the Company. This swap arrangement has exposed the Company with foreign currency risk on the US \$ value converted at the agreement date of the notional principal amount of the loans.

22. SHORT-TERM BORROWINGS - secured

	Note	2008	2007
----- (Rupees in '000) -----			
From banking companies			
Running finances utilized under mark-up arrangements	22.1 & 22.2	260,590	15,632
Foreign currency term finances	22.1 & 22.3	68,197	164,321
Export refinance	22.1 & 22.4	12,770	11,930
Money market loan	22.1	-	300,000
		<u>341,557</u>	<u>491,883</u>

- 22.1** These facilities are obtained from various banks amounts to Rs. 1,130 million (2007: Rs. 1,186 million) out of which Rs. 788.443 million (2007: Rs. 694.317 million) remains unutilized at the year end. These facilities are secured by pari-passu charge against hypothecation of the Company's stock-in-trade and trade debts.
- 22.2** These facilities carries mark-up at the rate 10.09% to 14.63% (2007: 9.83% to 11.26%) per annum.
- 22.3** These facilities carry mark-up of 6 months LIBOR plus spread ranges from 0.5% to 3% (2007: 0.5% to 0.75%) per annum.
- 22.4** This facility carries mark-up at the rate of 7.5% per annum (2007: 7% to 7.5%) per annum.

23. CONTINGENCIES AND COMMITMENTS

	Note	Capital expenditure	Others	Total 2008	Total 2007
----- (Rupees in '000) -----					
Letters of guarantee		-	91,307	91,307	119,521
Letters of credit	23.1	-	78,460	78,460	18,069
Import contracts		-	48,869	48,869	6,018
Local purchase contracts		4,683	36,188	40,871	90,060
		<u>4,683</u>	<u>254,824</u>	<u>259,507</u>	<u>233,668</u>

- 23.1** Includes letter of credit amounting to Rs. 42.084 million (equivalent to USD 595,920) covered under forward foreign exchange contract.
- 23.2** Commitments in respect of forward foreign exchange contracts as at June 30, 2008 aggregate approximately Rs. 115.424 million.
- 23.3** The revenues expected from remaining work committed to be performed under certain abandoned turnkey projects amounts to Rs. 16 million. The estimated cost of such remaining works to be performed without accounting for the rate escalation (which may be negotiated) amounts to Rs. 17.14 million. Thus the difference between the expected revenues and estimated costs amounting to Rs. 1.14 million represents the contingent loss on such abandoned projects if the counter parties desire the fulfillment of the contractual obligation.

24. TURNOVER - net

	Note	2008	2007
----- (Rupees in '000) -----			
Local			
- manufactured		1,993,638	1,667,404
- trading		298,178	263,531
- others		14,769	10,051
		<u>2,306,585</u>	<u>1,940,986</u>
Export		26,282	25,393
		<u>2,332,867</u>	<u>1,966,379</u>
Less:			
Returns		6,667	3,742
Special excise duty		17,324	-
Rebates and allowances		47,586	56,605
Sales tax		291,682	248,888
		<u>363,259</u>	<u>309,235</u>
		<u>1,969,608</u>	<u>1,657,144</u>

