

annual report 2009

D.S. INDUSTRIES LIMITED



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Key Information

Board of Directors	Mr. Pervez Ahmed Mr. Ali Pervez Ahmed Mr. Hassan Ibrahim Ahmed Mr. Suleman Ahmed Mr. Atta ur Rehman Mr. Muhammad Yousuf Mr. Muntazir Mehdi	Chief Executive
Audit Committee	Mr. Suleman Ahmed Mr. Hassan Ibrahim Ahmed Mr. Atta ur Rehman	Chairman
Chief Financial officer	Mr. Ghulam Abbas (ACA)	
Company Secretary	Mr. Salman Farooq	
Auditors	M/s Horwath Hussain Chaudhury & Co. Chartered Accountants	
Legal Advisor	Cornelius, Lane & Mufti Advocate & Solicitors	
Banks	MCB Bank Limited Dawood Islamic Bank Limited Habib Bank Limited Askari Bank Limited KASB Bank Limited Meezan Bank Limited Bank Al-Falah Limited	
Head Office & Registered Office	20-K, Gulberg II, Lahore.	
Share Registrars	Gangjees Registrar Services (Pvt.) Limited 516-Clifton Centre, Khayaban-e-Roomi, Block - 5, Clifton, Karachi - 75 600	
Mills:	11-KM, Sheikhpura Faisalabad Road, Sheikhpura	

VISION

To be a dynamic, profitable, growth oriented company and to achieve excellence through commitment, integrity, honesty and team work.

MISSION

- To increase consistently the value of the company to its stakeholders by building up the company on sound financial footings with better productivity, excellence in quality and improved efficiency at lower operating costs without compromising on our principles of ethics, integrity and professional standards.
- To achieve high returns on investments through continuous process of improvement for the benefit of shareholders.
- To be responsible employer and to develop and reward employees, according to their ability and performance.
- Be a good corporate governance.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Ninth Annual General Meeting of the shareholders of the Company will be held at the Registered Office of the Company 20 – K Gulberg II, Lahore on Saturday, October 31, 2009 at 3:00 p.m to transact the following business:-

- 1 To confirm the minutes of Extraordinary General Meeting held on January 30, 2009.
2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2009 together with Directors' and Auditors' reports thereon.
3. To appoint Auditors of the Company for the year 2009-2010 and to fix their remuneration. The present Auditors M/s Horwath Hussain Chaudhury & Co. – Chartered Accountants, retire and being eligible offered themselves for the re-appointment.

BY ORDER OF THE
BOARD

Lahore
October 9, 2009

Salman Farooq
(Company Secretary)

Notes:-

- 1 The share transfer books of the Company will remain closed from October 28, 2009 to November 2, 2009 (BOTH DAYS INCLUSIVE)
- 2 A member entitled to attend and vote at this meeting may appoint another member as his / her proxy to attend the meeting and vote for him / her. Proxies in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.
- 3 Shareholders are required to immediately notify the Registrar of any change in their postal addresses.
- 4 Account holders and sub-account holders holding book entry securities in respect of the shares of the Company in Central Depository Company of Pakistan Limited, who wish to attend the General Meeting are requested to bring their original Computerized National Identity Cards for identification purpose.

DIRECTORS' REPORT TO THE SHAREHOLDERS

On behalf of the Board of Directors I take pleasure in presenting before you audited financial statements of the Company for the year ended 30 June, 2009.

General Economic scenario

The economic stability is a prerequisite for industrial growth, but unfortunately, the overall economic performance of our country during the year under review witnessed deterioration, thus discouraging the growth of the industrial sector. The situation was further exacerbated by global economic recession. During the year the textile industry suffered set backs due to unfavorable micro and macro economic indicators of the economy of Pakistan. High interest rates, high input cost, non-guaranteed energy supplies and deteriorating law and order situation were the main factors affected the whole industry.

Operating Results

During the year under review, your company achieved sales of Rs.653.73 million as against sales of Rs.599.78 million in the previous year. During the year company produced 10.88 million Kgs of yarn as compared to 11.53 million Kgs produced last year which is 6% less due to low production because of electricity shutdowns. The increase in sales has resulted from the sale of stocks carried over from last year. Gross profit for the year has decreased to Rs.0.79 million during current year as compared to Rs.51.82 million last year, despite 9% increase in sales. The reasons for this decrease were depressed selling prices on one side and higher raw material prices, increase in minimum wages and high cost of fuel and power on the other side.

During the year under review the Company incurred net loss of Rs.984.13 million as against net profit of Rs.403 million earned in the corresponding period. Out of the total loss Rs.870 million is loss from investments in capital markets which has resulted from recent historical down turn in the capital markets of the country. The operating loss of the company during the year remained at Rs.21.41 million. This was the first year of the company's history in which it incurred operating loss. This operating loss was resulted from economic slow down apart from acute problem of energy crisis.

Future Outlook

Cotton cost constitutes major portion of the total operational cost of a spinning mills. So the profitability of the sector is mainly dependant on prices of raw material which in turn dependant on crop production. New crop prices in Pakistan have opened on firm note as the industry stocks were very low at the beginning of the season. The crop size is expected to be better than last year and hence the prices are expected to improve in the ensuing period. On the other side, yarn prices have improved substantially as compared to the corresponding period and industry is in a good position with healthy demand both domestically and internationally.

Related Parties

The transactions between the related parties were made at arm's length prices determined in accordance with the comparable uncontrollable price method. The Company has fully complied with the best practices of Transfer Pricing as contained in the Listing Regulations of Stock Exchanges of Pakistan.

Code of Corporate Governance

The Board of Directors periodically reviews the Company's strategic direction. Business plans and targets are set by the Chief Executive and reviewed by the Board. The Board is committed to maintain a high standard of corporate governance. The Board has reviewed the Code of Corporate Governance and confirms that:

- 1- 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.
- 2- Proper books of account of the company have been maintained.
- 3- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- 4- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed.
- 5- The Company has always emphasized on a sound internal control system and ensured that it has been effectively implemented and monitored.
- 6- No factor giving rise to uncertainty as the balance sheet date would affect the going concern assumption of the entity in foreseeable future.
- 7- The statement of compliance with the Code of Corporate Governance is enclosed with this report and was found to be in order after review by the auditors.
- 8- Key operating and financial data of last six years is annexed.
- 9- The company operates an un-funded gratuity scheme for its employees.
- 10- Outstanding taxes are given in related note 9 to the audited accounts.

Audit Committee

The board of directors in compliance with the code of corporate governance has established an Audit Committee. The names of its member is given in the Company's profile.

Attendance at the Board Meetings

Six meetings of the board of directors were held during the year ended 30 June, 2008.

	No. of Meetings Held	No. of Meetings Attended
Mr. Pervez Ahmad	6	6
Mr. Ali Pervez Ahmed	6	6
Mr. Hassan Ibrahim Ahmad	6	6
Mr. Suleman Ahmad	6	6
Mr. Atta ur Rehman	6	3
Mr. Muhammad Yousaf	6	3
Mr. Muntazir Mehdi	6	3

Pattern of Shareholding

The statement of pattern of shareholding in the Company as on 30 June, 2009 including the information under the Code of Corporate Governance is annexed to this report.

Auditors

The retiring auditors, Messrs Horwath Hussain Chaudhury & Co., Chartered Accountants being eligible, offer themselves for the reappointment. The Board of Directors, on recommendation of the Audit Committee, has proposed reappointment of Horwath Hussain Chaudhury & Co., Chartered Accountants, for the financial year ended 30 June, 2010.

Acknowledgement

The Board is thankful to its valued shareholders for their confidence in the Company, its customers, suppliers, Securities & Exchange Commission of Pakistan and to the management of Karachi & Lahore Stock Exchanges for their valuable support, assistance and guidance.

