



**Dewan Salman Fibre Limited**

**ANNUAL  
REPORT  
2011**





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## COMPANY INFORMATION

- BOARD OF DIRECTORS :** DEWAN MUHAMMAD YOUSUF FAROOQUI  
PRESIDENT/CHIEF EXECUTIVE &  
CHAIRMAN BOARD OF DIRECTORS
- DEWAN ASIM MUSHFIQ FAROOQUI  
MANAGING DIRECTOR
- DEWAN ABDULLAH AHMED  
DEWAN ABDUL BAQI FAROOQUI  
HAROON IQBAL  
MANSUR-UL-HAQUE  
AZIZ-UL-HAQUE
- AUDIT COMMITTEE :** HAROON IQBAL - CHAIRMAN  
MANSUR-UL-HAQUE - MEMBER  
AZIZ-UL-HAQUE - MEMBER
- COMPANY SECRETARY :** SYED MUHAMMAD SALAHUDDIN
- AUDITORS :** FARUQ ALI & CO.  
CHARTERED ACCOUNTANTS
- FEROZE SHARIF TARIQ & CO.  
CHARTERED ACCOUNTANTS
- LEGAL ADVISORS** KHALID ANWER & COMPANY - ADVOCATES
- TAX ADVISORS :** SHARIF & COMPANY - ADVOCATES
- FACTORY OFFICE :** PLOT NO 1, DEWAN FAROOQUE INDUSTRIAL PARK,  
HATTAR, DISTRICT HARIPUR (N.W.F.P.)
- HEAD OFFICE :** FINANCE & TRADE CENTRE BLOCK-A, 8TH FLOOR,  
SHAHRAH-E-FAISAL, KARACHI.
- REGISTERED OFFICE :** DEWAN CENTRE, 58 MAIN MARGALLA ROAD F-7/2 ISLAMABAD
- SHARE REGISTRAR/  
TRANSFER AGENTS :** BMF CONSULTANTS PAKISTAN (PRIVATE) LIMITED  
ANUM ESTATE BUILDING, ROOM NO. 310 & 311,  
3RD FLOOR, 49, DARUL AMAN SOCIETY,  
MAIN SHAHRAH-E-FAISAL, ADJACENT TO BALOCH COLONY BRIDGE,  
KARACHI, PAKISTAN.
- BANKERS :** AL BARAKA ISLAMIC INVESTMENT BANK LIMITED  
ALLIED BANK LIMITED  
ASKARI BANK LIMITED  
ATLAS BANK LIMITED  
BANK ALFALAH LIMITED  
BANK OF KHYBER LIMITED  
BANK OF PUNJAB LIMITED  
CITI BANK N.A.  
FAYSAL BANK LIMITED  
HABIB BANK LIMITED  
HABIB METROPOLITAN BANK LIMITED  
HONG KONG & SHANGHAI BANKING CORPORATION  
KASB BANK LIMITED  
MEEZAN BANK LIMITED  
MYBANK LIMITED  
MCB BANK LIMITED  
NATIONAL BANK OF PAKISTAN LIMITED  
NIB BANK LIMITED  
ROYAL BANK OF SCOTLAND  
STANDARD CHARTERED BANK LIMITED (PAKISTAN)  
SILK BANK LIMITED  
SONERI BANK LIMITED  
UNITED BANK LIMITED



## **THE MISSION STATEMENT**

- \* "THE MISSION OF DEWAN SALMAN FIBRE LIMITED IS TO BE THE LEADER IN SYNTHETIC FIBRE MANUFACTURING IN PAKISTAN AND BECOME A GLOBAL PLAYER IN THE FIELD.**
  
- \* TO ASSUME LEADERSHIP ROLE IN THE TECHNOLOGICAL ADVANCEMENT OF THE INDUSTRY AND TO ACHIEVE THE HIGHEST LEVEL OF QUALITATIVE AND QUANTITATIVE INDIGENIZATION.**
  
- \* TO BE THE FINEST ORGANIZATION IN ITS INDUSTRY AND TO CONDUCT ITS BUSINESS RESPONSIBILITY AND IN A STRAIGHT FORWARD MANNER.**
  
- \* TO SEEK LONG-TERM AND GOOD RELATIONS WITH OUR SUPPLIERS AND CUSTOMERS WITH FAIR, HONEST AND MUTUALLY PROFITABLE DEALINGS.**
  
- \* TO ACHIEVE THE BASIC AIM OF BENEFITING OUR CUSTOMERS, EMPLOYEES, SHAREHOLDERS, OTHER STAKE HOLDERS AND TO FULLFIL US COMMITMENTS TO OUR SOCIETY.**
  
- \* TO CREATE A WORK ENVIRONMENT HIGHLIGHTING TEAM WORK, WHICH MOTIVATES, RECOGNIZES AND REWARDS ACHIEVEMENTS AT ALL LEVELS OF THE ORGANIZATION, BECAUSE "IN ALLAH WE TRUST AND BELIEVE" AND HUMAN RESOURCE IS OUR CAPITAL AND ASSET.**
  
- \* TO BE HONEST AND BE ABLE TO RESPOND EFFECTIVELY TO CHANGES IN ALL ASPECTS OF LIFE INCLUDING TECHNOLOGY, CULTURE PROACTIVE AND ENVIRONMENT.**
  
- \* TO BE A CONTRIBUTING CORPORATE CITIZEN FOR THE BETTERMENT OF SOCIETY AND TO EXHIBIT A SOCIALLY RESPONSIBLE BEHAVIOR.**
  
- \* TO CONDUCT BUSINESS WITH INTEGRITY AND STRIVE TO BE THE BEST."**



## NOTICE OF THE TWENTY SECOND ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Twenty Second Annual General Meeting of **Dewan Salman Fibre Limited** (“*DSFL*” or “*the Company*”) will be held on **Thursday, October 27, 2011, at 12:00 noon**, at Dewan Centre, House No. 58, Margallah Road, F-7/2, Islamabad, Pakistan; to transact the following businesses upon recitation from Holy Qur'aan and other religious recitals:

1. To confirm the minutes of the preceding General Meeting of the Company held on Monday, November 29, 2010;
2. To receive, consider, approve and adopt the annual audited financial statements of the Company for the year ended June 30, 2011, together with the Directors' and Auditors' Reports thereon;
3. To elect Seven Directors on the Board of Directors of the Company, pursuant to the provisions of Section 178 of the Companies Ordinance, 1984 (“Ordinance”). The following are the retiring Directors;
  - i. Dewan Muhammad Yousuf Farooqui
  - ii. Dewan Asim Mushfiq Farooqui
  - iii. Dewan Abdullah Ahmed
  - iv. Dewan Abdul Baqi Farooqui
  - v. Mr. Haroon Iqbal
  - vi. Mr. Mansur-ul-Haque
  - vii. Mr. Aziz-ul-Haque
4. To appoint the Statutory Auditors' of the Company for the ensuing year, and to fix their remuneration;
5. To consider any other business with the permission of the Chair.

*By Order of the Board*

**Syed Muhammad Salahuddin**  
*Company Secretary*

Dated: September 30, 2011

Place : Karachi.

### NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from October 21, 2011 to October 27, 2011 (both days inclusive).
2. Members are requested to immediately notify change in their addresses, if any, at our Shares Registrar Transfer Agent BMF Consultants Pakistan (Private) Limited, located at Anum Estate Building, Room No. 310 & 311, 3<sup>rd</sup> Floor, 49, Darul Aman Society, Main Shahrah-e-Faisal, adjacent to Baloch Colony Bridge, Karachi, Pakistan.
3. A member of the Company entitled to attend and vote at this meeting, may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received by the Company at the abovesaid address, not less than 48 hours before the meeting.
4. CDC Account holders will further have to observe the following guidelines, as laid down in Circular 01 dated January 20, 2000, issued by the Securities and Exchange Commission of Pakistan:

**a) For Attending Meeting:**

- i) In case of individual, the account holder or sub-account holder, and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original 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, alongwith the specimen signature of the nominee, shall be produced (unless it has been provided earlier) at the time of meeting.

**b) For Appointing Proxies:**

- i) In case of individual, the account holder or sub-account holder, and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirements.
- ii) Two persons, whose names, addresses, and CNIC numbers shall be mentioned on the form, shall witness the proxy.
- iii) Attested copies of CNIC or passport of the beneficial owners and proxy shall be furnished alongwith the proxy form.
- iv) The proxy shall produce his/her 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, alongwith the specimen signature of the nominee, shall be produced (unless it has been provided earlier) along with the proxy form to the Company.



## DIRECTORS' REPORT

IN THE NAME OF ALLAH; THE MOST GRACIOUS AND MERCIFUL

IF YE GIVE THANKS, I WILL GIVE YOU MORE (HOLY QURAN)

### DIRECTORS' REPORT

Your Directors present to you the Twenty Second Report of the company together with the Audited Accounts for the year ending June 30, 2011.

It is quite unfortunate that plant operation could not be started in this year also. Management of the company made its utmost efforts for arranging working capital facilities to start the operation of the company. Polyester market was bullish due to short fall in cotton crop. Textile export surge this year due to rise in cotton prices. Situation was ripe for us to capture the market. We believe glorious opportunity is lost to put Dewan Salman Fibre Limited back on track.

Management of the company has not yet lost all hopes and is still perusing working capital to start its operation.

### OPERATING AND FINANCIAL RESULTS

During the year under review, your company recorded net turnover of Rs 136.5 millions (Rs. 137 millions June 30, 2010). There is a gross loss amounting to Rs. 1,003 million (Rs. 1,272 million June 30, 2010) and loss after taxation amounting to Rs. 1,269 million (Rs. 1,530 million June 30, 2010).

We humbly and gratefully bow our heads before Almighty Allah, and pray for his blessings for early revival of our company during this difficult period.

### INDUSTRY OVERVIEW

We believe polyester fibre demand and supply gap created due to closure of Dewan Salman Fibre Limited still prevail in the market. To bridge this gap existing polyester manufacturers are expanding their capacities. In the year under review the whole fibre industry has enjoyed substantial amount of profits while keeping their capacity utilization at maximum.

As we reported in our previous year report regarding the discriminatory measures of the Government in respect of location disadvantage, sales tax exemption and other incentives pertaining to a tax exempted area. The matters are still pending without any amicable solution.

The spinning & weaving sector which is the downstream of PSF industry has also witnessed the prosperous year. They also enjoyed good profit margins and fetched good prices of their products (i.e. yarn & fabric) in the local as well as in the international markets which helped them in getting out of the liquidity crunch.

The raw cotton price has also broken all the previous records both locally & internationally as it has touched the all time high levels within a very short span of time as the crop size was lesser than expected. The textile industry did come across difficulties in the procurement of cotton but largely they managed to get over with it while some of the mills shifted to polyester rich blends which resulted in its increased sales.