25. COST OF SALES

	Note	2008	2007
----- (Rupees in '000) -----			
Manufactured			
Raw materials consumed			
Opening stock		407,909	503,948
Purchases		1,083,902	729,865
Closing stock		(459,188)	(407,909)
		<u>1,032,623</u>	<u>825,904</u>
Export Rebate			
- Duties		(1,064)	(885)
- Federal Excise Duty		(197)	(325)
		<u>(1,261)</u>	<u>(1,210)</u>
		1,031,362	824,694
Stores and spares consumed	25.1	65,697	59,765
Salaries, wages and benefits [including Rs. 4.209 million (2007: Rs. 2.628 million) in respect of bonus to workers]	25.2	110,163	100,309
Procured services		29,054	19,571
Fuel, water and power		49,065	46,792
Insurance		4,749	4,101
Traveling		2,205	1,268
Communication		540	466
Depreciation	4.1.2	55,644	34,263
Rent, rates and taxes		3,828	727
Repairs and maintenance		18,216	7,385
Technical assistance fee		7,427	7,166
Printing and stationery		697	623
Provision for slow moving and obsolete stores, spare parts and loose tools	9.1	5,913	-
Sundry expenses		1,518	2,155
Opening stock of work-in-process		37,616	36,242
Closing stock of work-in-process		(48,985)	(37,616)
Cost of goods manufactured		<u>1,374,709</u>	<u>1,107,911</u>
Opening stock of finished goods		134,076	142,974
Closing stock of finished goods		(150,721)	(134,076)
		<u>1,358,064</u>	<u>1,116,809</u>
Insurance claim		-	(9,500)
		<u>1,358,064</u>	<u>1,107,309</u>
Trading			
Opening stock		155,281	132,642
Purchases		100,695	176,525
		255,976	309,167
Closing stock		(117,415)	(155,281)
		<u>138,561</u>	<u>153,886</u>
		<u>1,496,625</u>	<u>1,261,195</u>

25.1 Stores, spare parts and loose tools consumed

	Note	2008	2007
----- (Rupees in '000) -----			
Opening stock		85,697	80,563
Purchases		79,196	64,899
Closing stock		(99,196)	(85,697)
		<u>65,697</u>	<u>59,765</u>

25.2 Staff Retirement Benefits

Salaries, wages and other benefits include Rs. 3.706 million (2007: Rs. 3.483 million) in respect of staff retirement benefits (Provident fund contribution).

26. DISTRIBUTION COSTS

	Note	2008	2007
----- (Rupees in '000) -----			
Transportation and other charges on local sales		106,075	91,852
Transportation and other charges on export sales		7,352	7,329
Freight subsidy on exports		(199)	(202)
		<u>7,153</u>	<u>7,127</u>
		<u>113,228</u>	<u>98,979</u>
Salaries and benefits	26.1	58,672	55,360
Repairs and maintenance		6,468	4,652
Depreciation	4.1.2	4,376	1,820
Advertising and sales promotion		5,492	8,326
Communication		7,446	2,333
Travelling		9,778	5,313
Professional charges		5,319	-
Fees and subscription		2,749	2,093
Rent, rates and taxes		3,618	-
Fuel, water and power		919	741
Insurance		646	721
Sundry expenses		977	797
Procured services		835	-
		<u>220,523</u>	<u>181,135</u>

26.1 Staff Retirement Benefits

Salaries and benefits include Rs. 2.596 million (2007: Rs. 2.034 million) in respect of staff retirement benefits (Provident fund contribution).

27. ADMINISTRATIVE EXPENSES

	Note	2008	2007
----- (Rupees in '000) -----			
Salaries and benefits	27.1	34,464	26,505
Rent, rates and taxes [including Rs. 0.150 million (2007: Rs. 0.150 million) to a related party]		631	3,225
Procured services		3,763	4,679
Insurance		1,776	1,857
Depreciation	4.1.2	10,631	11,537
Amortization	5	1,698	-
Repairs and maintenance		8,236	9,135
Printing, stationery and subscription		2,535	6,086
Communication		6,717	1,535
Traveling		6,648	5,413
Fuel, water and power		2,340	3,026
Legal and professional		4,672	2,605
Sundry expenses		1,547	2,004
		<u>85,658</u>	<u>77,607</u>

27.1 Staff Retirement Benefits

Salaries and benefits include Rs. 1.523 million (2007: Rs. 1.259 million) in respect of staff retirement benefits (Provident fund contribution).