On Behalf of the Board

Lahore.
October 09, 2009



PERVEZ AHMAD
Chief Executive

FINANCIAL HIGHLIGHTS

Profit and Loss Account	2009	2008	2007	2006	2005	2004
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Sales	653,735,563	599,784,105	509,101,225	215,321,510	126,276,864	37,401,556
Cost of sales	(652,940,299)	(550,993,001)	(420,342,337)	(172,530,343)	(95,752,460)	(32,383,888)
Gross Profit	795,264	48,791,104	88,758,888	42,791,167	30,524,404	5,017,668
Operating expenses						
- Distribution cost	1,245,047	1,100,420	1,237,523	867,817	355,209	38,050
- Administrative expenses	20,959,913	14,544,512	11,446,861	9,020,920	5,698,667	1,363,669
	(22,204,960)	(15,644,932)	(12,684,384)	(9,888,737)	(6,053,876)	(1,401,719)
Operating Profit	(21,409,696)	33,146,172	76,074,504	32,902,431	24,470,528	3,615,949
Finance cost	(130,200,472)	(55,045,700)	(47,510,826)	(8,593,534)	(4,991,176)	(1,841,378)
Other operating charges	(491,336,268)	(63,407,358)	(5,368,961)	(3,344,894)	(1,105,198)	(88,729)
Other operating income	319,232	106,885	415,076	7,550,633	234,667	0
Gain on sale of investment	0	540,655,186	0	0	0	0
Impairment loss on investment in associate	(224,044,697)	0	0	0	0	0
Share of profit of associated company	(121,404,372)	(51,123,879)	22,659,346	2,308,114	0	0
Profit before Taxation	(988,076,273)	404,331,306	46,269,139	30,822,750	18,608,821	1,685,842
Taxation	3,941,169	(333,774)	(10,424,331)	(9,661,451)	(6,480,933)	(777,053)
Profit after Taxation	(984,135,104)	403,997,532	35,844,808	21,161,299	12,127,888	908,789
Dividend (2005: @ Rs. 0.5 per share)	0	10%	10%	0	5%	0
Balance Sheet						
Share Capital	600,000,000	600,000,000	300,000,000	300,000,000	200,000,000	50,015,000
Long term loans	309,261,000	329,131,000	268,871,000	297,499,000	110,833,000	118,073,000
Property, plant and equipment	610,505,310	445,516,537	436,027,090	165,739,997	182,700,876	164,079,574
Capital work in progress	40,994,253	40,994,253	88,663,288	331,111,803	49,506,036	9,574,290
Current assets	139,877,013	371,646,176	164,808,860	190,346,429	112,513,951	39,598,134
Current liabilities	641,746,028	506,855,396	240,664,380	185,253,648	40,570,067	48,188,313
Key Financial Ratios						
Gross profit ratio (%)	0.12	8.13	17.43	19.87	24.17	13.42
Operating profit ratio (%)	(3.27)	5.53	14.94	15.28	19.38	9.67
Net profit ratio (%)	(150.54)	67.36	7.04	9.83	9.60	2.43
Earnings per share (Rs./share)	(16.40)	6.73	1.19	0.78	1.16	0.18
Fixed assets turnover	1.07	1.35	1.17	1.30	0.69	0.23

**Statement of Compliance with
Code of Governance for the Year Ended June 30, 2009**

The statement is being presented to comply with the Code of Corporate Governance contained in Listing Regulation No.37 of Karachi Stock Exchange (Guarantee) Limited and Chapter XIII of the Lahore Stock Exchange (Guarantee) Limited 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; at present the Board includes two non-executive directors.
- 2- The Directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
- 3- To the best of our Knowledge all the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or a NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that exchange.
- 4- No casual vacancy occurred in the board during the current year.
- 5- The Company has prepared a 'statement of Ethics and Business Practices', which has been signed by all the directors and key employees of the Company.
- 6- The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- 7- All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.
- 8- The meetings of the Board were presided over by the Chairman and 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 meetings. The minutes of the meetings were appropriately recorded and circulated.
- 9- Directors are well conversant with the Listing Regulations and legal requirements and as such are fully aware of their duties and responsibilities.
- 10- There were no new appointments of CFO, Company Secretary or head of internal audit department during the year.

- 11- The directors' report for this year has been prepared in compliance with the requirements of the Code and it fully describes the salient matters required to be disclosed.
- 12- The financial statements of the Company were duly endorsed by CEO and CFO before approval by the Board.
- 13- 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.
- 14- The Company has complied with all the corporate and financial reporting requirements of the Code.
- 15- The Board has formed an audit committee which comprises of three members of whom two are non-executive directors.
- 16- 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 formulated and advised to the committee for compliance.
- 17- The Board has set-up an effective internal audit function.
- 18- The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the institute of Chartered Accountants of Pakistan (ICAP), and that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that firm and all its parents are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
- 19- The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 20- We confirm that all material principles contained in the Code have been complied with.

Lahore.
October 09, 2009

For and on behalf of
Board of Directors



PERVEZ AHMAD
Chief Executive





Horwath Hussain Chaudhury & Co.
Chartered Accountants

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D.S. INDUSTRIES LIMITED

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **D.S. INDUSTRIES LIMITED**, to comply with the Listing Regulation No.37 (Chapter XI) and No.40 (Chapter XIII) of the Karachi Stock Exchange and Lahore Stock Exchange respectively, where the Company is listed.

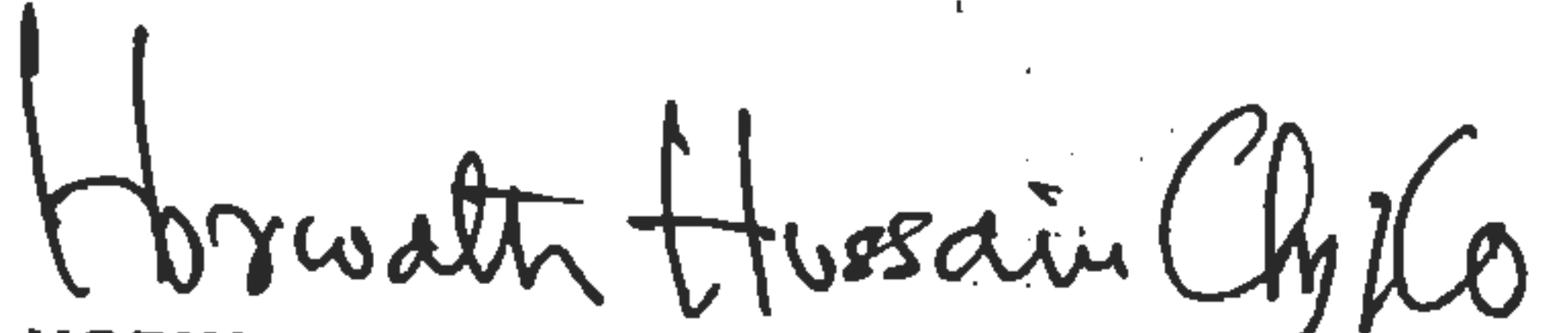
The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the Status of the Company's compliance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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal controls 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.

Further, Sub-Regulation (xiii) of Listing Regulations 37 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the Company to place before the board of directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arms length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2009.

Lahore
Dated: October 9, 2009


HORWATH HUSSAIN CHAUDHURY & CO.
Chartered Accountants

(Engagement Partner: Abrar S. Chaudhury)

Established Since 1947



Horwath Hussain Chaudhury & Co.
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D.S. INDUSTRIES LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **D.S. INDUSTRIES LIMITED** as at June 30, 2009 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 accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion;
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's

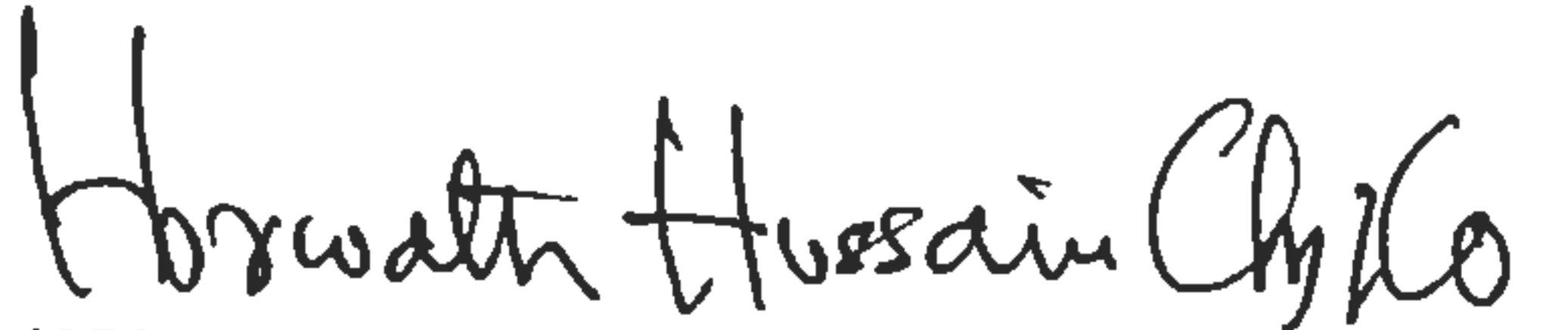


affairs as at June 30, 2009 and of the loss, its cash flows and changes in equity for the year then ended; and

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

Without qualifying our opinion, we draw attention to Note 1.1 to the financial statements, which indicates that the Company has incurred net loss for the year of Rs. 984.135 million and its current liabilities exceed its current assets by Rs. 501.869 million as at the balance sheet date. These conditions along with other matters as set forth in Note 1.1 to the financial statements indicate the existence of a material uncertainty, which may cast significant doubt about the Company's ability to continue as a going concern.