However, the electricity shortage and higher transportation cost in addition to the volatile economic atmosphere are some major factors which are holding back the industry to consider some sort of expansion plans.



## OUTLOOK

Devastating flood has damaged the cotton crop of Sind. It is estimated that more than two million bales has been destroyed. Short fall in cotton crop will compel the textile mills to see to the first alternate of cotton which is PSF. Therefore your company sees a great opportunity in this regard.

Keeping in view the above mentioned facts, your company is nicely poised at the moment to recapture its share from the imports and other local suppliers. The spinning industry is anxiously waiting for our startup.

Since textiles are the Pakistan's biggest export earning commodity bringing in about more than USD10 billion every year, therefore, the Government should support this industry to counter the unfair competition being faced from Bangladesh, India and China which are giving huge subsidies to their textile industry. By doing so, the textile exports would get a big boost and beside that the respective upstream industry (i.e. PSF) would also have the opportunity to grow along.

As informed in our last report, Board of Director of the company to protect the company's investments in Dewan Petroleum (Pvt.) Limited has taken appropriate steps by filings legal proceedings.

We had reported on the debt re-profiling exercise to you last year. This effort continues. And Insha-Allah we expect good progress and conclusion in the near future.

## AUDITORS' OBSERVATION

Auditors of the company have qualified their report on certain instances, the para wise comments are given as under:

- a) In para (a) of their report they did not agree with the going concern assumption used in preparation of financial statements accordingly they have given their adverse opinion on the financial statements. The management is in process of negotiation with the bankers and is confident that the outcome will be positive. The justifications regarding preparation of financial statements on going concern assumption are more fully explained in note 2 to the financial statement.

- b) The company has not made provision of mark-up amounting to Rs. 2.335 billion (up to June 30,2010 Rs.4.243 billion) on its mark-up bearing liabilities.

The management has approached its bankers/financial institutions for restructuring of its long-term and short-term obligations. The management is confident that the company's restructuring proposals will be accepted by the bankers/financial institutions. Therefore the company has not made any provision for mark-up.

- c) Para (c) of the report relates to valuation and classification of investment in Dewan Petroleum (Pvt.) Ltd. using the equity method as required under International Accounting Standard 28 'Investment in associates' which the company has classified as held for sale. The auditors are of the view that since the shareholders' approval sought by the company in extra ordinary general meeting held on June 23, 2008 stands expired during the year therefore the investment should be valued using equity method. Investment has been classified as held for sale upon management's intention to sell the same within next accounting cycle in the manner to be deemed appropriate, equitable, fit and beneficial to the interests of the company, although the shareholders' approval has been expired but the management will seek further shareholder's approval before disposal of the same.

- d) a) Para ( d) of the report relates to the stagnant of Trade debts amounting Rs.3.080 billion against which a provision of Rs.253.63 million has been made so far. Since these trade debts are doubtful of recovery therefore the provision should be made .

Management of your Company taking utmost efforts to recover these debts, We believe that there will be positive response from debtors and will take our position accordingly.





### DIVIDEND

In view of loss after taxation due to adverse business conditions for the year under review, no dividend has been recommended by the Board of Directors.

### CODE OF CORPORATE GOVERNANCE

The directors of your company are aware of their responsibilities under the Code of Corporate Governance, incorporated in the Listing Regulations of Stock Exchanges in the country under instructions from Security & Exchange Commission of Pakistan. We are taking all necessary steps to ensure Good Corporate Government in your company as required by the code. One of the Directors purchased certain shares during the year. However, none of the other Directors, CEO, CFO, Company Secretary, their spouses and minor children have traded in the shares of the Company.

### PATTERN OF SHARE HOLDING

The pattern of shareholdings of the company is attached to this report.

### VOTE OF THANKS

The Board places on record its gratitude to its valued shareholders, Federal and Provincial Government functionaries, banks, financial institutions and customers of Salsbil, whose cooperation, continued support and patronage have enabled the company to achieve the desired results.

The Board also expresses its appreciation for the valuable services, loyalty and laudable efforts continuously rendered by the executives, staff members and workers of the company; it recognizes that they are most valuable assets of the Company.

### AUDITORS

The Auditors of the Company, M/S Faruq Ali & Company Chartered Accountants and M/S Feroze Sharif Tariq & Company, Chartered Accountants, retire and being eligible, offer themselves for re-appointment under the terms of the code of corporate governance, they have been recommended by the audit committee for re-appointment as auditors until the conclusion of the next annual general meeting.

### CONCLUSION

In conclusion, we bow, beg and pray to Almighty Allah, Rahman-o-Raheem, in the name of our beloved prophet. Muhammad (Peace Be Upon Him), for continued showering of His blessings, Guidance, Strength, Health and Prosperity on our Nation, Country and also pray to Almighty Allah to bestow peace, harmony, brotherhood and unity in true Islamic spirit to the whole of Muslim Ummah, Aameen, Summa Aameen.

LO-MY LORD IS INDEED HEARER OF PRAYER (HOLY QURAN)

*By and under Authority of the Board of Directors*

**Dewan Muhammad Yousuf Farooqui**  
President/Chief Executive

Dated: September 30, 2011  
Place : Karachi.



## FINANCIAL HIGHLIGHTS

	Rupees in million								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Turnover	18,661	21,122	19,470	16,732	15,021	10,762	4,171	137	137
Less: Govt. Levy & Commission	2,942	3,048	2,127	10	10	16	2	-	-
Sales (Net)	15,719	18,074	17,343	16,722	15,011	10,746	4,169	137	137
Gross Profit / (loss)	1,438	1,674	1,092	1,030	272	(2,491)	(4,037)	(1,272)	(1,003)
Profit (loss) before Tax	87	399	15	(101)	(1,154)	(4,989)	(6,364)	(1,647)	(1,395)
Profit (loss) after Tax	28	327	(128)	(120)	(808)	(4,898)	(6,234)	(1,530)	(1,269)
Gross Assets Employed	18,397	19,670	20,565	24,743	23,546	21,473	16,219	15,343	13,984
Return on Equity	0.49%	5.49%	(2.27%)	(1.40%)	(10.36%)	(169.12%)	(186.87%)	(35.49%)	(22.66%)
Current assets	7,596	9,670	11,350	11,458	11,190	10,068	6,324	5,173	4,743
Shareholders Equity	5,659	5,963	5,626	8,605	7,797	2,896	(3,336)	(4,311)	(5,600)
Long Term Debts & Deferred Liabilities	4,472	3,604	3,191	4,654	3,831	3,142	2,543	1,951	1,667
Current Liabilities	8,266	10,103	11,747	11,485	11,917	15,435	17,012	17,703	17,918
Gross Profit Ratio	9.15%	9.26%	6.30%	6.20%	1.81%	(23.18%)	(96.81%)	(928.47%)	(732.12%)
Net Profit Ratio	0.18%	1.81%	(0.74%)	(0.72%)	(5.38%)	(45.58%)	(149.51%)	(1116.79%)	(926.28%)
Debt/Equity Ratio	0.79	0.60	0.56	0.54	0.49	1.08	(0.76)	0.45	(0.30)
Current Ratio	0.92	0.96	0.97	1.00	0.94	0.65	0.36	0.29	0.26
Earning per Share Divided (Percentage)	0.08	0.96	(0.35)	(0.33)	(2.21)	(13.37)	(17.02)	(4.18)	(3.46)
-Cash	-	-	-	-	-	-	-	-	-
-Stock	-	7.50%	-	-	-	-	-	-	-
Production Volume(Tons)	235,805	279,291	197,677	186,615	152,764	85,595	25,808	-	-



## **STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2011**

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

The company has applied the principals contained in the Code in the following manner:

1. The company encourages representation of Independent non-executive directors. At present, the Board includes five 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. 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 an NBF1 or, being a member of stock exchange, has been declared as a defaulter by that Stock Exchange.
4. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the company.
5. 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.
6. All the powers of the Board have been duly exercised and decision 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.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the Board meet once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
8. The Board arranged an orientation course for its directors during the year to appraise them of their duties and responsibilities.
9. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.
10. 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.
11. The Financial Statement of the Company were duly endorsed by CEO and CFO before approval of the Board.
12. The directors, CEO and executives do not hold any interest in the shares of the Company other than that has already been disclosed in the pattern of shareholder.
13. Casual vacancies occurring in the board during the Financial year were duly filled up by the board.
14. The company has complied with all the corporate and financial reporting requirements of the code.
15. The Board has formed an audit committee. It comprises three members, two of whom are non-executive directors.



16. The meetings of the audit committee were held at least once every quarter prior to the approval of interim and final results of the Company and as required by the Code. The terms of reference to the committee have been formed 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, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of 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 other material principals contained in the Code have complied with.

Total Meetings of Board of Director during the year. 5

Name of Director	No. of Meetings Attended
Dewan Mohammad Yousuf Farooqui	3
Dewan Asim Mushfiq Farooqui	3
Dewan Abdullah Ahmed	2
Dewan Abdul Baqi Farooqui	5
Mr. Haroon Iqbal	5
Mr. Mansur-ul-Haq	5
Mr. M. A. Lodhi	4

**Dewan Muhammad Yousuf Farooqui**  
President/Chief Executive

Dated: September 30, 2011  
Place : Karachi.



## *Feroze Sharif Tariq & Co.*

### CHARTERED ACCOUNTANTS

Partners : FEROZE QAISER FCA  
 Ali Husain FCA  
 Mohammad Tariq FCA, ACMA  
 4 / N / 4, BLOCK-6, P.E.C.H.S. SOCIETY  
 KARACHI-75400

## *FARUQ ALI & CO.*

### CHARTERED ACCOUNTANTS

222-A, Karachi Memon Cooperative  
 Housing Society, Justice Inamullah Road,  
 Near Hill Park, Karachi-74800.  
 Email: faac@cyber.net.pk

## 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 **Dewan Salman Fibre Limited** ('the Company') to comply with the Listing Regulations of the respective Stock Exchanges, 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 control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii a) of Listing Regulation No. 35 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 transaction which are not executed at arm's length price recording proper justifications 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 under taken at arm's length price or not.