28. OTHER OPERATING EXPENSES

	Note	2008	2007
----- (Rupees in '000)-----			
Auditors' remuneration	28.1	1,132	645
Directors' fee		170	225
Audit Committee fee		50	30
Workers' Profits Participation Fund	21.2	4,303	2,687
Workers' Welfare Fund		1,600	1,019
Impairment loss on plant and machinery	4.2.1	805	5,987
Loss on disposal of assets held for disposal		-	1,912
Donations	28.2	25	50
Zakat		10	-
Net provision for the year for doubtful debts and trade deposits	11.1 & 13.1	22,939	25,163
		<u>31,034</u>	<u>37,718</u>

28.1 Auditors' Remuneration

	Note	2008	2007
----- (Rupees in '000)-----			
Audit fee		425	275
Special certifications and sundry advisory services		607	345
Out of pocket expenses		100	25
		<u>1,132</u>	<u>645</u>

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

29. OTHER OPERATING INCOME

	Note	2008	2007
----- (Rupees in '000)-----			
Income from financial assets			
Income from investments		32	97
Income from bank deposits		<u>278</u>	<u>388</u>
		310	485
Income from non-financial assets			
Gain on disposal of operating assets		11,877	3,388
Income from property - net rental income	29.1	25,215	11,465
Others			
Gain / (loss) on sale of scrap and waste		4	(90)
Deferred income amortized on sale and leaseback		-	2,053
Net income from services	29.2	2,439	4,139
Miscellaneous		150	-
		<u>39,995</u>	<u>21,440</u>

29.1 Income from property - net rental income

	Note	2008	2007
----- (Rupees in '000)-----			
Rental income		26,989	12,728
Depreciation of rented property	4.1.2	(1,529)	(1,073)
Rates and taxes of rented property		(245)	(190)
		<u>25,215</u>	<u>11,465</u>

29.2 Net income from services

Nature of services	2008			2007		
	Revenue	Expenses	Income	Revenue	Expenses	Income
----- (Rupees in '000)-----						
Jointing	1,259	155	1,104	3,264	824	2,440
Aluminum cladding	1,335	-	1,335	2,339	640	1,699
	<u>2,594</u>	<u>155</u>	<u>2,439</u>	<u>5,603</u>	<u>1,464</u>	<u>4,139</u>

30. FINANCE COSTS

	Note	2008	2007
----- (Rupees in '000)-----			
Mark-up on long-term financing		3,561	-
Mark-up on short-term borrowings		34,186	63,279
Interest on Workers' Profits Participation Fund	21.2	179	115
Financial charges on assets subject to finance leases		155	1,117
Bank charges		2,573	2,043
Net unrealized loss on revaluation of forward contracts		1,970	-
Loss on fair value of cross currency swap		24,867	-
Exchange loss - net		28,214	611
Others		95	87
		<u>95,800</u>	<u>67,252</u>

31. TAXATION

	Note	2008	2007
----- (Rupees in '000)-----			
Current - for the year		10,000	11,305
- prior year	31.1	1,063	(9,078)
		<u>11,063</u>	<u>2,227</u>
Deferred		(3,488)	5,410
		<u>7,575</u>	<u>7,637</u>

31.1 Represents prior year's charge of Rs. 4.422 million net of prior year's reversal of Rs. 3.359 million. The prior years charge / reversal represent adjustment of prior year's refunds / reversals of excess provision for which the orders have been received during the year.

31.2 Relationship between Tax Expense and Accounting Profit

	Note	2008	2007
----- (Rupees in '000) -----			
Accounting profit before tax		<u>80,005</u>	<u>49,928</u>
Tax rate		35%	35%
Tax on accounting profit		28,002	17,475
Tax effect of:			
- Expenses that are not deductible in determining taxable profits		1,117	11,651
- Income exempt from tax		(2,522)	(34)
- Effect of lower tax rate on certain income / FTR		(29,944)	2,213
- Prior years adjustment		1,063	(9,078)
- Minimum tax		9,859	992
- Brought forward tax loss		-	(16,259)
- Others		-	677
Tax expense for the current year		<u>7,575</u>	<u>7,637</u>