Lahore
Dated: October 9, 2009


HORWATH HUSSAIN CHAUDHURY & CO.
Chartered Accountants

(Engagement Partner: Abrar S. Chaudhury)

D.S. INDUSTRIES**BALANCE SHEET**

	Note	2009 Rupees	2008 Rupees
CAPITAL AND LIABILITIES			
Share Capital and Reserves			
Authorized capital: 100,000,000 (2008: 100,000,000) ordinary shares of Rs. 10 each		<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued, subscribed and paid up capital	4	600,000,000	600,000,000
Reserves	5	<u>(898,621,606)</u>	<u>77,850,455</u>
		(298,621,606)	677,850,455
Surplus on Revaluation of Property, Plant and Equipment	6	142,411,228	-
Provision on Current Liabilities			
Long term financing	7	261,311,706	289,391,000
Deferred liabilities	8	91,334,428	24,022,275
		352,646,134	313,413,275
Current Liabilities			
Trade and other payables	9	223,459,861	85,713,938
Accrued interest / mark up	10	36,154,210	17,224,073
Short term borrowings	11	317,076,010	360,200,882
Current portion of long term financing	7	64,110,000	39,740,000
Provision for taxation	12	608,384	3,607,305
Dividend payable		337,563	369,198
		641,746,028	506,855,396
Contingencies and Commitments	13	-	-
		<u>838,181,783</u>	<u>1,498,119,126</u>

The annexed notes form an integral part of these accounts.



CHIEF EXECUTIVE

LIMITED

AS AT JUNE 30, 2009

	Note	2009 Rupees	2008 Rupees
ASSETS			
Non Current Assets			
Property, plant and equipment	14	610,505,310	445,516,537
Capital work in progress	15	40,994,253	40,994,253
Investment in associate	16	41,691,813	634,898,766
Long term deposits	17	5,113,394	5,063,394
		698,304,770	1,126,472,950
Current Assets			
Stores and spares	18	1,040,026	587,734
Stock in trade	19	23,208,897	84,469,606
Trade debts	20	23,350,652	26,598,307
Advances, deposits, prepayments and other receivables	21	2,088,584	10,650,875
Tax refunds due from Government	22	2,047,183	6,077,080
Short term investment	23	594,464	990,134
Investments held for sale	24	85,000,000	237,166,936
Cash and bank balances	25	2,547,207	5,105,504
		139,877,013	371,646,176
		<u>838,181,783</u>	<u>1,498,119,126</u>

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DIRECTOR

D.S. INDUSTRIES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009 Rupees	2008 Rupees
Sales	26	653,735,563	599,784,105
Cost of sales	27	<u>(652,940,299)</u>	<u>(547,969,028)</u>
Gross Profit		795,264	51,815,077
Operating expenses			
- Distribution cost	28	<u>1,245,047</u>	<u>1,437,590</u>
- Administrative expenses	29	<u>20,959,913</u>	<u>17,231,315</u>
		<u>(22,204,960)</u>	<u>(18,668,905)</u>
Operating (Loss) / Profit		(21,409,696)	33,146,172
Finance cost	30	(130,200,472)	(55,045,700)
Other operating charges	31	(491,336,268)	(63,407,358)
Other operating income	32	319,232	106,885
Gain on sale of investment		-	540,655,186
Impairment loss on investment in associate	16	(224,044,697)	-
Share of loss of associated company	16	<u>(121,404,372)</u>	<u>(51,123,879)</u>
(Loss) / Profit before Taxation		(988,076,273)	404,331,306
Taxation	33	3,941,169	(333,774)
(Loss) / Profit after Taxation		<u>(984,135,104)</u>	<u>403,997,533</u>
Earnings per Share - Basic	34	<u>(16.40)</u>	<u>6.73</u>

The annexed notes form an integral part of these accounts.


 CHIEF EXECUTIVE


 DIRECTOR

D.S. INDUSTRIES LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009

	2009	2008
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	(988,076,273)	404,331,306
Adjustments for:		
- Depreciation	56,171,271	47,000,390
- Loss / (Gain) on sale of investments	489,862,175	(540,655,186)
- Impairment loss on investment in associate	224,044,697	-
- Deficit on remeasurement of investment at fair value through profit or loss	395,670	472,396
- Provision for gratuity	2,111,953	2,259,646
- Dividend income	-	(27,000)
- Share of net loss of associate	121,404,372	51,123,879
- Finance cost	130,200,472	55,045,700
	<u>1,024,190,610</u>	<u>(384,780,175)</u>
Operating profit before working capital changes	36,114,337	19,551,131
(Increase) / decrease in current assets:		
- Stores and spares	(452,292)	13,647
- Stock in trade	61,260,709	(7,733,486)
- Trade debts	3,247,655	14,238,713
- Advances, deposits, prepayments and other receivables	8,562,291	(3,804,013)
- Tax refunds due from Government	1,423,377	(783,135)
Increase / (decrease) in current liabilities:		
- Trade and other payables	138,112,070	45,835,562
Cash from Operations	212,153,810	47,767,288
Income tax paid	(392,401)	(4,846,481)
Finance cost paid	(94,716,476)	(49,441,237)
Gratuity paid	(1,594,405)	(1,001,734)
Workers' (profit) participation fund paid	(759,300)	(679,621)
Net Cash from Operating Activities	150,805,565	11,349,346
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(350,000)	(3,289,100)
Capital work in progress	-	(5,531,702)
Purchase of investment in associate	-	(897,810,684)
Proceed from sale of long term investment	29,016,728	684,791,470
Dividend received from associated undertaking	-	20,000,000
Long term deposits and advances	(50,000)	-
Short term investments	(132,809,824)	4,699,470
Investments held for sale	13,855,741	(85,000,000)
Dividends received	-	27,000
Net Cash used in Investing Activities	(90,337,355)	(282,113,546)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term finance	(19,870,000)	60,260,000
Short term borrowings	(43,124,872)	233,150,168
Dividend paid	(31,635)	(48,172,555)
Net Cash (used in) / from Financing Activities	(63,026,507)	245,237,613
Net (Decrease) in Cash and Cash Equivalents	(2,558,297)	(25,526,587)
Cash and cash equivalents at the beginning of the year	5,105,504	30,632,091
Cash and Cash Equivalents at the End of the Year	<u>2,547,207</u>	<u>5,105,504</u>



CHIEF EXECUTIVE



DIRECTOR

D.S. INDUSTRIES LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2009**

	Share Capital	Fair value Reserve	Accumulated Profit/(Loss)	Total
	Rupees		Rupees	Rupees
Balance as at June 30, 2007	300,000,000	-	22,027,411	322,027,411
Net profit for the year	-	-	403,997,533	403,997,533
Cash dividend at the rate 10%	-	-	(30,000,000)	(30,000,000)
Bonus shares issued at the rate 100%	300,000,000	-	(300,000,000)	-
Share of loss of associated company under equity method	-	(18,174,488)	-	(18,174,488)
Balance as at June 30, 2008	600,000,000	(18,174,488)	96,024,944	677,850,455
Net loss for the year	-	-	(984,135,104)	(984,135,104)
Share of fair value reserve of associate transferred to profit and loss		18,174,488	(18,174,488)	-
Incremental depreciation (net of deferred tax) charged on revalued property, plant and equipmet during the year transferred to retained earnings	-	-	7,663,042	7,663,042
Balance as at June 30, 2009	600,000,000	-	(898,621,606)	(298,621,606)



CHIEF EXECUTIVE



DIRECTOR

D.S. INDUSTRIES LIMITED**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2009**

Note 1

The Company and its Activities

The Company was incorporated in Pakistan on September 09, 1980 as a Private Limited Company under the repealed Companies Act, 1913 (now the Companies Ordinance, 1984) and was converted into a Public Company on February 21, 2005. The Company is listed on Karachi and Lahore Stock Exchanges. The Company has its registered office at 20-K, Gulberg-II Lahore, Pakistan. The principal activity of the Company is manufacturing and selling of yarn.

1.1 Going concern assumption

The Company has accumulated loss of Rs. 880.447 million (2008: Profit of Rs. 403.997 million) as at the balance sheet date. The current liabilities of the Company exceed its current assets by Rs. 501.869 million (2008: Rs. 135.209 million) and its total liabilities exceed its total assets by Rs. 156.210 million as at the balance sheet date. These factors raise doubts about the Company being a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of its business.

However, any adjustments relating to the recoverability of recorded assets and liabilities have not been incorporated in these accounts as the management is confident to obtain continuous support from its sponsoring directors and favorable negotiation with lenders. Furthermore, significant improvement in operating results is expected through optimal product mix and reduction in production costs mainly due to initiation of gas power generation for which deposit of Rs. 13.959 million has been furnished subsequent to the balance sheet date. Keeping in view all these factors, the going concern assumption is considered appropriate and, therefore, these financial statements have been prepared on going concern basis.

Note 2

Basis of preparation**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 New accounting standards and IFRIC interpretations that are 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 and interpretations.