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

*Feroze Sharif Tariq M.A.*

Chartered Accountants  
 (Muhammad Ghalib)

*Sayed Naseem uz Zaman*

Chartered Accountants  
 (Sayed Naseem uz Zaman)

Karachi: September 30, 2011



## *Feroze Sharif Tariq & Co.*

### CHARTERED ACCOUNTANTS

Partners : **FEROZE QAISER FCA**  
**Ali Husain FCA**  
**Mohammad Tariq FCA, ACMA**  
 4 / N / 4, BLOCK-6, P.E.C.H.S. SOCIETY  
 KARACHI-75400

## *FARUQ ALI & CO.*

### CHARTERED ACCOUNTANTS

222-A, Karachi Memon Cooperative  
 Housing Society, Justice Inamullah Road,  
 Near Hill Park, Karachi-74800.  
 Email: faac@cyber.net.pk

## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **DEWAN SALMAN FIBRE LIMITED** as at June 30, 2011 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose 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 above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) The financial statements of the company for the year ended June 30, 2011 reflect loss after taxation of Rs.1.269 billion and as of that date it has accumulated losses of Rs.12.265 billion which resulted in net capital deficiency of Rs.8.251 billion and its current liabilities exceeded its current assets by Rs.13.175 billion and total assets by Rs.3.933 billion. The operations of the company are closed since December 2008 due to working capital constraints. Furthermore, the company has been unable to ensure timely repayments of debts owing to financial institutions due to liquidity problems and short term finance facilities have expired and not been renewed by banks. Following course, certain lenders have gone into litigation for repayment of liabilities through attachment and sale of company's hypothecated / mortgaged properties and certain lenders have also filed winding up petitions. These conditions lead us to believe that the going concern assumption used in preparation of these financial statements is inappropriate; consequently the assets and liabilities should have been stated at their realizable and settlement amounts respectively.
- b) The company has not made provision of markup for the period amounting to Rs. 2.335 billion (up to June 30, 2010: Rs.4.243 billion) (refer note 28.1) on account of restructuring proposal offered to the lenders as described in note 2 to the financial statements. Non-provisioning of markup is based on management's hope that the restructuring proposal will be accepted by lenders in the proposed manner. In our opinion, since the proposal has not been accepted by the lenders so far and the lenders, instead of accepting the restructuring proposal, have preferred filing suits against the company, therefore the provision of markup should be made in these financial statements. Had the provision of markup been made in the financial statements, the loss after taxation for the year would have been higher by Rs.2.335 billion and markup payable would have been higher and shareholders' equity would have been lower by Rs.6.578 billion.



- c) Investment in associate Dewan Petroleum (Private) Limited is disclosed as non-current assets held for sale (refer note 23 to the financial statements) although the resolution for the permission to sale the same has been expired during preceding financial year. This investment is to be shown / valued at equity method as prescribed in International Accounting Standard 28 'Investment in associates'. We are unable to quantify the effect of the same as latest audited accounts of Dewan Petroleum (Private) Limited were not made available.
- d) Trade debts amounting to Rs.3.080 billion are stagnant, not being recovered, against which a provision of Rs.253.263 million has been made so far. Since these trade debts are doubtful of recovery therefore the provision should be made there against. Had the provision been made, loss for the year would have been further higher by 2.827 billion.
- e) In our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- f) 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;
- g) in our opinion and to the best of our information and according to the explanations given to us, because of significance of matters discussed in para (a), further coupled with the effects of matter discussed in Para (b) to (d) above, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof do not conform with approved accounting standards as applicable in Pakistan, and, do not give the information required by the Companies Ordinance, 1984, in the manner so required and respectively do not give a true and fair view of the state of the company's affairs as at June 30, 2011 and of the Loss, comprehensive loss, its cash flows and changes in equity for the year then ended; and
- h) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

*Fauze Malik Tahir M.A.*

*Chartered Accountants  
(Muhammad Ghalib)*

Karachi: September 30, 2011

*Saiyed Naseem uz Zaman*

*Chartered Accountants  
(Saiyed Naseem uz Zaman)*



## BALANCE SHEET

### AS AT JUNE 30, 2011

	Notes	2011 (Rupees in '000)	2010 <i>Restated</i>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized Capital			
630,000,000 (2010: 630,000,000) Ordinary shares of Rs. 10 each		6,300,000	6,300,000
90,000,000 (2010: 90,000,000) Preference shares of Rs. 10 each		900,000	900,000
		7,200,000	7,200,000
Issued, subscribed and paid-up capital	4	3,663,211	3,663,211
Reserves	5	(11,914,652)	(10,882,178)
		(8,251,441)	(7,218,967)
Surplus on revaluation of property, plant and equipment	6	2,650,928	2,884,663
<b>NON CURRENT LIABILITIES</b>			
Long term loans	7	328,564	531,930
Deferred liabilities	8	1,337,972	1,418,727
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	7,562,682	7,654,999
Short term borrowings	10	7,216,655	7,218,303
Current and overdue portion of Long Term Loans	7	2,875,074	2,566,441
Overdue portion of Liability against assets subject to finance lease	11	103,132	103,132
Provision for taxation		160,864	160,864
		17,918,407	17,703,739
Contingencies and Commitments	12	-	--
		13,984,430	15,320,092





	Notes	2011 (Rupees in '000)	2010 <i>Restated</i>
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	13	8,847,278	9,751,558
Long term investments and advances	14	144,121	141,173
Long term deposits - Lease		9,788	9,788
Long term prepayments	15	17,037	21,296
<b>CURRENT ASSETS</b>			
Stores and spares	16	1,030,468	1,053,025
Stock in trade	17	488,011	811,589
Trade debts - Considered good	18	2,827,167	2,878,916
Advances - Considered good	19	67,997	73,339
Short term deposits and prepayments	20	159,770	180,996
Other receivables - Considered good	21	159,311	163,981
Cash and bank balances	22	10,482	11,431
		4,743,206	5,173,277
Non current assets held for sale	23	223,000	223,000
		<b>13,984,430</b>	<b>15,320,092</b>

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

**Dewan Muhammad Yousuf Farooqui**  
President/Chief Executive

**Mansur-ul-Haque**  
Director



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2011

	Notes	2011 (Rupees in '000)	2010
Sales	24	136,534	137,498
Commission		--	--
Net sales		<u>136,534</u>	<u>137,498</u>
Cost of sales	25	<u>1,140,019</u>	<u>1,409,779</u>
Gross loss		(1,003,485)	(1,272,281)
Distribution cost	26	14,253	15,283
Administration expenses	27	83,965	77,526
Less: Amortization of negative goodwill		--	(5,779)
		98,218	87,030
Operating loss		<u>(1,101,703)</u>	<u>(1,359,311)</u>
Finance cost	28	13,245	125,725
Provision for doubtful advances /debts		61,660	21,445
Provision for obsolescence / slow moving stocks		220,970	148,584
(Reversal) for impairment in value of investment		--	(7,772)
Other (income)	29	(2,563)	--
		293,312	287,982
Loss before taxation		<u>(1,395,015)</u>	<u>(1,647,293)</u>
Taxation			
Current		--	687
Deferred		(125,858)	(118,308)
		(125,858)	(117,621)
Loss after taxation		<u>(1,269,157)</u>	<u>(1,529,672)</u>
Loss per share - Basic (Rupees)	30.1	<u>(3.46)</u>	<u>(4.18)</u>
Loss per share - Diluted (Rupees)	30.2	<u>(3.31)</u>	<u>(3.98)</u>

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

**Dewan Muhammad Yousuf Farooqui**  
President/Chief Executive

**Mansur-ul-Haque**  
Director



## STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2011

	2011	2010
	(Rupees in '000)	
Net loss after taxation	(1,269,157)	(1,529,672)
Comprehensive income transferred to equity	(1,269,157)	(1,529,672)
Net change in fair value of available-for-sale financial assets	2,948	--
Surplus on revaluation of property plant and equipment	--	732,864
Related deferred tax	--	(201,622)
	--	531,242
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	359,593	338,024
Related deferred tax	(125,858)	(118,308)
	233,735	219,716
Total comprehensive income for the year	(1,032,474)	(778,714)
Component of comprehensive income not reflected in equity	--	(531,242)
Total comprehensive income transferred to equity	(1,032,474)	(1,309,956)

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

**Dewan Muhammad Yousuf Farooqui**  
President/Chief Executive

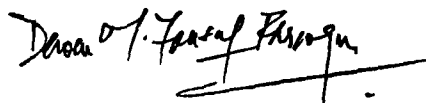
**Mansur-ul-Haque**  
Director



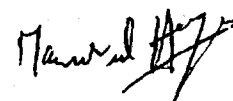
## CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2011

	2011	2010
	(Rupees in '000)	
<b>Cash Flow from Operating Activities</b>		
(Loss) before taxation	(1,395,015)	(1,647,293)
Adjustments for:		
Depreciation	904,335	939,830
Amortization of negative goodwill & prepayments	4,259	(1,521)
Provision for gratuity	45,173	37,267
Provision for doubtful debts	61,660	21,445
(Reversal) / Impairment in value of investment	--	(7,772)
Provision for obsolescence / slow moving stocks	220,970	148,584
Financial charges	13,245	125,725
	(145,373)	(383,735)
Movement in working capital (Note – A)	54,216	383,773
Net cash (used in) / generated from operations	(91,157)	38
Payments for:		
Staff gratuity	(70)	(853)
Financial charges	(1,695)	(18,158)
Tax	--	(984)
	(1,765)	(19,995)
Net cash generated in operating activities	(92,922)	(19,957)
<b>Cash Flow from Investing Activities</b>		
Payment for capital expenditure	(55)	--
Net cash used in investing activities	(55)	--
<b>Cash Flow from Financing Activities</b>		
Long term loans -net	93,717	13,603
Repayment of Redeemable capital	(41)	--
Net cash inflow from financing activities	93,676	13,603
Net increase / (decrease) in cash and cash equivalents	699	(6,354)
Cash and cash equivalents at 01 July	(2,975,500)	(2,969,146)
Cash and cash equivalents at 30 June (Note – B)	(2,974,801)	(2,975,500)

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



**Dewan Muhammad Yousuf Farooqui**  
President/Chief Executive



**Mansur-ul-Haque**  
Director



## CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2011

Note - A	2011	2010
	(Rupees in '000)	
<b>Movement in Working Capital</b>		
<i>(Increase) / decrease in current assets</i>		
Stock-in-trade	125,165	522,448
Trade Debts	--	(43,044)
Advances	(4,569)	4,435
Short term deposits and prepayments	21,226	23,630
Other receivables	4,670	18,758
<i>Increase / (decrease) in current liabilities</i>		
Trade and other payables	(92,276)	(142,454)
	54,216	383,773

**Note - B****Cash and Cash Equivalents**

Cash and cash equivalents include:

Cash and bank balances	10,482	11,431
Short term finances:		
-Short term running finances	2,970,019	2,971,676
-Book Overdraft	15,264	15,255
	(2,985,283)	(2,986,931)
	(2,974,801)	(2,975,500)

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

**Dewan Muhammad Yousuf Farooqui**  
President/Chief Executive

**Mansur-ul-Haque**  
Director



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2011

	Issued, subscribed and paid-up capital	General Reserve	Unrealized gain due to changes in fair value of investments	Accumulated Loss	Total
Amount in Rs. '000'					
Balance as on July 01, 2009	3,663,211	350,000	--	(9,922,222)	(5,909,011)
Total comprehensive (loss) for the year	--	--	--	(1,309,956)	(1,309,956)
Balance as at 30 June 2010	3,663,211	350,000	--	(11,232,178)	(7,218,967)
Total comprehensive (loss) for the year	--	--	2,948	(1,035,422)	(1,032,474)
Balance as at 30 June 2011	3,663,211	350,000	2,948	(12,267,600)	(8,251,441)

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

**Dewan Muhammad Yousuf Farooqui**  
President/Chief Executive

**Mansur-ul-Haque**  
Director



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

### 1 THE COMPANY AND ITS OPERATION

The Company was incorporated in Pakistan on October 04, 1989 and its shares are listed on Karachi, Lahore and Islamabad Stock Exchanges. It is engaged in manufacture and sale of polyester, acrylic fibre and tow products. The registered office of the Company is situated at Dewan Centre, House No. 58, Margalla Road F-7/2, Islamabad, Pakistan.