32. EARNINGS PER SHARE - Basic and Diluted

	Note	2008	2007
----- (Rupees in '000) -----			
Net profit for the year after taxation		<u>72,430</u>	<u>42,291</u>
----- (Number of shares) -----			
Weighted average ordinary shares in issue during the year		<u>10,763,959</u>	<u>10,763,959</u>
----- (Rupees) -----			
Earnings per share – basic and diluted		<u>6.73</u>	<u>3.93</u>

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 the financial statements for the year for remuneration and benefits to the chief executive, director and executives of the Company were as follows:

	Chief Executives		Director		Executives	
	2008	2007	2008	2007	2008	2007
----- (Rupees in '000) -----						
Managerial remuneration	1,936	6,170*	-	-	20,211	15,289
Housing						
- Rent	270	537	-	-	4,239	2,670
- Utilities	194	617	-	-	2,012	1,530
- Other items	150	150	-	-	54	74
Medical	-	-	-	-	184	32
Retirement benefits	213	221	-	-	2,057	1,417
Provision for compensated absences	233	462	-	-	619	2,273
Others	742	679	97	99	212	413
	<u>3,738</u>	<u>8,836</u>	<u>97</u>	<u>99</u>	<u>29,588</u>	<u>23,698</u>
Number of person(s)	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>16</u>	<u>11</u>

* Includes Rs. 4.844 million remuneration related to ex-Chief Executive.

In addition to above, the chief executive and executives are provided with Company maintained cars.

Aggregate amount charged in the financial statements with respect to directors' fee for the year was Rs. 0.170 million (2007: Rs. 0.225 million).

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 undeterminable.

35. TRANSACTIONS WITH RELATED PARTIES

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

Related parties	Nature of transaction	Note	2008	2007
----- (Rupees in '000)-----				
Transactions with associated companies due to common directorship:				
Berger Paints Pakistan Limited	Purchase and sale of goods		1,168	3,416
Sikander (Private) Limited	Rent paid		150	150
First Dawood Investment Bank	Short-term investment and interest		-	25,234
Trakker (Private) Limited	Expenditures on services		28	180
International Industries Limited	Sale of goods		-	674
Crescent Textile Mills Limited	Sale of goods		313	1,374
Muznash (Private) Limited	Professional charges		5,319	-
Optimus Limited	Car rent payable / paid		96	-
Staff retirement benefits:				
Dadex Eternit Limited - Provident Fund	Employer contribution		7,825	6,776

36. CASH GENERATED FROM OPERATIONS

	Note	2008	2007
----- (Rupees in '000)-----			
Profit before taxation		80,005	49,928
Adjustments for non cash and other items:			
Depreciation		72,180	48,693
Amortization		1,698	-
Gain on disposal of property, plant and equipment		(11,877)	(3,388)
Interest income		(310)	(485)
Share of (profit) / loss on investment in associate		(42)	3,749
Impairment loss on plant and machinery		805	-
Interest / mark-up		38,081	64,511
Deferred income recognized		-	(2,053)
Net unrealized loss on revaluation of forward contracts		1,970	-
Loss on fair value of cross currency swap		24,867	-
Working capital changes	36.1	126,019	186,735
		333,396	347,690

36.1 Working capital changes

	Note	2008	2007
----- (Rupees in '000)-----			
<i>(Increase) / decrease in current assets</i>			
Stores, spare parts and loose tools		(7,586)	11,806
Stock-in-trade		(41,427)	80,924
Trade debts		(120)	53,140
Loans and advances		(25,447)	8,952
Trade deposits and short-term prepayments		(2,890)	(1,624)
Other receivables		(15,023)	(1,179)
		(92,493)	152,019
<i>Increase in current liabilities</i>			
Trade and other payables		218,512	34,716
		126,019	186,735

37. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

37.1 Interest / yield rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company manages this risk through risk management strategies. Interest rate risk of the Company's financial assets and liabilities can be evaluated related from the following schedule:

	Interest/Mark-up Bearing			Non-interest Bearing			Total
	Maturity Upto One year	Maturity After One year	Sub-total	Maturity Upto One year	Maturity After One year	Sub-total	
(Rupees in '000)							
Financial assets							
Investments - held-to-maturity	247	-	247	-	-	-	247
Long-term loans	-	-	-	1,589	4,307	5,896	5,896
Long-term deposits	-	-	-	-	4,150	4,150	4,150
Trade debts	-	-	-	125,929	-	125,929	125,929
Loans	-	-	-	1,594	-	1,594	1,594
Trade deposits	-	-	-	19,199	-	19,199	19,199
Other receivables	-	-	-	15,563	-	15,563	15,563
Interest accrued	-	-	-	222	-	222	222
Short term investments	100,000	-	100,000	-	-	-	100,000
Cash and bank balances	45	-	45	46,570	-	46,570	46,615
2008	100,292	-	100,292	210,666	8,457	219,123	319,415
Financial liabilities							
Long term financing	30,000	120,000	150,000	-	-	-	150,000
Trade and other payables	-	-	-	437,903	-	437,903	437,903
Accrued interest / mark-up	-	-	-	10,937	-	10,937	10,937
Short-term borrowings	341,557	-	341,557	-	-	-	341,557
2008	371,557	120,000	491,557	448,840	-	448,840	940,397
Off Balance Sheet items							
Financial liabilities							
Letters of credit	-	-	-	78,460	-	78,460	78,460
Letters of guarantee	-	-	-	91,307	-	91,307	91,307
Import contracts	-	-	-	48,869	-	48,869	48,869
Local purchase contracts	-	-	-	40,871	-	40,871	40,871
2008	-	-	-	259,507	-	259,507	259,507
Financial assets							
Investments - held-to-maturity	275	215	490	-	-	-	490
Long-term loans	-	-	-	1,247	2,942	4,189	4,189
Long-term deposits	-	-	-	4,247	4,059	8,306	8,306
Trade debts	-	-	-	125,809	-	125,809	125,809
Loans	-	-	-	1,619	-	1,619	1,619
Trade deposits	-	-	-	11,047	-	11,047	11,047
Other receivables	-	-	-	1,774	-	1,774	1,774
Cash and bank balances	1,293	-	1,293	8,646	-	8,646	9,939
2007	1,568	215	1,783	154,389	7,001	161,390	163,173
Financial liabilities							
Liabilities against assets subject to finance lease	9,568	-	9,568	-	-	-	9,568
Trade and other payables	-	-	-	250,928	-	250,928	250,928
Accrued interest / mark-up	-	-	-	6,252	-	6,252	6,252
Short-term borrowings	491,883	-	491,883	-	-	-	491,883
2007	501,451	-	501,451	257,180	-	257,180	758,631
Off Balance Sheet items							
Financial liabilities							
Letters of credit	-	-	-	18,069	-	18,069	18,069
Letters of guarantee	-	-	-	119,521	-	119,521	119,521
Import contracts	-	-	-	6,018	-	6,018	6,018
Local purchase contracts	-	-	-	90,060	-	90,060	90,060
2007	-	-	-	233,668	-	233,668	233,668

37.2 Effective yield / mark-up rate

The effective yield / mark-up rates are disclosed in the respective notes to the financial statements.

37.3 Concentration of credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company is exposed to credit risk on trade debts, loans and deposits. The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable.

37.4 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. The Company is exposed to foreign currency risk due to cross currency swap as explained in note 21.3 amounting to US \$ 1.362 million. Significant exposures to foreign currency risks are covered through forward exchange contracts, where considered appropriate by the Company.