Standards or interpretation	Effective date (accounting period 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
IAS 32 - Financial Instruments: Presentation (Amended)	January 01, 2009
IAS 39 - Financial Instruments: Recognition and Measurement (Amended)	January 01, 2009
IFRS 2 - Share Based payments (Amended)	January 01, 2009
IFRS 3 - Business Combinations (Revised)	July 01, 2009
IFRS 8 - Operating Segments	January 01, 2009
IFRIC 15 - Agreement for the Construction of Real Estate	January 01, 2009
IFRIC 16 - Hedge of Net Investment in a Foreign Operation	October 01, 2008
IFRIC 17 - Distribution of Non-Cash Assets to Owners	July 01, 2009
IFRIC 18 - Transfer of Assets from Customers	July 01, 2009

Notes to the Accounts

The Company expects that the adoption of above standards and interpretations will have no material impact on the Company's Financial Statements in the period of initial application

✓ **2.3 Basis of measurement**

These accounts have been prepared under the historical cost convention without any adjustment for the effect of inflation or current values except certain investments that have been measured at fair value.

✓ **2.4 Use of estimation and judgments**

The preparation of financial statements in conformity with IASs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which such revisions are made.

Significant management estimates in these financial statements relate to the useful life of property, plant and equipment, provisions for doubtful receivables, slow moving inventory and taxation. However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in the financial statements.

2.5 Functional and presentation currency

The financial statements are prepared and presented in Pak Rupees which is the Company's functional and presentation currency.

Note 3

Summary of Significant Accounting Policies

3.1 Staff retirement benefits

The Company operates an unfunded gratuity scheme covering its permanent employees. Employees are eligible for benefits under this scheme after the completion of a prescribed qualifying period of service. The latest actuarial valuation has been carried out as at June 30, 2009. Based upon this actuarial valuation the Company accounts for the provision for gratuity and current service cost.

The future contribution rates of this plan include allowances for deficit and surplus. As per the latest actuarial valuation the following significant assumptions were used for calculation of this plan.

Discount rate	12%
Expected rate of salary increase in future years	11%
Average expected remaining working life time of employees	7 years
Actuarial valuation method	Projected Unit Credit Method

3.2 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

Notes to the Accounts

3.3 Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax expense is recognized in profit and loss account except to the extent that relates to items recognized directly in equity, in which case it is recognized in equity.

Current

The charge for taxation for the year is based on taxable income at the current rates of taxation after taking into account tax rebates and credits available, if any.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets, as required by IAS - 12 (Income Taxes), are recognized to the extent of potential available taxable profit against which temporary differences, unused tax losses and tax credits can be utilized.

3.4 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid or given in the future for goods and services received or to be delivered or for any other amount, whether or not billed to the Company.

3.5 Property, plant and equipment

Owned

Property plant and equipment are stated at cost less accumulated depreciation except for freehold land which is stated at cost. Cost of property, plant and equipment consists of historical cost, trial run operation loss and directly attributable cost of bringing the assets to their working conditions. Markup / interest relating to the construction/erection period upto the date of completion is also capitalized as part of historical cost.

Depreciation is charged to income on reducing balance method at the rates specified in note No. 13. Full month's depreciation is charged on additions during the month whereas, no depreciation is charged on the assets disposed off during the month. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Capital work in progress

Capital work in progress is stated at cost less any identifiable impairment loss.

3.6 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and impairment losses are recognized in the profit and loss account.

3.7 Investments

The management considers its associates to be such enterprise in which the company has ownership of not less than twenty percent but not more than fifty percent, of the voting power and / or has significant influence through shared directorship, but not control.

The management determines the appropriate classification of its investment in accordance with the requirements of International Accounting Standards 39 ; 'Financial Instruments : Recognition and measurement ' and International Accounting Standard 28 ; Investments in Associates' at the time of purchase and re-evaluates this classification on a regular basis . Investments are categorized as follows:

Notes to the Accounts

Investment in associates

Investments in associates are accounted for using the equity method less impairment loss. This method is applied from the date when significant influence is established until the date when that significant influence ceases. The company's share of its associate's post-acquisition profits or losses is recognized in the profit and loss account, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Distribution received from an associate reduce the carrying amount of the investment.

Other investments

Investments are initially recognized at cost, comprising the consideration paid and cost of transaction except in the case of investments at fair value through profit or loss where transaction costs are charged to profit and loss account when incurred. For listed securities, closing quotations of stock exchanges on last working day of the accounting year are considered for determining the fair value, while for unquoted securities, cost is usually considered as fair value of securities.

Subsequently, investments at fair value through profit and loss and available for sale are carried at fair value. Realized gains and losses are included in the profit and loss account in the period in which they arise. Unrealized gains and losses arising from changes in fair value of the investments at fair value through profit and loss are included in the profit and loss account in the period in which they arise. Surplus / deficit arising from changes in the fair value of available for sale investments is taken to equity. Interest earned whilst holding investments is reported as interest income using the effective yield method.

The classification is made on the basis of intended purpose for holding such investments. These are measured at the balance sheet date in accordance with the requirements of IAS - 39 (Financial Instruments: Recognition and Measurement) described as under:

At fair value through profit and loss

These are securities which are acquired for the purpose of generating a profit from short-term fluctuations in market price or dealer's margin, securities in a portfolio in which a pattern of short term profit taking exists or derivatives other than those held as hedging instruments.

Held to maturity

Held to Maturity investments are financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity.

Available for sale

These are the investments that do not fall under investments at fair value through profit and loss or held to maturity categories.

3.8 Assets held for sale

These are valued at lower of its carrying amount and fair value less cost to sell.

3.9 Stores and spares

These are valued at lower of moving average cost and net realizable value, except for items in transit that are valued at cost comprising the invoice value plus incidental charges paid thereon.

3.10 Stock in trade

These are valued at the lower of cost and net realizable value. Cost is determined as follows:

Raw materials	-	at weighted average cost
Materials in transit:	-	at cost comprising invoice value plus incidental charges paid thereon
Work in process	-	at estimated average manufacturing cost
Finished goods	-	at average manufacturing cost

Manufacturing cost in relation to work in process and finished goods comprises of cost of material, labor and appropriate manufacturing overheads. Net realizable value signifies the estimated selling price in the ordinary course of business less necessary cost to make the sale.

Notes to the Accounts

3.11 Trade debts

All outstanding debts are reviewed at the year end. The Company recognizes and carries these debts at original invoice amount less an allowance for any uncollectible amounts. Bad debts, if any, are written off as incurred and provision is made against debts considered doubtful when collection of the full amount is no longer probable.

3.12 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents include cash in hand, cheques in hand and deposits with banks.

3.13 Mark-up, interest and other charges

Mark-up, interest and other charges on loans and advances are capitalized upto the date of commissioning of the respective asset, acquired out of the proceeds of such loans and advances. All other mark-up, interest and other charges are charged to income currently.

3.14 Foreign currency transactions and translation

Transactions denominated in foreign currencies are initially recorded at Pak Rupees by applying the foreign exchange rate ruling on the date of transaction. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rate prevailing at the balance sheet date except for balances covered under forward exchange contracts, which are converted at the contracted rates. Exchange differences are included in income currently.

3.15 Financial instruments

Financial instruments are recognized when the Company becomes a party to the contract and ceases to recognize when it loses control of contractual rights, in case of financial assets, and in case of financial liability when liability is extinguished. Any gain or loss on subsequent remeasurement / derecognizing is charged to income.

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

3.16 Segment reporting

A segment is a distinguishable component within the Company that is engaged in providing products under a common control environment (business segment) or in providing products within a particular economic environment (geographical segment) which is subject to risks and returns that are different from those of other segments.

3.17 Related party transactions

Transactions in relation to sales, purchases and services with related parties are made at arm's length prices determined in accordance with the Comparable Uncontrolled Price Method except allocation of common overheads that are charged on actual basis.

3.18 Revenue recognition

- Sales are recorded on dispatch of goods to customers.
- Interest income is recognized on a time proportion basis that takes into account the effective yield on the deposits / receivables.
- Dividend on equity investments is recognized as income when the Company's right to receive the dividend is established.

3.19 Dividend

Dividend distribution including stock dividends to the Company's shareholders is accounted for as a liability in the period in which the dividends are approved.

Notes to the Accounts

Note 4

Issued, Subscribed and Paid up Capital

			2009	2008
			Rupees	Rupees
<u>2009</u>	<u>2008</u>			
30,000,000	30,000,000	Ordinary shares of Rs. 10 each fully paid in cash	300,000,000	300,000,000
		Ordinary shares of Rs. 10 each issued as fully paid bonus shares	300,000,000	300,000,000
<u>30,000,000</u>	<u>30,000,000</u>		<u>300,000,000</u>	<u>300,000,000</u>
<u>60,000,000</u>	<u>60,000,000</u>		<u>600,000,000</u>	<u>600,000,000</u>

4.1 13,890,500 shares (2008: 13,890,500) are held by associated undertakings of the Company.