### 2 GOING CONCERN ASSUMPTION

The financial statements for the year ended June 30, 2011 reflect loss after taxation of Rs. 1.269 billion (2010: Rs. 1.530 billion) and as of that date it has accumulated losses of Rs. 12.265 billion (2010: Rs. 11.232 billion) which have resulted in net capital deficiency of Rs. 8.251 billion (2010: Rs. 7.219 billion) and its current liabilities exceeded its current assets by Rs. 13.175 billion (2010: Rs. 12.530 billion) and total assets by Rs. 3.934 billion (2010: Rs. 2.384 billion). The operations of the company are closed since December 2008 due to working capital constraints. Further, the Company has been unable to ensure timely repayments of debts owing to financial institutions due to liquidity problems and short term finance facilities have not been renewed by banks. Following course most of the lenders have gone into litigation for repayment of liabilities through attachment and sale of company's hypothecated / mortgaged properties and certain lenders have also filed winding up petitions. These conditions in

These financial statements have been prepared on going concern assumption because the above conditions are temporary and would reverse. The management is confident that the outcome will be positive as the company is negotiating re-profiling of the debt with all the lenders and is expected to be closed in near future. Accordingly, during the year, the company has approached its lenders for the restructuring of its entire debt in the following manner:

- a) All the debt obligations of the company be converted into Interest Bearing Long Term Loan in proportion to their respective current exposures;
- b) Principal to be repaid in 12 years in equal quarterly installments commencing from the 28th month of the restructuring date;
- c) Mark-up payable as on December 31, 2008 to be freezed and paid quarterly over a period of three years commencing after 3 months from the restructuring date;

The management believes that the restructuring proposal presented is workable and would enable the company to service its debts. Therefore, the management is confident that the proposal will be accepted by its lenders. Accordingly, these financial statements have been prepared on a going concern basis.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Basis of preparation

These financial statements have been prepared under the historical cost convention except revalued assets which are stated at revalued amounts and certain investments which are carried at revalued amounts.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are as follows:

- i) Staff retirement benefits
- ii) Income taxes
- iii) Revaluation of property, plant and equipment
- iv) Estimation of residual values and useful lives of property, plant and equipment.



### 3.2 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan with the exception of departure of IFRS as mentioned in 25.1 to the financial statements, for which the management concludes that provisioning of markup (note 28.1) would conflict with the objective of financial statements. 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 provision of and directives issued under the Companies Ordinance, 1984. In case requirement differ, the provisions of and directives of the Companies Ordinance, 1984 shall prevail.

#### Standard and interpretations that become effective during the year

During the year certain amendments to Standards and new interpretations became effective however they did not have any material effect on the financial statements of the Company.

#### Standards and interpretations issued but not yet effective for the current financial year

The following standards, amendments and interpretations of approved accounting standards are only effective for annual periods beginning from the dates specified below. These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements, other than increased disclosures in certain cases:

	<b>Effective for period beginning on or after</b>
IAS 1 -Presentation of Items of Other Comprehensive Income	July 01, 2012
IAS 19 -Employee Benefits (amended 2011)	January 01, 2013
IAS 24 -Related Party Disclosures (revised 2009)	January 01, 2011
IFRS 7 -Disclosures - Transfers of Financial Assets (Amendments)	July 01, 2011
IFRS 7 -Financial Instruments: Disclosures	January 01, 2011
IFRIC 14 - Prepayments of a Minimum Funding Requirements (Amendments)	January 01, 2011

### 3.3 Staff retirement benefits

The Company operates unfunded gratuity scheme covering all employees eligible to the benefit. Provisions are based on actuarial recommendations. Actuarial valuations are carried out using the projected unit credit method as required by International Accounting Standard 19 "Employee Benefits". The unrecognized actuarial gains or losses at each valuation date are amortized over the average remaining working lives of the employees in excess of 10% of the present value of the defined benefit obligation.

The transitional liability arising out of change in accounting policy is recognized over a period of five years on straight line basis.

### 3.4 Taxation

#### *Current*

Provision for current taxation is based on current rates of tax after taking into account tax credits and rebates available, if any.

#### *Deferred*

Deferred tax is recognized on all major timing differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes.





### 3.5 Trade and other payables

Short term liabilities for trade and other payables are carried at cost which is the fair value of consideration to be paid for goods and services..

### 3.6 Property, plant and equipment and depreciation

#### *Owned:*

Operating assets except freehold and leasehold land are stated at cost or revalued/ adjusted amounts less accumulated depreciation. Freehold and leasehold land are stated at cost and capital work-in-progress is stated at cost. Cost of certain property, plant and equipment and capital work in progress comprises of historical cost and the cost of borrowings during construction period in respect of loans taken for specific projects.

Depreciation on additions is charged from the month of acquisition or transfer of assets from capital work in progress on proportionate basis.

An amount equal to the incremental depreciation charged on revalued property, plant and equipment is transferred from surplus on revaluation of property, plant and equipment to retained earnings.

Maintenance and normal repairs are charged to income as and when incurred; major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gains and Losses on disposal of Assets are taken to Profit and Loss Account.

#### *Leased:*

Assets subject to finance lease are initially recorded at lower of the present value of minimum lease payments under the lease agreements and the fair value of leased assets. The related obligation under the finance lease less financial charges allocated to future periods are shown as liability.

Depreciation charge is based on the reducing balance method at the rates specified in Note 13. Depreciation on additions is charged from the month of acquisition or transfer of assets from capital work in progress on proportionate basis.

Maintenance and normal repairs are charged to income as and when incurred; major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gains and Losses on disposal of Assets are taken to Profit and Loss Account.

### 3.7 Borrowing costs

Borrowings costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of the relevant asset.

### 3.8 Investments

#### *Available for sale:*

Investments classified as available for sale are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are remeasured at fair values (quoted market price), unless fair value cannot be reliably measured. The investments for which a quoted market price is not available, are measured at cost as it is not possible to apply any other valuation methodology. In case the investments in foreign currencies, fair values dominated in foreign currencies are reported using the exchange rates that existed when the values were determined. Gains and losses on remeasurement to fair value are recognized directly in equity through the statement of changes in equity.



### 3.9 Stores and spares

These are valued at average cost except for those in transit, which are valued at cost.

### 3.10 Stock-in-trade

Raw and packing materials except for those in transit are valued at lower of average cost and net realizable value.

Work-in-process is valued at material cost only. Conversion costs are not included as these are not significant.

Finished goods are valued at lower of cost, which includes prime cost and appropriate portion of production overheads, and net realizable value.

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 cost necessarily to be incurred to make the sale.

### 3.11 Trade debts

Trade debts originated by the company are recognized and carried at original invoice amount less an allowance for any uncollectible amounts, if any. An estimate for doubtful debt is made when collection of full amount is no longer probable. Bad debts are written off as incurred.

### 3.12 Foreign currency translation

Transactions in foreign currencies are recorded using the rates of exchange ruling at the date of transaction.

Assets and liabilities in foreign currencies are translated into Rupees at exchange rates approximating those prevailing at the balance sheet date except where forward exchange contracts have been entered into for repayment of liabilities, in which case the rates contracted for are used.

All other exchange differences are taken to profit and loss account.

### 3.13 Transactions with related parties

All transactions with related parties are priced on an arm's length basis using Comparable Uncontrolled Price Method.

### 3.14 Revenue recognition

Sales are recorded on dispatch of goods to customers. Profit/mark-up on deposits and investments are accounted for when it becomes receivable.

### 3.15 Provisions

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



### 3.16 Cash and cash equivalent

For the purpose of cash flow statement, cash and cash equivalents comprise of cash and bank balances, net of short term running finances.

### 3.17 Financial instruments

All the financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to profit and loss account currently.

Financial instruments carried on the balance sheet include investments, receivables, cash and bank balances, creditors, borrowings and other payables. The particular recognition method adopted are disclosed in the individual policy statements associated with each item.

Financial assets and liabilities are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

### 3.18 Non current assets held for sale

Non current assets classified as held for sale are measured at the lower of their carrying amounts and fair value less cost to sell.

### 3.19 Impairment

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is an indication of impairment loss. Any impairment loss arising is recognized as expense in the profit and loss account.

			2011	2010
			(Rupees in '000)	
4	2011	2010		
<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>				
	65,000,000	65,000,000	650,000	650,000
	267,849,938	267,849,938	2,678,499	2,678,499
	1,215,345	1,215,345	12,154	12,154
	32,255,800	32,255,800	322,558	322,558
	<u>366,321,083</u>	<u>366,321,083</u>	<u>3,663,211</u>	<u>3,663,211</u>



4.1 156,433,140 (2010: 156,433,140) shares were held by associated companies.

	2011	2010
	(Rupees in '000)	
<b>5 RESERVES</b>		
<b>Revenue reserves:</b>		
General Reserves	350,000	350,000
Unrealized gain due to change in fair value of investment	2,948	--
Accumulated loss	(12,267,600)	(11,232,178)
	<u>(11,914,652)</u>	<u>(10,882,178)</u>
<b>6 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>		
Opening balance	2,884,663	2,573,137
Surplus arising during the year	--	732,864
Related deferred tax	--	(201,622)
Less : Transferred to un-appropriated profit in respect of incremental depreciation for the year - Net of tax	(233,735)	(219,716)
Balance as on 30 June	<u>2,650,928</u>	<u>2,884,663</u>

The following fixed assets of the Company were revalued on June 25, 2010. The revaluation was carried out by independent valuer M/s. Asif Associates (Private) Limited (Muqadams, Evaluators & Custom Agents). Bases of revaluation are as follows:

**Land**

Valuation of land is determined by obtaining key market data from property brokers, dealers and estate agents to ascertain the asking and selling prices of the property of the same nature in the immediate neighborhood and adjoining areas.