37.5 Capital management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximize shareholders value and reduce the cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the year ended June 30, 2008.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital reserves plus net debt. Net debt is calculated as total loans and borrowings including any finance cost thereon, less cash and cash equivalents.

During 2008, the Company's strategy was to maintain leveraged gearing. The gearing ratios as at June 30, 2008 and 2007 were as follows:

	2008	2007
	(Rupees in '000)	
Long-term financing including current portion	150,000	-
Accrued interest / mark-up	10,937	6,252
Current portion of liabilities against assets subject to finance lease	-	9,568
Short-term borrowings	341,557	491,883
Total debt	502,494	507,703
Cash and cash equivalents	(146,615)	(9,939)
Net debt	355,879	497,764
Share capital	107,640	107,640
Reserves	424,781	384,643
Total capital and reserves	532,421	492,283
Capital and net debt	888,300	990,047
Gearing Ratio	40.06%	50.27%

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.

37.6 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. The management of the Company believes that it is not exposed to significant level of liquidity risk.

37.7 Fair value of financial assets and liabilities

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

38. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on 11 September, 2008 by the Board of Directors of the Company.

39. NON-ADJUSTING EVENT(S) AFTER BALANCE SHEET DATE

Subsequent to the year ended June 30, 2008, the Board of Directors have proposed a final dividend of Rs. 4 per share, amounting to a total dividend of Rs. 43.056 million. In addition, directors have also decided to transfer Rs. 25 million from unappropriated profit to general reserve. These appropriations will be approved in the forthcoming Annual General Meeting. The financial statements for the year ended June 30, 2008 do not include the effect of these appropriations which will be accounted for subsequent to the year end.

40. CORRESPONDING FIGURES

Certain prior period's figures have been reclassified consequent upon certain changes in current year's presentation. The summary of material reclassification are as follows:

Note	Reclassification		Nature	(Rupees in `000)
	From	To		
-	Dividend payable	Trade and other payable	Unclaimed dividend	8,124
29	Other operating income	Turnover	Service income from Agriculture and Irrigation	260
30	Finance cost	Other operating income	Income from bank deposits	388

41. GENERAL

41.1 Amounts have been rounded off to the nearest rupee unless otherwise stated.

MUHAMMAD HANIF IDREES
Chief Financial Officer

SIKANDER DADA
Chief Executive

ABU TALIB H.K. DADA
Chairman

Categories of Share Holders

Number of Shares Held

Percentage of Issued Capital

Associated Companies, Undertakings and Related Parties

Bandenawaz Ltd
Sikander Pvt Ltd

598,158 5.56

2,050 0.02

596,108 5.54

NIT

11,841 0.11

National Bank of Pakistan, Trustee Deptt

11,841 0.11

Directors, CEO & their Spouses

955,608 8.88

Mr. Abdur Razzak Dada (Director)
Mr. Abu Talib H. K. Dada (Director)
Mrs. Halima w/o Abu Talib H.K. Dada
Mr. Maqbool H.H. Rahimtoola (Director)
Mr. Mohammad Ali Jameel (Director)
Mr. Muhammad Najam Ali (Director)
Mr. Qazi Sajid Ali (Director)
Mr. Rasheed Y. Chinoy (Director)
Mr. Shahzad M. Husain (Director)
Mr. Saad S. Faruqui (Director)
Mr. Sikander Dada (Chairman & CEO)

1 0.00

310,469 2.88

29,847 0.28

5,300 0.05

100 0.00

100 0.00

1 0.00

100 0.00

4 0.00

100 0.00

609,586 5.66

Executives

12 0.00

Mr. Danish Dada
Mr. Muhammad Hanif Idrees

7 0.00

5 0.00

Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies. Charitable Trusts & Joint Stock Companies

2,549,278 23.68

Habib Bank Ltd.
Ideal Life Assurance Company Ltd.
Jahangir Siddiqui Securities Service Ltd.
Jahangir Siddiqui & Co Ltd.
Jahangir Siddiqui & Sons Pvt Ltd.
Mahvash & JS Foundation
Muslim Commercial Bank Ltd.
Pakistan Insurance Corporation
United Bank Ltd.
Others Joint Stock Companies

1,900 0.02

25 -

1,040,536 9.67

47,600 0.44

451,000 4.19

949,000 8.82

440 0.00

533 0.00

348 0.00

57,896 0.54

Shareholders holding ten percent or more voting interest in the Company Province Ltd.