Note 5

Reserves

	2009	2008
	Rupees	Rupees
Unappropriated (loss) / profit	(898,621,606)	96,024,944
Fair value reserve	-	(18,174,488)
	<u>(898,621,606)</u>	<u>77,850,456</u>

Note 6

Surplus on Revaluation of Property, Plant and Equipment

	2009	2008
	Rupees	Rupees
Land	18,707,832	-
Building	59,814,741	-
Plant and machinery	136,235,022	-
Electric installations	6,052,449	-
	<u>220,810,044</u>	-
Related deferred tax liability	(70,735,774)	-
Incremental depreciation charged on revalued property, plant and equipment in current year net of deferred tax transferred to retained earnings	(7,663,042)	-
	<u>142,411,228</u>	-

6.1 Revaluation of property, plant and equipment was carried out by an approved valuer on December 31, 2008 that resulted in revaluation surplus of Rs. 220.810 million. The following basis of revaluation were used for this purpose:

- Land	Market value
- Building	Depreciated Replacement Cost
- Plant and machinery	Depreciated Replacement Cost
- Electric fittings, equipment and appliances	Depreciated Replacement Cost

Note 7

Long Term Financing

		2009	2008
		Rupees	Rupees
Loan from financial institution - Secured			
Demand finance - I	7.1	49,261,000	59,131,000
Demand finance - II	7.2	60,000,000	70,000,000
Musharika finance - I	7.3	100,000,000	100,000,000
Musharika finance - II	7.4	100,000,000	100,000,000
Accrued mark up	7.5	16,160,706	-
		<u>325,421,706</u>	<u>329,131,000</u>
Less: Current portion		(64,110,000)	(39,740,000)
		<u>261,311,706</u>	<u>289,391,000</u>

Notes to the Accounts

7.1 This facility has been obtained from MCB Bank Limited with limit of Rs. 125 million (2008: Rs. 125 million). It carries mark up at 3 months KIBOR plus 2% (2008: 3 months KIBOR plus 2%) per annum with no floor or capping rate which is payable on quarterly basis. In case of non-adjustment of markup on due date standard mark up at 14.6% per annum will be applied by the bank. The facility is payable in 12 equal bi-annual installments commencing from August 13, 2005 after the expiry of 18 months grace period. The facility is secured against first exclusive registered charge of Rs. 200 million over present and future fixed assets of the Company by way of equitable mortgage of land, building, plant and machinery and other immovable assets and personal guarantees of directors of the Company.

7.2 This facility has been obtained from MCB Bank Limited with limit of Rs. 100 million (2008: 100 million). The facility has been obtained to finance acquisition of 24,000 spindles. It carries mark up at 3 months KIBOR plus 2% (2008: 3 months KIBOR plus 2%) per annum with no floor or capping rate which is payable on quarterly basis. The facility is repayable in 20 quarterly installments commencing from March 7, 2007 after the expiry of 15 months grace period. The facility is secured against first exclusive registered charge on all present and future fixed assets valuing Rs. 133.33 millions.

7.3 This facility has been obtained from Dawood Islamic Bank Limited with sanctioned limit of Rs. 100 million to regenerate blocked cash flow/liquidity position of the Company. It carries mark up at 3 months KIBOR plus 1.75% with floor of 8.5% per annum and cap of 22% per annum, payable on quarterly basis. The facility was repayable in 4 equal annual installments commencing from June, 2010 after the expiry of one year grace period. During the year, the bank has revised the repayment terms and has allowed further one year moratorium period in repayment of principal, i.e. from June 2011 and repayment of mark up for the period from January 2009 to December 2009 in twenty equal monthly installments commencing from April 2010.

The facility is secured against the first pari passu hypothecation charge over plant and machinery upto Rs. 134 million.

7.4 This facility has been obtained from Dawood Islamic Bank Limited with sanctioned limit of Rs. 100 million to regenerate blocked cash flow/liquidity position of the Company. It carries mark up at 3 months KIBOR plus 1.75% with floor of 13% per annum and cap of 22% per annum, payable on quarterly basis. The facility was repayable in 16 equal quarterly installments commencing from September, 2009 after the expiry of one year grace period. During the year, the bank has revised the repayment terms and has allowed further one year moratorium period in repayment of principal, i.e. from September 2010 and repayment of accrued mark up for the period from January 2009 to December 2009 in twenty equal monthly installments commencing from April 2010.

The facility is secured against the first pari passu hypothecation charge over plant and machinery upto Rs. 134 million.

7.5 This represents accrued mark up as at the balance sheet date on facilities obtained from Dawood Islamic Bank Limited (refer to Note 7.3 and 7.4), repayable in twenty equal montly installments commencing from April 2010.

Notes to the Accounts

Note 8

Deferred Liabilities

		2009	2008
		Rupees	Rupees
Gratuity payable	8.1	4,371,121	3,853,573
Deferred tax - net	8.2	86,963,307	20,168,702
		<u>91,334,428</u>	<u>24,022,275</u>
		2009	2008
		Rupees	Rupees
8.1	The amounts recognized in the balance sheet are as follows:		
	Present value of defined benefit obligation	3,994,234	3,938,575
	Unrecognized transitional liability	(82,347)	(125,863)
	Unrecognized actuarial loss	459,234	40,861
		<u>4,371,121</u>	<u>3,853,573</u>
	Movement in net liability recognized		
	Balance at the beginning of the year	3,853,573	2,595,661
	Amount recognized during the year	2,111,953	2,259,646
		<u>5,965,526</u>	<u>4,855,307</u>
	Benefits paid during the year	(1,594,405)	(1,001,734)
	Balance at the end of the year	<u>4,371,121</u>	<u>3,853,573</u>
	Charge to profit and loss account		
	Current service cost	1,595,808	1,980,030
	Interest cost	472,629	279,616
	Liability charged due to change in accounting policy	43,516	-
		<u>2,111,953</u>	<u>2,259,646</u>
8.2	Deferred tax - Net		
	Credit / (debit) balance arising in respect of:		
	- Accelerated tax depreciation	87,540,754	87,174,529
	- Surplus on revaluation of property, plant and equipment	66,609,521	-
	- Recognized losses	(65,657,076)	(65,657,076)
	- Staff retirement benefits	(1,529,892)	(1,348,751)
		<u>86,963,307</u>	<u>20,168,702</u>

Note 9

Trade and Other Payable

		2009	2008
		Rupees	Rupees
Creditors		26,998,199	5,933,833
Payable to brokers		171,252,470	53,708,287
Accrued liabilities		13,323,161	11,838,985
Advances from customers		4,790,763	9,592,286
Due to associated undertakings		578,175	578,175
Workers' (profit) participation fund	9.1	3,395,459	3,761,606
Income tax withheld		3,121,634	300,766
		<u>223,459,861</u>	<u>85,713,938</u>
9.1	Workers' (profit) participation fund		
	Opening balance	3,761,606	3,954,015
	Interest on funds utilized in the Company's business	393,153	487,212
		<u>4,154,759</u>	<u>4,441,227</u>
	Payment made during the year	(759,300)	(679,621)
		<u>3,395,459</u>	<u>3,761,606</u>

The Company retained workers' (profit) participation fund for its business operation. Interest is provided at the prescribed rate under the Companies Profits (Workers' Participation) Act, 1968.

Notes to the Accounts

Note 10

Accrued Interest / Mark up

	2009	2008
	Rupees	Rupees
Long term financing	12,769,937	7,536,339
Short term borrowings	23,384,273	9,687,734
	<u>36,154,210</u>	<u>17,224,073</u>

Note 11

Short Term Borrowings

		2009	2008
		Rupees	Rupees
Banking companies - secured			
MCB Bank Limited	▾ 11.1	60,886,727	123,480,052
Habib Bank Limited	▾ 11.2	25,568,223	19,994,130
Askari Bank Limited	▾ 11.3	30,624,466	29,421,125
KASB Bank Limited	▾ 11.4	199,996,594	187,305,575
		<u>317,076,010</u>	<u>360,200,882</u>

11.1 These facilities have been obtained with the sanctioned limit of Rs. 119.849 million (2008: Rs. 345.0 million) to meet working capital requirements and to finance stock of cotton and yarn. The facilities carry mark up at 1 months KIBOR plus 2.20% to 1 month KIBOR plus 2.50% (2008: 3 months KIBOR plus 1% to 3 months KIBOR plus 1.1%) per annum, payable quarterly. These facilities are secured against pledge of local and imported cotton bales and first registered hypothecation charge of Rs. 98 million over all current assets of the Company. These facilities shall expire on September 30, 2009.

11.2 The facilities have been obtained with the sanctioned limit of Rs. 95.0 million (2008: Rs. 180.0 million) to meet working capital requirements of the Company and for procurement of raw cotton. The facilities carry mark up at 3 month KIBOR plus 2% per annum with a floor of 14%, payable quarterly and are secured against pledge of raw cotton, first parri passu charge of Rs. 80 million over all present and future current assets and personal guarantees of the directors of the Company. The facility shall expire on September 30, 2009.

11.3 The facility has been obtained with the sanctioned limit of Rs. 29.995 million (2008: Rs. 220.0 million) to meet working capital requirements of the Company. The facility carries mark up at 3 month KIBOR plus 2.25% per annum, payable quarterly and is secured against first parri passu charge of Rs. 53.33 million over all present and future current assets and personal guarantees of the directors of the Company. The facility shall expire on May 31, 2010.