**Building**

Revalued amount of building has been determined by reference to present depreciated replacement values after taking into consideration covered area and type of construction, age of civil and ancillary structures, physical conditions and level of preventive maintenance carried out by the Company.

**Plant and Machinery**

Revalued amount of plant and machinery has been determined by reference to present depreciated replacement values after taking into consideration the existence, level of maintenance and assessment of value of the machinery on the basis of its present conditions. Since the plant is not operational therefore assessment is carefully made to establish if the machinery can be put into operation after routine maintenance. Assessed value is determined through a computation of the remaining useful life of the assets with the present market value.

The revaluation carried out previous has resulted in increase in surplus and corresponding carrying amounts of property, plant and equipment by Rs.732.864 million.



Particulars	W.D.V. of assets before revaluation	Revalued amount	Revaluation Surplus
(Rupees in thousands) <i>Restated</i>			
<b>PSF Units</b>			
Freehold Land	66,450	88,600	--
Leasehold Land	366,866	524,800	156,800
Factory Building	657,909	910,515	252,606
Non-Factory Building	323,030	421,085	98,055
Plant and Machinery	5,385,208	5,393,000	7,792
<b>Acrylic Unit</b>			
Factory Building	237,237	350,600	113,363
Non-Factory Building	2,484	3,100	616
Plant and Machinery	1,581,368	1,685,000	103,632
	<u>8,620,552</u>	<u>9,376,700</u>	<u>732,864</u>

The closing balance of surplus on revaluation of property, plant and equipment is not available for distribution to shareholders.

## 7 LONG TERM LOANS

Financier	Installments	Repayment	Mark-up rate	Note	2011 (Rupees in '000)	2010
<b>From Bank and Financial Institutions-secured</b>						
Syndicate of banks	Half Yearly	2003-2008	3.75% over 6 months T-bill rate	7.1	58,333	58,333
International Finance Corporation (IFC) FCY-LOAN	Half Yearly	2005-2011	6.9% p.a.	7.2	1,462,850	1,453,500
International Finance Corporation (IFC) FCY-LOAN	Annual	2010	5% p.a.	7.3	344,200	342,000
Saudi Pak Industrial & Agricultural Investment Co. (Pvt.) Ltd.	Quarterly	2009	3% over six months KIBOR	7.4	49,000	49,000
National Bank of Pakistan	Quarterly	2011	2% over three months KIBOR	7.5	500,000	500,000
Allied Bank Limited	Monthly	2010	3.25% over three months KIBOR	7.6	460,691	460,691
<b>From Related parties-unsecured</b>						
Director - unsecured, interest free					328,564	234,847
					<u>3,203,638</u>	<u>3,098,371</u>
Less: Current portion - Shown under current liabilities					--	722,417
Less: Overdue portion - Shown under current liabilities					2,875,074	1,844,024
					<u>328,564</u>	<u>531,930</u>



- 7.1 These represents term loans obtained from syndicate of commercial banks and are secured by way of first pari passu hypothecation charge on all the present and future property, plant and equipment of the company.
- 7.2 This represents US Dollars 30 million term loan obtained from IFC to finance the setting up specialty fibre project and repayment of high cost loans. This is secured by way of hypothecation charge on all the present and future property, plant and equipment of the company.
- 7.3 This represents the financing of US Dollars 4 million obtained under the "Convertible C Loan Agreement" dated June 16, 2003 from IFC to finance the setting up specialty fibre project and repayment of high cost loans. This is secured by way of first ranking security interests in all assets and rehis subject to the security documents.

A commitment fee shall be paid to IFC @ 0.5 % per annum beginning on the date of this agreement until the date of disbursement on the basis of a 360-days year and the actual number of days in the relevant period.

This loan shall repay the entire outstanding amount of the C Loan on the fourteenth Interest payment date @ 5% per annum from the date of execution of this agreement i.e., February 24, 2004 unless prior to the fourteenth interest payment date, subject to any prior conversion of all or part of the C Loan pursuant to the conversion option. "The conversion option may be exercised by IFC one or several times, each time by delivering a notice of conversion. IFC shall subscribe for the conversion shares at the conversion price and shall pay by setting off with the C Loan. The conversion period commencing on the second anniversary of the date of this agreement and ending on the date when all amounts of whatsoever nature, outstanding has been paid to the entire satisfaction of IFC.

According to agreement the basic conversion price is Rs. 20/- per share. The conversion price per share obtained by applying the formula " to multiply the basic conversion price with initial number of share divided by number of issued, subscribed, paid up shares as of the settlement date." and the conversion shares calculated by applying the formula "the part of the C Loan to be converted into US / Pak Rs official rate as of the settlement date divided by conversion price per share".

There is further extension of convertible C Loan agreement with the acceptance of US 1 million dated May 14, 2004 with all the terms and conditions of the said agreement remains unchanged.

- 7.4 This represents loan for the purpose of working capital requirements and is secured by way of first pari passu hypothecation charge over fixed assets with 25% margin.
- 7.5 This represents term finance facility for the purpose of restructuring of the balance sheet of the company and is secured by way of ranking charge over fixed assets with 25% margin and first pari passu hypothecation charge over all future stocks and receivables.
- 7.6 This represents term finance facility for the purpose of retiring present running finance & FADB outstanding and is secured by way of first pari pasu charge over fixed assets with 25% margin.



	Note	2011 (Rupees in '000)	2010
<b>8 DEFERRED LIABILITIES</b>			
Deferred liability for staff gratuity	8.1	205,255	160,152
Deferred taxation	8.2	1,132,717	1,258,575
		<u>1,337,972</u>	<u>1,418,727</u>
<b>8.1 Provision for staff gratuity</b>			
<b>Movement in balance</b>			
Opening Balance		160,152	123,738
Less: payments during the year		70	853
		<u>160,082</u>	<u>122,885</u>
Add: provision for the year		45,173	37,267
		<u>205,255</u>	<u>160,152</u>
<b>Balance sheet reconciliation</b>			
Present value of defined benefit obligations		204,179	159,076
Add: Payable to outgoing members		8,980	8,980
Less: Unrecognised Actuarial Loss		(7,904)	(7,904)
		<u>205,255</u>	<u>160,152</u>
<b>Charge for the year</b>			
Service Cost		26,084	25,069
Interest Cost		19,089	12,198
		<u>45,173</u>	<u>37,267</u>
<b>Allocation of charge for the year</b>			
Cost of sales		36,138	29,813
Distribution cost		2,258	1,863
Administrative expenses		6,777	5,591
		<u>45,173</u>	<u>37,267</u>
<b>Principal actuarial assumption</b>			
Expected rate of increase in salaries		11% p.a.	11% p.a.
Discount factor used		12% p.a.	12% p.a.
Average expected remaining working life times of employees		13 years	13 years



## 8.2 Deferred taxation

Liability / (asset) balances arising in respect of:

- Accelerated tax depreciation allowance	790,644	587,513
- Finance lease transactions	2,506	6,796
- Certain provisions/ liabilities	(300,800)	(177,287)
- Carried forward losses and available tax credits	<u>(4,413,198)</u>	<u>(4,332,093)</u>
Deferred tax (asset)	<u>(3,920,848)</u>	<u>(3,915,071)</u>
Deferred tax asset not recognized	<u>3,920,848</u>	<u>3,915,071</u>
	--	--
Deferred tax liability in respect of:		
- Revaluation net of related depreciation	1,132,717	1,258,575
	<u>1,132,717</u>	<u>1,258,575</u>

## 9 TRADE AND OTHER PAYABLES

Trade creditors	7,386,391	7,475,367
Accrued expenses	148,719	152,381
Unclaimed TFCs redemption warrants	2,228	2,269
Others	9.1 <u>25,344</u>	<u>24,982</u>
	<u>7,562,682</u>	<u>7,654,999</u>

## 10 SHORT TERM BORROWINGS

From banks and financial institutions - Secured		
Morabaha Finance	621,530	621,530
Short Term Loans	3,609,842	3,609,842
Short Term Running Finance - Secured	2,970,019	2,971,676
Temporary book overdraft - Unsecured	15,264	15,255
	<u>7,216,655</u>	<u>7,218,303</u>

The facilities for various loans and finances under mark-up arrangements available from various banks amount to Rs.8.766 billion (2010: Rs.8.766 billion) and carry mark up ranging from 1% to 4% over one to six months KIBOR. (2010: 1% to 4%). These facilities are secured by hypothecation of the Company's stock-in-trade and book debts and are generally for a period of one year renewable at the end of the period. These facilities have not been renewed by the banks, however, the renewal would take place at the finalization of the financial restructuring process.





## 11 OVERDUE PORTION OF LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE

The Company entered into lease agreements with various leasing companies to acquire gas generators to reduce the power costs. The rentals under these lease agreements are payable quarterly up to the period ending June 2011. Mark up rate ranging from 13.71% to 14.38% per annum (2010: 13.71% to 14.38% per annum) have been used as discounting factors. The cost of operating and maintaining the leased assets will be borne by the company. The Company intends to exercise its option to purchase the leased assets at its aggregate residual value of Rs. 11.148 millions upon the completion of the respective lease periods.

## 12 CONTINGENCIES AND COMMITMENTS

### 12.1 Contingencies

- (a) In respect of liabilities towards banks / financial institutions disclosed in note 7, 8, 10.1 and 11 to the financial statements, most of banks financial institutions have filed suits in Honorable High Court of Sindh at Karachi for recovery of their liabilities through attachment and sale of Company's hypothecated / mortgaged properties. The aggregate suits amount is Rs. 19.785 billion, out of total suits amount four of the banks having suit to the extent of Rs.2.435 billion has also filed winding up petition u/s 305 of the Companies Ordinance, 1984. Since the company is in dispute with banks / financial institutions therefore the estimated financial effect of litigations is not being disclosed, as it may have adverse affect on company's position in the suits.

The management has disputed the claim and is strongly contesting the cases. The management has filed counter claims alleging that the banks claims are highly exaggerated as they have charged markup on markup and other levies higher than the rate of markup agreed and other charges in violation of State Bank of Pakistan rules and all other applicable laws of Pakistan. The management is hopeful that the decision will be in favor of the company and the base less suits shall be rejected by the concerned courts. Since all the cases are pending before Honorable Courts therefore the ultimate outcome cannot be established at this stage.

- (b) The Company is defendant in a legal proceeding initiated by certain transporters for an aggregate amount of Rs.31.127 million (being pending bill of Rs.27.127 million and Rs.4.00 million as delayed payment charges) which is pending before Hon'able Lahore High Court (Rawalpindi Bench), the outcome of which cannot be established at this stage. The management, based on the strength of its case and the advice of its lawyers, believes that no additional liability will arise out of these proceedings; hence no provision for delayed payment charges has been made in these financial statements.
- (c) Guarantees given by the commercial banks on behalf of the company amounted to Rs.78.30 million (2010: Rs.78.30 million).