1,465,000 13.61

Individuals

5,184,062 48.16

TOTAL

10,763,959 100.00

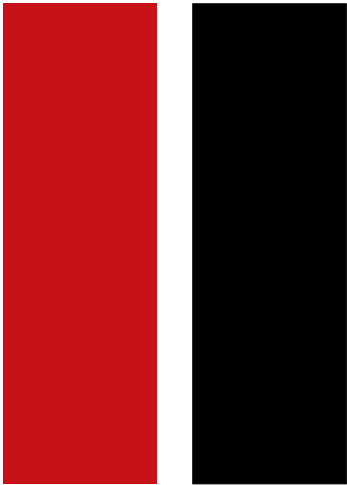
Pattern of Share Holding as at June 30, 2008

Number of Share Holders	Share Holding		Total Shares Held
	From	To	
2,896	1	100	55,384
579	101	500	132,236
169	501	1,000	115,195
108	1,001	5,000	212,635
18	5,001	10,000	113,840
5	10,001	15,000	58,931
1	20,001	25,000	23,776
1	25,001	30,000	29,751
1	30,001	35,000	30,433
1	40,001	45,000	41,000
1	45,001	50,000	47,600
2	90,001	95,000	184,452
2	110,001	115,000	220,204
1	220,001	225,000	220,205
2	270,001	275,000	546,023
1	310,001	315,000	310,469
1	345,001	350,000	349,714
1	385,001	390,000	389,381
1	450,001	455,000	451,000
1	465,001	470,000	469,501
1	525,001	530,000	530,000
1	530,001	535,000	531,585
2	595,001	600,000	1,196,108
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
<u>3,800</u>			<u>10,763,959</u>

Categories of Share Holders	Number of Share Holders	Number of Shares Held	Percentage of Issued Capital
Individual	3,770	6,139,682	57.04
NIT	1	11,841	0.11
Associated Companies	2	598,158	5.56
Banks	3	2,688	0.02
Insurance companies	2	558	0.01
Foreign shareholding	1	1,465,000	13.61
others	21	2,546,032	23.65
	<u>3,800</u>	<u>10,763,959</u>	<u>100.00</u>

Fiscal Years Ending June 30	Turnover	Profit After Taxation	Assets	Dividend	
				Amount	Percentage (%)
----- (Rupees in '000) -----					
2008	1,969,608	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
2001	634,297	21,912	747,121	21,528	20.00
2000	652,955	66,071	770,321	43,056	40.00
1999	615,784	59,774	638,973	43,056	40.00

Corresponding figures have been re-arranged and re-classified wherever necessary for the purpose of comparison.



Form of Proxy

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

49th Annual General Meeting

I / We _____ son / daughter / wife of _____
of _____ (full address)

being member(s) of DADEX ETERNIT LIMITED holding _____

Ordinary shares hereby appoint _____

of _____ (full address) or

failing him _____ of

_____ (full address)

who is/are also member(s) of Dadex Eternit Ltd as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 49th Annual General Meeting of the Company to be held on Monday, 27 October, 2008 at 12:00 Noon and at any adjournment thereof.

As witness my/our hand/seal this _____ day of _____ 2008

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 original CNIC or original passport at the time of meeting.
- iv) In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature should be submitted (unless it has been provided earlier) along with proxy form to the Company.

DADEX

ANNUAL REPORT 2008

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The Company Secretary
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Karachi - 75400

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www.dadex.com