11.4 This facility has been obtained with the sanctioned limit of Rs. 200 million to meet working capital requirements. It carries mark up at 3 months KIBOR plus 1.5% per annum, payable quarterly. The facility is secured against quoted shares portfolio of the Company and ranking charges over present and future current assets to the extent of Rs. 267 million. The facility expired on March 31, 2009 and was subject to bank approval as at the balance sheet date.

Note 12

Provision for Taxation

	2009	2008
	Rupees	Rupees
Opening balance	3,607,305	3,154,306
Add: Provision for current year	-	2,998,921
	3,607,305	6,153,227
Less: Payments / adjustments against advance tax	(2,998,921)	(2,545,922)
	<u>608,384</u>	<u>3,607,305</u>

12.1 Income tax assessments have been deemed to be finalized up to tax year 2008 as these returns have been filed under self assessment scheme.

Notes to the Accounts

Note 13

Contingencies and Commitments

Contingencies

The Company has not provided deferred electricity charges amounting to Rs. 8.560 million owing to pending litigation with LESCO on recent increase in tariff rates. The Company is of the view that decision shall be made in the favour of textile mills and therefore, no provision has been recorded in these financial statements.

Commitments

There are no material commitments outstanding as at the balance sheet date (2008: Nil).

Notes to the Accounts

Note 14

Property, Plant and Equipment

Particulars	Cost			Rate %	Depreciation				Written Down Value as at 30-06-2009 Rupees	
	Total as at 01-07-2008 Rupees	Additions Rupees	Revaluation Adjustment Rupees		Total as at 30-06-2009 Rupees	Charge before Revaluation	Charge after Revaluation	Total charge for the year Rupees		Revaluation Adjustment Rupees
Land - freehold	5,382,168	-	18,707,832	24,090,000	-	-	-	-	-	24,090,000
Buildings on freehold land										
- Factory	97,616,428	-	59,814,741 (25,181,169)	132,250,000	10	3,149,359	7,898,296	11,047,655	(25,181,169)	7,898,296
- Colony/Office block	15,636,210	-	15,636,210	450,000,000	10	-	-	1,303,909	-	3,901,027
Plant and machinery	418,055,963	-	136,235,022 (104,290,985)	450,000,000	10	13,641,956	27,045,781	40,687,737	(104,290,985)	27,045,781
Electric installations	23,915,115	-	6,052,449 (4,967,564)	25,000,000	10	823,807	1,506,389	2,330,196	(4,967,564)	1,506,389
Furniture and fixtures	206,900	-	-	206,900	10	-	-	14,015	-	80,761
Office and other equipment	705,655	350,000	-	1,055,655	10	-	-	50,684	-	249,501
Vehicles	4,636,700	-	-	4,636,700	20	-	-	737,075	-	1,688,400
Rupees 2009	<u>566,155,139</u>	<u>350,000</u>	<u>86,370,326</u>	<u>652,875,465</u>		<u>17,615,122</u>	<u>36,450,466</u>	<u>56,171,271</u>	<u>(134,439,718)</u>	<u>42,370,155</u>
Rupees 2008	<u>509,665,302</u>	<u>56,489,837</u>	<u>-</u>	<u>566,155,139</u>		<u>-</u>	<u>-</u>	<u>47,000,390</u>	<u>-</u>	<u>120,638,602</u>

14.1 Depreciation provided is allocated as under:

Note	2009 Rupees	2008 Rupees
Allocation of depreciation:		
- Cost of sales	55,369,497	46,479,988
- Administrative	801,774	520,402
	<u>56,171,271</u>	<u>47,000,390</u>

14.2 Certain property, plant and equipment are under first charge by way of mortgage as security for certain financing by banks (refer note 7).

Notes to the Accounts

Note 15

Capital Work in Progress

	2009	2008
	Rupees	Rupees
Power house		
Buildings on free hold land	16,238,300	16,238,300
Plant and machinery	24,755,953	24,755,953
	<u>40,994,253</u>	<u>40,994,253</u>

Note 16

Investment in Associate

	2009	2008
	Rupees	Rupees
Pervez Ahmed Securities Limited		
7,881,250 (2008: 12,925,000) ordinary shares of Rs. 10 each including 3,322,250 bonus shares Percentage of equity held 20.69% (2007: 20.69%)		
Opening balance	634,898,766	897,810,684
Investment disposed off during the year	(247,757,884)	-
	387,140,882	897,810,684
Share of loss after tax of associate	(121,404,372)	(92,570,494)
Share of direct movement in equity	-	(18,174,488)
Impairment loss	(224,044,697)	-
	41,691,813	787,065,702
Less: Shares classified as held for sale	-	(152,166,936)
	<u>41,691,813</u>	<u>634,898,766</u>

16.1 This investment is accounted for by using the equity method in accordance with IAS-28 (Investment in Associate).

16.2 The market value of investment as at June 30, 2009 is Rs. 41.691 million (2008: Rs. 640.692 million).

16.3 The investment is pledged with banking companies having an aggregate value of Rs. 41.229 million (2008: 257.764 million)

16.4 Summarized financial results of Pervez Ahmed Securities Limited are as follows:

	9 Months Ended March 31, 2009	12 Months Ended June 30, 2008
	(Un-Audited)	(Audited)
	Rupees	Rupees
Total liability	698,743,386	1,752,312,515
Total assets	440,691,057	2,275,151,625
Operating (loss) / revenue	(789,472,616)	143,466,813
Net (loss) / profit after tax	(1,193,749,972)	41,586,350

Note 17

Long Term Deposits

	2009	2008
	Rupees	Rupees
Utilities	4,713,394	4,713,394
Others	400,000	350,000
	<u>5,113,394</u>	<u>5,063,394</u>

Notes to the Accounts

Note 18

Stores and Spares

	2009	2008
	Rupees	Rupees
Stores	857,742	532,677
Spares	182,284	55,057
	<u>1,040,026</u>	<u>587,734</u>

18.1 There are no significant stores and spares which were held for specific capitalization.

Note 19

Stock in Trade

	2009	2008
	Rupees	Rupees
Raw materials	10,828,725	43,053,594
Work in process	5,522,303	3,535,600
Finished goods	5,679,110	37,330,751
Wastes	1,178,759	549,661
	<u>23,208,897</u>	<u>84,469,606</u>

19.1 Stocks are under charge by way of hypothecation as security for certain short term borrowings from banks (refer note 10).

Note 20

Trade Debts

	2009	2008
	Rupees	Rupees
Considered good		
Local debts - unsecured	<u>23,350,652</u>	<u>26,598,307</u>

Note 21

Advances, Prepayments and Other Receivables

		2009	2008
		Rupees	Rupees
Advances - unsecured, considered good			
- To suppliers		821,645	8,764,933
- To staff - against salaries	21.1	325,514	639,072
- for expenses		498,804	827,814
Prepayments		442,621	419,056
		<u>2,088,584</u>	<u>10,650,875</u>

21.1 Amount due from chief executive, directors and executives is Nil (2008: Nil).

Note 22

Tax Refunds Due from Government

		2009	2008
		Rupees	Rupees
Taxation - payments	22.1	975,330	3,581,850
Sales tax refundable		1,071,853	2,495,230
		<u>2,047,183</u>	<u>6,077,080</u>

22.1 This represents advance income tax paid by the Company and income tax deducted at source on imports, dividends, utilities and receipts from customers, net of provisions for taxation.

Notes to the Accounts

Note 23

Short Term Investment

	2009	2008
	Rupees	Rupees
Investment at fair value through profit or loss		
Askari General Insurance Company Limited		
- 23,980 (2008: 23,980) fully paid ordinary shares of Rs. 10 each		
- Market value per share Rs. 24.79		
- Cost of investment Rs. 1.463 million	<u>594,464</u>	<u>990,134</u>

23.1 The investment is measured at fair value in accordance with IAS-39 (Financial Instruments: Recognition and Measurement). The quoted market value in an active market is considered as fair value of investment. The resulting difference between cost and fair value has been recognized as income or loss for the year.

Note 24

Investment Held for Sale

		2009	2008
		Rupees	Rupees
Pervez Ahmed Capital (Private) Limited	24.1	85,000,000	85,000,000
Pervez Ahmed Securities Limited		-	152,166,936
		<u>85,000,000</u>	<u>237,166,936</u>

24.1 The Company made an investment in Pervez Ahmed Capital (Private) Limited , an associated undertaking by subscribing 7.727 million ordinary shares of par value Rs. 10 each at the rate of Rs. 11 per share during the previous year. This investment was classified as held for sale in accordance with IFRS-5 ' Non Current Asset Held for Sale and Discontinued Operations'. The management did not consider feasible to dispose it off during the year due to adverse market conditions, however, is still committed to liquidate it within next twelve months.