## 13 PROPERTY PLANT AND EQUIPMENT

	Note	2011	2010
(Rupees in '000)			
Operating fixed assets	13.1	8,704,465	9,608,745
Capital work in progress	13.4	142,813	142,813
		8,847,278	9,751,558



## 13.1 Operating fixed assets

Particulars	2 0 1 1				Rate	Depreciation			Book Value
	Cost / Revaluation		As at	As at		As at	Charge for	As at	As at
	As at	Addition /	30 June			01 July	the period	30 June	30 June
	01 July	Transfers /	2011	2010	2010	/ Adjustment	2011	2011	
	(Rupees in '000)					(Rupees in '000)			
<b>PSF - Units</b>									
Freehold Land	88,950	--	--	88,950	--	--	--	--	88,950
Leasehold Land	524,800	--	--	524,800	--	--	--	--	524,800
Islamabad office	140,383	--	--	140,383	10%	85,304	5,508	90,812	49,571
Factory building	1,800,324	--	--	1,800,324	10%	901,043	89,928	990,971	809,353
Non factory building	973,029	--	--	973,029	10%	551,492	42,154	593,646	379,383
Tank terminal	16,453	--	--	16,453	10%	13,894	256	14,150	2,303
Plant and machinery	14,750,117	--	--	14,750,117	10%	9,402,377	534,774	9,937,151	4,812,966
Vehicles	170,727	--	--	170,727	20%	122,789	9,588	132,377	38,350
Furniture and fixtures	80,027	--	--	80,027	10%	52,772	2,726	55,498	24,529
Office equipment	136,487	55	--	136,542	10%	88,348	4,816	93,164	43,378
<b>Leased Assets</b>									
Plant & Machinery (Generator)	178,517	--	--	178,517	10%	55,969	12,255	68,224	110,293
2011	18,859,814	55	--	18,859,869		11,273,988	702,005	11,975,993	6,883,876
<b>Acrylic Unit</b>									
Factory Building	641,196	--	--	641,196	10%	293,533	34,766	328,299	312,897
Non-Factory Building	6,171	--	--	6,171	10%	3,081	309	3,390	2,781
Plant & Machinery	4,158,750	--	--	4,158,750	10%	2,487,791	167,096	2,654,887	1,503,863
Vehicles	3,604	--	--	3,604	20%	3,219	77	3,296	308
Furniture & Fixtures	890	--	--	890	10%	567	32	599	291
Office Equipment	1,370	--	--	1,370	10%	871	50	921	449
2011	4,811,981	--	--	4,811,981		2,789,062	202,330	2,991,392	1,820,589
<b>TOTAL - 2011</b>	<b>23,671,795</b>	<b>55</b>	<b>--</b>	<b>23,671,850</b>		<b>14,063,050</b>	<b>904,335</b>	<b>14,967,385</b>	<b>8,704,465</b>

Particulars	2 0 1 0 (Restated)				Rate	Depreciation			Book Value
	Cost / Revaluation		As at	As at		As at	Charge for	As at	As at
	As at	Addition /	30 June			01 July	the period	30 June	30 June
	01 July	Transfers /	2010	2009	/ Adjustment	2010	2010	2010	
	(Rupees in '000)					(Rupees in '000)			
<b>PSF - Units</b>									
Freehold Land	88,950	--	--	88,950	--	--	--	--	88,950
Leasehold Land	368,000	--	156,800	524,800	--	--	--	--	524,800
Islamabad office	140,383	--	--	140,383	10%	79,184	6,120	85,304	55,079
Factory building	1,547,718	--	252,606	1,800,324	10%	827,463	73,580	901,043	899,281
Non factory building	874,974	--	98,055	973,029	10%	514,947	36,545	551,492	421,537
Tank terminal	16,453	--	--	16,453	10%	13,610	284	13,894	2,559
Plant and machinery	14,742,325	--	7,792	14,750,117	10%	8,814,009	588,368	9,402,377	5,347,740
Vehicles	170,727	--	--	170,727	20%	110,805	11,984	122,789	47,938
Furniture and fixtures	80,027	--	--	80,027	10%	49,744	3,028	52,772	27,255
Office equipment	136,487	--	--	136,487	10%	82,999	5,349	88,348	48,139
<b>Leased Assets</b>									
Plant & Machinery (Generator)	178,517	--	--	178,517	10%	42,352	13,617	55,969	122,548
2010	18,344,561	--	515,253	18,859,814		10,535,113	738,875	11,273,988	7,585,826
<b>Acrylic Unit</b>									
Factory Building	527,833	--	113,363	641,196	10%	266,672	26,861	293,533	347,663
Non-Factory Building	5,555	--	616	6,171	10%	2,803	278	3,081	3,090
Plant & Machinery	4,055,118	--	103,632	4,158,750	10%	2,314,162	173,629	2,487,791	1,670,959
Vehicles	3,604	--	--	3,604	20%	3,123	96	3,219	385
Furniture & Fixtures	890	--	--	890	10%	531	36	567	323
Office Equipment	1,370	--	--	1,370	10%	816	55	871	499
2010	4,594,370	--	217,611	4,811,981		2,588,107	200,955	2,789,062	2,022,919
<b>TOTAL - 2010</b>	<b>22,938,931</b>	<b>--</b>	<b>732,864</b>	<b>23,671,795</b>		<b>13,123,220</b>	<b>939,830</b>	<b>14,063,050</b>	<b>9,608,745</b>



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

	2011			2010		
	PSF - Units	Acrylic Unit	Total	PSF - Units	Acrylic Unit	Total
	(Rupees in '000)			(Rupees in '000)		
Cost of sales	698,495	201,318	899,813	735,181	199,950	935,131
Administrative expenses	3,510	1,012	4,522	3,694	1,005	4,699
	<u>702,005</u>	<u>202,330</u>	<u>904,335</u>	<u>738,875</u>	<u>200,955</u>	<u>939,830</u>

13.3 Plant and machinery include effect of adjustments resulting from subsequent increase in fair value, amounting to Rs. 900 million. This fair value was determined by an independent valuer (Iqbal A. Nanjee & Co.) during the year ended 30 June 2001.

	2011	2010
	(Rupees in '000)	
13.4 Capital work in progress		
Opening balance	142,813	142,813
Additions	--	--
Closing balance	<u>142,813</u>	<u>142,813</u>
Plant and machinery		
- Owned	56,429	56,429
- Leased	86,384	86,384
	<u>142,813</u>	<u>142,813</u>

13.5 Had there been no revaluation the carrying amounts of revalued assets as at June 30, 2011 would have been as follows :

Particulars	2011	2010
	(Rupees in thousands)	
<b>PSF Units</b>		
Freehold Land	64,173	64,173
Leasehold Land	2,268	2,268
Factory Building	522,896	580,995
Non-Factory Building	115,503	128,337
Plant and Machinery	2,714,326	3,015,918
<b>Acrylic Unit</b>		
Factory Building	112,934	125,482
Non-Factory Building	1,191	1,323
Plant and Machinery	1,118,058	1,242,287
	<u>4,651,349</u>	<u>5,160,783</u>



	Note	2011	2010
(Rupees in '000)			
<b>14 LONG TERM INVESTMENTS</b>			
Investment in listed securities			
Meezan Balance Fund (500,000 certificates of Rs.10/- each)		5,000	5,000
Pakistan Strategic Allocation Fund (2,204,000 certificates of Rs.10/- each)		22,040	22,040
		27,040	27,040
Accumulated impairment		(5,870)	(8,818)
		21,170	18,222
Investment in non-listed securities			
Global Securities (Pvt) Limited - 495,000 shares of Rs. 10/- each at a premium of Rs.40.92/- per share		25,205	25,205
Equity investment in Dewan Petroleum (Pvt) Limited. - 12,000,000 (2010: 12,000,000) shares of Rs.10/- each at a premium of Rs.8.583/- per share	14.1	223,000	223,000
Shares application money - Dewan Petroleum (Pvt.) Ltd	14.2	97,746	97,746
		320,746	320,746
Less: transferred to non-current assets held for sale	23	(223,000)	(223,000)
		144,121	141,173

**14.1** REPL has transferred its entire 40% working interest in Safed Koh Block to Dewan Petroleum (Private) Limited (DPL) (an associated company of DSFL). By virtue of the Company's ownership of 49% of 40% indirect working interest in Safed Koh Block through REPL, the Company has acquired 12 million ordinary shares of Rs.10/- each of the DPL ( 33.33% of DPL equity) in lieu of its equity investment and advance against cash calls under authority of the special resolution passed under section 208 of The Companies Ordinance, 1984 in Extra Ordinary General Meeting held on August 30, 2006.

**14.2** This represents the amounts paid against the committed investment of Rs.97.0 Million to retain its proportionate shares in DPL equity under terms of a Financial arrangement concluded between International Finance Corporation (IFC) and DPL. This commitment was made under authority of the special resolution passed in Extra Ordinary General Meeting held on August 30, 2006.

## 15 LONG TERM PREPAYMENTS

	17,037	21,296
--	--------	--------

The company has entered in to a long term terminal services agreement with Engro Vopak Terminal Limited (EVTL) to receive Acrylonitrile (ACN), basic raw material for Unit III from ships, store this chemical and make it available for delivery to the company. The company has constructed the dedicated facilities on behalf of EVTL to be exclusively used for providing services to the Company. This represents all cost and expenses incurred for constructing dedicated facilities by the Company and will be considered advance payment of fixed price element for dedicated facilities for 15 years by the company to EVTL. The charge applicable to the current year has been taken to the Profit and Loss Account.