Note 25

Bank Balances

	2009	2008
	Rupees	Rupees
With banks in current accounts	2,488,024	4,832,104
With banks in saving accounts	59,183	273,400
	<u>2,547,207</u>	<u>5,105,504</u>

Note 26

Sales

	2009	2008
	Rupees	Rupees
Local		
- Yarn	640,305,452	581,909,499
- Wastes	13,430,111	17,874,606
	<u>653,735,563</u>	<u>599,784,105</u>

Notes to the Accounts

Note 27

Cost of Sales

		2009	2008
		Rupees	Rupees
Raw materials consumed	27.1	404,793,148	354,348,716
Stores and spares consumed		15,238,150	15,313,942
Salaries, wages and benefits	27.2	49,047,290	43,933,153
Fuel and power		96,564,688	89,814,605
Processing charges		588,680	452,703
Traveling and conveyance		265,804	196,724
Repairs and maintenance		442,697	1,227,335
Insurance		1,374,768	953,580
Entertainment		40,790	77,345
Depreciation	14.1	55,369,497	46,479,988
Miscellaneous		151,347	130,816
		<u>623,876,859</u>	<u>552,928,907</u>
Work in process			
- Opening stock		3,535,600	3,060,390
- Closing stock		(5,522,303)	(3,535,600)
		<u>(1,986,703)</u>	<u>(475,210)</u>
Finished goods		621,890,156	552,453,697
- Opening stock		37,880,412	27,789,043
- Yarn purchases		27,600	5,606,700
- Closing stock		(6,857,869)	(37,880,412)
		<u>31,050,143</u>	<u>(4,484,669)</u>
		<u>652,940,299</u>	<u>547,969,028</u>

26.1 Raw materials consumed

- Opening stock	43,053,594	45,886,687
- Purchases	398,244,715	367,072,974
	<u>441,298,309</u>	<u>412,959,661</u>
- Sale of raw materials	(25,676,436)	(15,557,351)
- Closing stock	(10,828,725)	(43,053,594)
	<u>404,793,148</u>	<u>354,348,716</u>

26.2 This includes Rs. 1,689,562 (2008: Rs. 1,807,717) in respect of employee benefits - gratuity scheme.

Note 28

Distribution Cost

	2009	2008
	Rupees	Rupees
Marketing	583,500	542,489
Advertising and publicity	168,644	393,106
Commission and forwarding	492,903	501,995
	<u>1,245,047</u>	<u>1,437,590</u>

Notes to the Accounts

Note 29

Administrative

		2009	2008
		Rupees	Rupees
Salaries and benefits	29.1	12,126,166	10,267,432
Communication		990,080	1,395,062
Traveling and conveyance		529,006	298,843
Printing and stationery		512,907	345,423
Repairs and maintenance		418,599	754,929
Vehicles' running and maintenance		1,395,951	721,106
Rent, rates and taxes		1,312,000	864,662
Entertainment		173,072	250,471
Insurance		414,221	205,598
Legal and professional charges		37,100	24,000
Utilities		1,352,062	232,463
Fees and subscription		792,103	1,289,259
Donations	29.2	6,000	1,500
Depreciation	14.1	801,774	520,402
Miscellaneous		98,872	60,165
		<u>20,959,913</u>	<u>17,231,315</u>

29.1 This includes Rs. 422,931 (2008: Rs. 451,929) in respect of employee benefits - gratuity scheme.

29.2 None of the directors or their spouse have any interest in the donees.

Note 30

Finance Cost

	2009	2008
	Rupees	Rupees
Interest / mark up on borrowings / finances from banking companies		
- Long term financing	46,331,843	27,518,131
- Short term borrowings / financing	82,734,740	26,205,515
	129,066,583	53,723,646
Interest on workers' (profit) participation fund	393,153	487,212
Bank charges and commission	740,736	834,842
	<u>130,200,472</u>	<u>55,045,700</u>

Note 31

Other Operating Charges

	2009	2008
	Rupees	Rupees
Auditors' remuneration	315,000	350,000
Brokerage and commission	763,423	1,607,411
Loss on sale of investments	489,862,175	59,227,151
Deficit on remeasurement of investments at fair value through profit or loss	395,670	472,396
Statutory fee for increase in authorized capital	-	1,750,400
	<u>491,336,268</u>	<u>63,407,358</u>

31.1 Auditors' remuneration

Audit fee	225,000	225,000
Half yearly review and certifications	90,000	125,000
	<u>315,000</u>	<u>350,000</u>

Notes to the Accounts

Note 32

Other Operating Income

	2009	2008
	Rupees	Rupees
Income from financial assets		
Dividend income	-	27,000
Profit on bank deposits	319,232	79,885
	<u>319,232</u>	<u>106,885</u>

Note 33

Taxation

		2009	2008
		Rupees	Rupees
Provision for the year	33.1	-	2,998,921
Deferred tax charge		(3,941,169)	(2,665,147)
		<u>(3,941,169)</u>	<u>333,774</u>

33.1 The provision for the current year has not been made as minimum tax liability under Section 113 of the Income Tax Ordinance, 2001 was not applicable for the current tax year.

33.2 Relationship between tax expense and accounting profit has not been as no provision for current taxation has been made in these financial statements.

Note 34

Earnings per Share - Basic

		2009	2008
		Rupees	Rupees
(Loss) / Profit after taxation for the year	Rupees	(984,135,104)	403,997,533
Outstanding weighted average ordinary shares	Number	60,000,000	60,000,000
Earnings per share - Basic	Rupees	<u>(16.40)</u>	<u>6.73</u>

34.1 Diluted earnings per share

There is no dilution effect on the basic earnings per share of the Company as the Company has no such commitments that would result in dilution of earnings of the Company.

Note 35

Plant Capacity and Production

		2009	2008
		Rupees	Rupees
No. of spindles installed		40,320	40,320
Actual production converted into 20/S count	Kgs	10,877,437	11,530,079

35.1 It is difficult to calculate precisely the production capacity of the plant since it fluctuates widely depending on various factors such as count of yarn spun, spindles speed, twist, maintenance of machinery, power shutdown and raw materials used etc. It also varies according to the pattern of production adopted in any particular year.

Notes to the Accounts

Note 36

Transactions with Related Parties

The related parties and associated undertaking comprise related group companies, associated companies, directors and key management personnel. Transactions with related parties and associated undertakings, other than remuneration and benefits to key management personnel under the term of their employment are as follows:

	2009	2008
	Rupees	Rupees
Associates		
- Purchase of materials, goods and services	816,396	25,810,830
- Sale of materials, goods and services	25,810,370	16,003,600
- Purchase of shares - Gross	-	297,510,684
- Dividend received	-	20,000,000
Directors	Nil	Nil

36.1 There were no transactions with key management personnel other than undertaken as per terms of their employment.

36.2 Sale and purchase transactions have been carried out on commercial terms and conditions under comparable uncontrolled price method.

Note 37

Chief Executive's, Directors' and Executive's Remuneration

The aggregate amounts charged in the accounts for the period as remuneration and benefits to the chief executive, directors and executives of the Company are as follows:

	2009			2008		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	2,400,000	266,467	418,734	2,400,000	280,000	346,667
House rent allowance	960,000	106,587	167,493	960,000	112,000	138,667
Utilities	240,000	26,646	41,873	240,000	28,000	34,666
	3,600,000	399,700	628,100	3,600,000	420,000	520,000
Number of persons	1	1	1	1	1	1

37.1 No meeting fee has been paid to any director of the Company.

Notes to the Accounts

Note 38

Financial Risk Management

38.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The company is not exposed to any currency risk as it does not have any foreign debtors and creditors.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to equity and commodity price risk.

Sensitivity analysis

A change of 5% in the value of investments at fair value through profit and loss would have increased / decreased profit or loss by Rs. 2.114 M (2008: Rs. 39.402 M) on the basis that all other variables remain constant.

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long-term interest-bearing assets. The Company's interest rate risk arises from long term financing and short term borrowings. As the borrowings are obtained at variable rates, these expose the Company to cash flow interest rate risk.

At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments was:

	2009	2008
	Rupees in thousands	
Floating rate instruments		
Financial liabilities		
Long term financing	261,312	289,391
Short term borrowings	317,076	360,201
Financial assets		
Bank balances - saving accounts	59	273

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the balance sheet date, fluctuate by 1% higher / lower with all other variables held constant, loss after taxation for the year would have been Rs. 5.784 M (2008: Rs. 6.496 M) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liabilities outstanding at balance sheet dates were outstanding for the whole year.

Notes to the Accounts

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2009	2008
	Rupees in thousands	
Long term deposits	5,113	5,063
Trade debts	23,351	26,598
Advances, trade deposits and other receivables	326	639
Short term investments	594	990
Cash and bank balances	2,547	5,106

The aging of the trade debts at the reporting date is:

	2009	2008
Past due 0 - 30 days	9,340	10,639
Past due 31 - 60 days	14,010	15,959

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. As at the balance sheet date, the Company had Rs. 605 million worth short term borrowing limits available from financial institutions and Rs. 2.547 million cash and bank balances. Despite the Company having a negative working capital position as at the balance sheet date, the management believes its liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments.

Contractual maturities of financial liabilities as at June 30, 2009:

	Carrying Amount	Contractual cash flows	6 month or less	6-12 month	1-2 Years	2-5 Years
	Rupees'000	Rupees'000	Rupees'00	Rupees'00	Rupees'000	Rupees'000
Long-term finances	325,421	467,695	61,963	39,963	128,516	237,253
Trade and other payables	223,460	223,460	52,208	171,252	-	-
Accrued interest	36,154	36,154	36,154	-	-	-
Short term finances	317,076	363,864	181,932	181,932	-	-
	<u>902,111</u>	<u>1,091,173</u>	<u>332,257</u>	<u>393,147</u>	<u>128,516</u>	<u>237,253</u>

Contractual maturities of financial liabilities as at June 30, 2008:

	Carrying Amount	Contractual cash flows	6 month or less	6-12 month	1-2 Years	2-5 Years
	Rupees'000	Rupees'000	Rupees'00	Rupees'00	Rupees'000	Rupees'000
Long-term finances	329,131	501,559	61,975	38,929	73,106	327,549
Liabilities against leased assets	-	-	-	-	-	-
Trade and other payables	85,714	85,714	85,714	-	-	-
Accrued interest	17,224	17,224	17,224	-	-	-
Short term finances	360,201	404,926	202,463	202,463	-	-
	<u>792,270</u>	<u>1,009,423</u>	<u>367,376</u>	<u>241,392</u>	<u>73,106</u>	<u>327,549</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 30 June. The rates of interest / mark up have been disclosed in Note 7, Note 10 and Note 11 to these financial statements.

38.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Note 39

Segment Information

The entire revenue and expenses of the Company are due to manufacturing and sales of yarn. There are no reportable segments of the Company and, therefore, segment information has not been prepared.

Notes to the Accounts

Note 40

Capital Risk Management

While managing capital, the objectives of the Company are to ensure that it continues to meet the going concern assumption, enhance shareholders' wealth and meets stakeholders' expectations. The Company ensures its sustainable growth viz. maintaining optimal capital structure, keeping its finance cost low, exercising the option of issuing right shares or repurchase shares, if possible, selling surplus property, plant and equipment without affecting the optimal production and operating level, and regulate its dividend payout thus maintaining smooth capital management.

In line with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non current) less cash and cash equivalents. Total capital is calculated as equity as shown in the balance sheet plus net debt.

As on the balance sheet date, the gearing ratio of the Company was as under:

	2009	2008
	Rupees	Rupees
Total borrowings	642,497,716	689,331,882
Cash and bank balances	(2,547,207)	(5,105,504)
Net Debt	639,950,509	684,226,378
Equity	(298,621,606)	678,216,941
Total Capital	341,328,903	1,362,443,319
Gearing Ratio	187.49%	50.22%

Note 41

Authorization of Financial Statements

These accounts have been authorized for issue by the Board of Directors of the Company on

Note 42

General

- Figures have been rounded off to the nearest rupee.
- Following rearrangement of corresponding figures was made to facilitate comparison with the current year.

From	To	Amount (Rupees)
Cost of sales	Administrative	
- Salaries and wages	Salaries and wages	2,686,803
- Salaries and wages	Selling and distribution	337,170


CHIEF EXECUTIVE


DIRECTOR

**Categories of Shareholders
As At June 30, 2009**

Categories	Number	Shares Held	Percentage
Associated Companies & Related Parties			
Pervez Ahmed Securities Limited	1	4,653,500	7.756
D.S.Textiles Limited	1	3,150,500	5.251
D.S.Apparel (Pvt.) Limited	1	1,006,000	1.677
Infinife Securities Limited	1	1,000,000	1.667
Ali Pervez Capital (pvt.) Limited	1	18	0.000
Chief Executive & Directors			
Mr. Pervez Ahmed - Chief Executive	1	6,327,000	10.545
Mr. Ali Pervez Ahmed	1	5,859,667	9.766
Mr. Hassan Ibrahim Ahmed	1	2,799,334	4.666
Mr. Suleman Ahmed	1	1,739,166	2.899
Mr. Atta-Ur-Rehman	1	2,000	0.003
Mr. Muntazir Mehdi	1	500	0.001
Mr. Muhammad Yousuf	1	1,000	0.002
Insurance Companies	1	31,985	0.053
Joint Stock Companies	70	4,801,393	8.002
Financial Institutions	9	2,790,374	4.651
Individuals	2757	25,684,654	42.808
Others	3	152,909	0.255
Total	2852	60,000,000	100.000

Detail of Shareholding of 10% and above.

	Shares Held	Percentage
Mr. Pervez Ahmed - Chief Executive	6,327,000	10.545

**Pattern of Shareholding
As At June 30, 2009**

Number of Shareholders	Shareholding		Total Number of Shares Held
	From	To	
35	1	100	903
407	101	500	201,678
605	501	1,000	604,001
1098	1,001	5,000	3,336,060
396	5,001	10,000	3,288,941
120	10,001	15,000	1,568,210
93	15,001	20,000	1,738,000
63	20,001	25,000	1,511,000
27	25,001	30,000	771,500
16	30,001	35,000	529,985
19	35,001	40,000	741,100
15	40,001	45,000	647,000
26	45,001	50,000	1,285,500
14	50,001	55,000	736,500
4	55,001	60,000	232,000
3	60,001	65,000	188,000
2	65,001	70,000	136,000
2	70,001	75,000	148,000
3	75,001	80,000	239,000
3	80,001	85,000	249,662
5	85,001	90,000	448,500
2	90,001	95,000	187,000
14	95,001	100,000	1,395,500
3	100,001	105,000	309,500
1	105,001	110,000	105,045
2	110,001	115,000	229,500
1	115,001	120,000	115,500
1	120,001	125,000	125,000
4	135,001	140,000	554,500
3	140,001	145,000	428,500
5	145,001	150,000	743,500
1	150,001	155,000	155,000
3	155,001	160,000	479,500
1	160,001	165,000	165,000
2	170,001	175,000	346,000
2	180,001	185,000	366,503
3	190,001	195,000	576,500
1	200,001	205,000	201,000
1	215,001	220,000	218,000
1	220,001	225,000	223,500
1	235,001	240,000	237,000
1	240,001	245,000	244,000
2	290,001	295,000	589,000
1	335,001	340,000	338,499
1	340,001	345,000	341,500
1	355,001	360,000	357,000
1	420,001	425,000	423,000
1	445,001	450,000	450,000
1	595,001	600,000	600,000
1	640,001	645,000	644,834
1	695,001	700,000	699,800
1	700,001	705,000	703,500
1	845,001	850,000	850,000
1	910,001	915,000	914,898
1	925,001	930,000	927,882
2	995,001	1,000,000	2,000,000
1	1,020,001	1,025,000	1,021,666
1	1,175,001	1,180,000	1,180,000
1	1,235,001	1,240,000	1,237,500
1	1,290,001	1,295,000	1,294,000
1	1,405,001	1,410,000	1,406,166
1	1,545,001	1,550,000	1,549,500
1	2,240,001	2,245,000	2,241,000
1	3,310,001	3,315,000	3,310,667
1	4,585,001	4,590,000	4,585,500
1	6,325,001	6,330,000	6,327,000
Total	3035		60,000,000



FORM OF PROXY
Annual General Meeting

The Company Secretary
D.S. Industries Limited
20-K, Gulberg II,
Lahore.

Dear Sir,

I/We ----- of (full address) -----
being a member(s) of D.S. Industries Limited holding ----- Ordinary Shares as per Registered
Folio No. / CDC A/c No ----- hereby appoint Mr./ Mrs./ Miss -----
-----of (full address) -----
----- or failing him / her Mr./ Mrs./ Miss -----of (full address)
-----being member of the
Company as my/our Proxy to attend, act and vote for me / us and on my / our behalf at the Annual General
Meeting of the Company to be held on 31st October 2009

Signed this ----- day of -----2009

Witnesses:

Signature _____
Name _____
Address _____

Five
Rupees
Revenue
Stamp

CNIC No./ Passport No. _____

Signature should be agreed with the
Specimen Signatures with the Company

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint a proxy to attend and vote instead of him/her.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or his constituted attorney or if such appointer is a corporation or company under the common seal of such corporation or company.
3. In case of individual, the account holder or sub-account holder and / or the person whose securities are in group account shall submit the Proxy form along with following documents:
 - a. The Proxy form shall be witnessed by the two persons whose names, addresses and CNIC number shall be mentioned on the form.
 - b. Attested copies of CNIC or the passport of the beneficial owners and the Proxy shall be furnished with the Proxy form.
 - c. The Proxy shall produce his / her original CNIC or original passport at the time of the meeting.
 - d. In case of corporate entity, the Board of Director's resolution / power of attorney with specimen signature shall be submitted along with Proxy form to the company.
4. The Proxy Form, duly completed, must be deposited with the Company Secretary of D.S. Industries Limited, 20 – K Gulberg II Lahore not less than 48 hours before the time for holding the meeting.



The Company Secretary
D.S. Industries Limited
20-K, Gulberg II,
Lahore.

AFFIX
CORRECT
POSTAGE