	2011	2010
	(Rupees in '000)	
<b>16 STORES AND SPARES</b>		
Consumable stores	1,009,218	1,009,218
Packing material	12,501	12,501
Chemicals	51,107	51,107
Fuel, oil and lubricants	5,360	5,360
	<u>1,078,186</u>	<u>1,078,186</u>
Less: provision for obsolescence and slow moving stock	<u>(47,718)</u>	<u>(25,161)</u>
	<u><u>1,030,468</u></u>	<u><u>1,053,025</u></u>
<b>17 STOCK IN TRADE</b>		
Raw materials	308,497	308,497
Work-in-process	103,879	103,879
Finished goods		
At cost / last year NRV	202,531	744,707
Less: written down to net realizable value	--	(445,805)
	<u>183,445</u>	<u>298,902</u>
Stock in transit	194,940	183,571
Waste	19,086	40,163
	<u>809,847</u>	<u>935,012</u>
Less: provision for obsolescence and slow moving stock	<u>(321,836)</u>	<u>(123,423)</u>
	<u><u>488,011</u></u>	<u><u>811,589</u></u>
<b>17.1</b> Stock amounting to Rs. 183.4 million (2010: 299 million) were pledged with a bank against finance facilities.		
<b>17.2</b> During the period under revise, auction of company's pledged stock was held as per order of Honorable high Court of Sindh. Net realizable value used the stock represents the highest bid amount offered during auction.		
<b>18 TRADE DEBTS</b>		
Considered good	2,878,916	2,878,916
Considered doubtful	201,514	201,514
	<u>3,080,430</u>	<u>3,080,430</u>
Less: Provision for doubtful debts	<u>(253,263)</u>	<u>(201,514)</u>
	<u><u>2,827,167</u></u>	<u><u>2,878,916</u></u>
<b>18.1</b> Trade debts include Rs. 122 million (2010: Rs.122 million) due from associated companies, Dewan Khalid Textile Mills Limited, Dewan Mushtaq Textile Mills Limited and Dewan Textile Mills Limited.		
<b>18.2</b> Trade debts also include a sum of Rs.46 million (2010: Rs. 46.002) receivable / adjustable from Nazir of High Court of Sindh representing receivable against sales made on account auction of company's stock as per order of court. All the sale proceeds are being deposited by the successful bidder directly with Nazir of High Court. The said amount will be adjusted against liability of bank under litigation upon lifting of all pledged stock.		



	Note	2011	2010
(Rupees in '000)			
<b>19 ADVANCES - Considered good</b>			
Against expenses			
Considered good		67,997	73,339
Considered doubtful		16,626	6,715
		<u>84,623</u>	<u>80,054</u>
Less: Provision for doubtful debts		<u>(16,626)</u>	<u>(6,715)</u>
		<u><u>67,997</u></u>	<u><u>73,339</u></u>
<b>20 SHORT TERM DEPOSITS AND PREPAYMENTS</b>			
Deposits		1,760	1,760
Margin		157,695	150,295
Prepayments		315	28,941
		<u>159,770</u>	<u>180,996</u>
<b>21 OTHER RECEIVABLES - Considered good</b>			
Sales tax		64,698	69,276
Duty drawback receivable		73,872	73,964
Duties refundable		4,691	4,691
Insurance claim receivable		14,730	14,730
Others	21.1	16,050	16,050
		<u>174,041</u>	<u>178,711</u>
Less: Provision for doubtful receivable		<u>(14,730)</u>	<u>(14,730)</u>
		<u><u>159,311</u></u>	<u><u>163,981</u></u>
21.1 Others include Rs. 16.050 million (2010: Rs. 16.050 million) payable to Dewan Petroleum (Pvt.) Limited.			
<b>22 CASH AND BANK BALANCES</b>			
Cash in hand		485	751
Cash at bank:		-	-
- Current account		4,512	5,207
- Foreign currency deposits		5,485	5,473
		<u>10,482</u>	<u>11,431</u>
<b>23 NON CURRENT ASSETS HELD FOR SALE</b>			
Equity investment in Dewan Petroleum (Pvt) Limited.			
- 12,000,000 shares of Rs.10/- each at a premium of Rs.8.583/- per share		<u>223,000</u>	<u>223,000</u>

The above investment has been classified as held for sale upon management's intention to sell the same within next accounting cycle in the manner to be deemed appropriate, equitable, fit and beneficial to the interests of the company. For the purpose special resolution was passed by the shareholders in the Extra Ordinary General Meeting of the Company held on June 23, 2008, which was expired during the preceding financial year, however the management will seek further shareholders' approval before disposal of the same.



## 24 OPERATING RESULTS

	Note	Amount in Rs. '000'					
		PSF Unit	Acrylic Unit	2011 Total	PSF Unit	Acrylic Unit	2010 Total
Sales							
Fiber - Local		121,989	9,229	131,218	57,774	9,626	67,400
Waste		1,378	3,938	5,316	30,730	39,368	70,098
		<u>123,367</u>	<u>13,167</u>	<u>136,534</u>	<u>88,504</u>	<u>48,994</u>	<u>137,498</u>
Net Sales		123,367	13,167	136,534	88,504	48,994	137,498
Cost of sales	25	895,619	244,400	1,140,019	902,886	506,893	1,409,779
Gross (Loss)		<u>(772,252)</u>	<u>(231,233)</u>	<u>(1,003,485)</u>	<u>(814,382)</u>	<u>(457,899)</u>	<u>(1,272,281)</u>
Distribution cost	26	12,878	1,375	14,253	9,837	5,446	15,283
Administrative Expenses	27	75,293	8,672	83,965	50,378	27,148	77,526
Amortization of negative goodwill		--	--	--	(5,779)	--	(5,779)
		<u>88,171</u>	<u>10,047</u>	<u>98,218</u>	<u>54,436</u>	<u>32,594</u>	<u>87,030</u>
Operating (loss)		<u>(860,423)</u>	<u>(241,280)</u>	<u>(1,101,703)</u>	<u>(868,818)</u>	<u>(490,493)</u>	<u>(1,359,311)</u>
Finance cost	28	13,245	--	13,245	110,768	14,957	125,725
Provision for doubtful advances /debts		61,660	--	61,660	21,445	--	21,445
Provision for obsolescence / slow moving stocks (Reversal) / Impairment in value of investment		220,970	--	220,970	148,584	--	148,584
Other (income)	29	(2,563)	--	(2,563)	8,818	--	8,818
		<u>293,312</u>	<u>--</u>	<u>293,312</u>	<u>289,615</u>	<u>14,957</u>	<u>304,572</u>
(Loss) before W.P.F.F. and taxation		<u>(1,153,735)</u>	<u>(241,280)</u>	<u>(1,395,015)</u>	<u>(1,158,433)</u>	<u>(505,450)</u>	<u>(1,663,883)</u>

## 25 COST OF SALES

	Note	Amount in Rs. '000'					
		PSF Unit	Acrylic Unit	2011 Total	PSF Unit	Acrylic Unit	2010 Total
Raw material consumed							
Opening stock		98,766	209,731	308,497	98,766	209,731	308,497
Purchases		--	--	--	--	--	--
		<u>98,766</u>	<u>209,731</u>	<u>308,497</u>	<u>98,766</u>	<u>209,731</u>	<u>308,497</u>
Closing stock		<u>(98,766)</u>	<u>(209,731)</u>	<u>(308,497)</u>	<u>(98,766)</u>	<u>(209,731)</u>	<u>(308,497)</u>
Salaries, wages and benefits		59,643	6,415	66,058	58,945	11,985	70,930
Electricity, fuel and power		25,769	2,756	28,525	14,383	--	14,383
Storage charges of raw material		--	4,259	4,259	--	16,382	16,382
Depreciation	13.2	698,495	201,318	899,813	735,181	199,950	935,131
Repairs and maintenance		750	80	830	42	9	51
Vehicle running expenses		1,573	168	1,741	11	3	14
Traveling expenses		723	77	800	367	75	442
General expenses		1,317	141	1,458	440	89	529
Opening stock of work-in-process		63,011	40,868	103,879	63,011	40,868	103,879
Closing stock of work-in-process		<u>(63,011)</u>	<u>(40,868)</u>	<u>(103,879)</u>	<u>(63,011)</u>	<u>(40,868)</u>	<u>(103,879)</u>
Cost of goods manufactured		<u>788,270</u>	<u>215,214</u>	<u>1,003,484</u>	<u>809,369</u>	<u>228,493</u>	<u>1,037,862</u>
Opening stock of finished goods		274,662	64,403	339,065	368,179	342,803	710,982
Closing stock of finished goods		<u>(167,313)</u>	<u>(35,217)</u>	<u>(202,530)</u>	<u>(274,662)</u>	<u>(64,403)</u>	<u>(339,065)</u>
		<u>895,619</u>	<u>244,400</u>	<u>1,140,019</u>	<u>902,886</u>	<u>506,893</u>	<u>1,409,779</u>



## 26 DISTRIBUTION COST

	Amount in Rs. '000'					
	PSF Unit	Acrylic Unit	2011 Total	PSF Unit	Acrylic Unit	2010 Total
Salaries and benefits	12,853	1,372	14,225	9,798	5,424	15,222
Advertisement	25	3	28	24	14	38
Outward freight and handling	--	--	--	15	8	23
	<u>12,878</u>	<u>1,375</u>	<u>14,253</u>	<u>9,837</u>	<u>5,446</u>	<u>15,283</u>

## 27 ADMINISTRATIVE EXPENSES

	Note	Amount in Rs. '000'					
		PSF Unit	Acrylic Unit	2011 Total	PSF Unit	Acrylic Unit	2010 Total
Salaries and benefits		44,787	4,780	49,567	29,935	16,572	46,507
Entertainment		106	11	117	88	48	136
Communication		1,376	147	1,523	998	553	1,551
Depreciation	13.2	3,510	1,012	4,522	3,694	1,005	4,699
Vehicle running expenses		4,370	466	4,836	2,656	1,470	4,126
Legal and professional		13,153	1,404	14,557	6,733	3,727	10,460
Printing and stationary		569	61	630	437	242	679
Electricity, fuel and power		35	4	39	281	155	436
Repair and maintenance		855	91	946	637	352	989
Traveling expenses		60	6	66	--	--	--
Auditors' remuneration	27.1	1,220	130	1,350	675	675	1,350
General expenses		5,252	560	5,812	4,244	2,349	6,593
		<u>75,293</u>	<u>8,672</u>	<u>83,965</u>	<u>50,378</u>	<u>27,148</u>	<u>77,526</u>

## 27.1 Auditor's remuneration

	Amount in Rs. '000'					
	Feroze Sharif Tariq & Co.	Faruq Ali & Co.	Total 2011	Feroze Sharif Tariq & Co.	Faruq Ali & Co.	Total 2010
Annual Audit Fee	500	500	1,000	500	500	1,000
Fee for Half yearly review	100	100	200	100	100	200
Other Certifications	50	50	100	50	50	100
Out of pocket	25	25	50	25	25	50
	<u>675</u>	<u>675</u>	<u>1,350</u>	<u>675</u>	<u>675</u>	<u>1,350</u>





## 28 FINANCE COST

	2011			2010		
	PSF Unit	Acrylic Unit	Total	PSF Unit	Acrylic Unit	Total
Mark-up on:						
Long term loan	--	--	--	18,992	--	18,992
Short term finances	--	--	--	15,398	2,652	18,050
Bank charges	1,695	--	1,695	875	--	875
Exchange loss	11,550	--	11,550	75,503	12,305	87,808
	<u>13,245</u>	<u>--</u>	<u>13,245</u>	<u>110,768</u>	<u>14,957</u>	<u>125,725</u>

28.1 Company has not made the provision of markup amounting to Rs.2.335 billion (for the year ended June 30, 2010: Rs.2.825 billion) keeping in view of the financial restructuring proposed to the lenders as disclosed in note 2. Management is hopeful that the restructuring proposal will be accepted by the lenders. Had the provision been made the loss for the year would have been higher by Rs. 2.335 billion and accrued markup would have been higher and shareholders' equity would have been lower by Rs.6.578 billion. The said non provisioning is departure from the requirements of IAS-23 'Borrowing Costs'.

## 29 OTHER (INCOME) / LOSS

Dividened income

2011  
2010  
(Amount in Rs. '000)

(2,563)	--
<u>(2,563)</u>	<u>--</u>

## 30 (LOSS) PER SHARE - Basic and diluted

## 30.1 Basic (loss) per share

Net (loss) for the year

<u>(1,269,157)</u>	<u>(1,529,672)</u>
--------------------	--------------------

Number of shares

Average ordinary shares in issue during the year

<u>366,321,083</u>	<u>366,321,083</u>
--------------------	--------------------

Rupees

(Loss) per share - Basic

<u>(3.46)</u>	<u>(4.18)</u>
---------------	---------------

## 30.2 Diluted (loss) per share

Net (loss) for the year

<u>(1,269,157)</u>	<u>(1,529,672)</u>
--------------------	--------------------

Dilutive effect - Net of tax

<u>--</u>	<u>2,774</u>
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<u>(1,269,157)</u>	<u>(1,526,898)</u>
--------------------	--------------------

Number of shares

Average ordinary shares in issue during the year

<u>366,321,083</u>	<u>366,321,083</u>
--------------------	--------------------

Dilutive effect

<u>17,210,000</u>	<u>17,100,000</u>
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<u>383,531,083</u>	<u>383,421,083</u>
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Rupees

(Loss) per share - Diluted

<u>(3.31)</u>	<u>(3.98)</u>
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### 31 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The board of directors has the overall responsibility for the establishment and oversight of company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

#### 31.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The company's credit risk is primary attributable to its receivables and balances with banks.

The carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

	2011	2010
	(Rupees in '000)	
Trade debts	2,878,916	2,878,916
Deposits, loans and other receivables	328,554	325,824
Bank balance	9,997	10,680
	<u>3,217,467</u>	<u>3,215,420</u>

The Company manages credit risk of receivables through the monitoring of credit exposures and continuous assessment of credit worthiness of its customers. The company believes that it is not exposed to any major concentration of credit risk as its customers are credit worthy and dealing banks possess good credit ratings.

#### 31.2 Liquidity risk

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The Company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements.. At present the company is facing liquidity problems and have been unable to make timely repayment of its liabilities resulting in overdues, further, the short term finance facilities have expired and not been renewed by the lenders. The following are the contractual maturities of the financial liabilities, including estimated markups:



	Carrying Amounts	Contractual Cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
Rupees in '000						
<b>2011</b>						
<b>Financial Liabilities</b>						
Loans	3,203,638	3,350,610	3,022,046	--	--	328,564
Lease liabilities	103,132	111,921	111,921	--	--	--
Trade and other payables	7,562,682	7,562,682	7,562,682	--	--	--
Short term borrowings	7,216,655	7,740,490	7,740,490	--	--	--
	<b>18,086,107</b>	<b>18,765,703</b>	<b>18,437,139</b>	<b>--</b>	<b>--</b>	<b>328,564</b>
Rupees in '000						
	Carrying Amounts	Contractual Cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
<b>2010</b>						
<b>Financial Liabilities</b>						
Loans	3,098,371	3,465,189	2,347,936	882,406	--	234,847
Lease liabilities	103,132	122,873	65,576	57,297	--	--
Trade and other payables	7,654,999	8,163,781	8,163,781	--	--	--
Short term borrowings	7,218,303	8,709,563	8,709,563	--	--	--
	<b>18,074,805</b>	<b>20,461,406</b>	<b>19,286,856</b>	<b>939,703</b>	<b>--</b>	<b>234,847</b>

All the financial liabilities of the Company are non derivative financial liabilities. The contractual cash flow relating to the above financial liabilities have been determined on the basis of markup rates effective as at June 30.

### 31.3 Market Risk

Market risk is a risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of financial instruments. The company is exposed to currency risk and interest rate risk only.

#### 31.3.1 Currency risk

Foreign currency risk arises mainly where receivables and payables exists due to transactions in foreign currencies. The company's financial instruments of the exposed to currency risk were as follows:

Loan	(1,807,050)	(1,795,500)
Markup on loans	--	(90,122)
Bank balances	5,485	5,473
	<b>(1,801,565)</b>	<b>(1,880,149)</b>

The following significant exchange rate has been applied:

USD to PKR (Reporting date rate in Rupees)	86.05	85.60
USD to PKR (Average rate in Rupees)	85.60	83.40



### Sensitivity analysis

At reporting date if PKR against US Dollar had strengthened by 10% against the US Dollar with all other variables held constant loss / profit for the year would have been lower / higher by the amounts shown below, mainly as a result of foreign exchange gain on translation of foreign currency liabilities.

	2011	2010
	(Rupees in '000)	
Effect on loss / profit	<u>180,157</u>	<u>188,015</u>

The 10% weakening of the PKR against US Dollar would have had an equal but opposite impact on the loss / profit for the year on the basis that all other variables remain constant.

### 31.3.2 Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to changes in market interest rates. The company's exposure to the risk of changes in interest rates relates primarily to the following:

Fixed rate instruments at carrying amounts:

Financial Assets

Balance with banks	<u>5,485</u>	<u>5,473</u>
--------------------	--------------	--------------

Financial liabilities

Long term loans	<u>1,807,050</u>	<u>1,795,500</u>
-----------------	------------------	------------------

Variable rate instruments at carrying amounts:

Financial liabilities

Loans	1,068,024	1,068,024
-------	-----------	-----------

Lease liabilities	103,132	103,132
-------------------	---------	---------

Short term borrowings	7,201,391	7,203,048
-----------------------	-----------	-----------

Trade payables (overdue letter of credits)	7,370,223	7,370,223
--	-----------	-----------

	<u>15,742,770</u>	<u>15,744,427</u>
--	-------------------	-------------------

#### Fair value sensitivity analysis for fixed rate instruments:

The company does not account for any fixed rate financial assets at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

#### Cash flow sensitivity analysis for variable rate instruments:

Since the company has not made provision for mark-up on its variable rate instrument therefore cash flow sensitivity is not being given.



### 31.4 Fair value of the financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction. The carrying values of financial instruments reflected in these financial statements approximate their fair values.

### 31.5 Capital risk management

The company's prime objective when managing capital is to safe guard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital

## 32 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company was as follows:

	Amount in Rs. '000'							
	Chief Executive		Director		Executive		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Managerial remuneration	3,960	3,960	2,376	2,376	23,781	16,603	30,117	22,939
Retirement benefits	--	--	--	--	--	--	--	--
House rent allowance	1,740	1,740	1,044	1,044	10,701	7,471	13,485	10,255
Utilities	300	300	180	180	2,378	1,660	2,858	2,140
Medical	--	--	--	--	--	--	--	--
Conveyance	--	--	--	--	112	115	112	115
	<b>6,000</b>	<b>6,000</b>	<b>3,600</b>	<b>3,600</b>	<b>36,972</b>	<b>25,849</b>	<b>46,572</b>	<b>35,449</b>
Number of Persons	1	1	1	1	31	24	33	26

The Chief Executive, Directors and certain Executives are provided with free use of Company cars.

## 33 TRANSACTION WITH RELATED PARTIES

The related parties comprise associated undertakings, directors and key management personnel. Remuneration and benefits to chief executive directors and key management personnel under terms of their employment are disclosed in note 32 to the financial statements. Transaction with related parties other than remuneration and benefits to key management personnel are as under:

	2011	2010
	(Rupees in '000)	
Associated companies	-	-
Director:		
Long term loan received	93,717	13,603



### 34 INFORMATION ABOUT BUSINESS SEGMENTS

- 34.1** For management purposes, the activities of the Company are organized into business segments based on their products and has two reportable operating segments. The PSF segment mainly relates to production and sale of Polyester Staple Fibre. ASF segment includes production and sale of Acrylic Staple Fibre. The operations of the company are closed since December 2008.
- 34.2** The transaction relating to sales and collection of sales are recorded on the basis of actual sale of PSF and ASF. Conversion costs, distribution cost and administrative expenses are allocated on the basis of production capacity of PSF And ASF Unit respectively.
- 34.3** All non current assets of the company as of June 30, 2011 are located in Pakistan.
- 34.4** All sales have been made to customers based in Pakistan. Sales amounting to Rs.130 million comprising 96% of entity revenues are made to one customer being the successful bidder of the auction of company's stocks.

	2011	2010
	(Rupees in '000)	
<b>35 TAXATION</b>		
<b>35.1 Relationship between income tax expense and accounting profit</b>		
Accounting loss as per profit and loss account	(1,395,015)	(1,647,293)
Applicable tax rate	<u>35%</u>	<u>35%</u>
Tax on accounting profit	(488,255)	(576,553)
Tax effect of accelerated tax depreciation	141,828	125,283
Tax effect of expenses that are not deductible in determining taxable income charged to profit and loss account	37,367	63,449
Tax (refundable) / payable under normal rules	<u>(309,060)</u>	<u>(387,821)</u>
Minimum tax payable under Income Tax Ordinance, 2001	<u>-</u>	<u>687</u>

### 36 PLANT CAPACITY AND PRODUCTION

	2011		2010	
	Annual Capacity (tons)	Production (tons)	Annual Capacity (tons)	Production (tons)
PSF Units	240,900	--	240,900	--
Acrylic Unit	25,760	--	25,760	--
<b>Total</b>	<u>266,660</u>	<u>--</u>	<u>266,660</u>	<u>--</u>

The operation of the company are closed since December 2008 due to working capital constraints.

**37 CORRESPONDING FIGURES**

Comparative figures have been rearranged and reclassified wherever necessary to facilitate comparison. Significant reclassifications were surplus on revaluation of land amounting to Rs.23.284 million that was erroneously excess calculated during the last year have now been corrected. There is no impact of the same on loss for the last year.

**38 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements have been authorized for issue on September 30, 2011 in accordance with the resolution by the Board of Directors of the Company.

**39 FUNCTIONAL AND PRESENTATION CURRENCY**

These financial statements are presented in Rupees, which is the Company's functional currency. All financial information presented in Rupees been rounded to nearest thousand.

**Dewan Muhammad Yousuf Farooqui**  
President/Chief Executive

**Mansur-ul-Haque**  
Director



**PATTERN OF SHAREHOLDING UNDER REGULATION 37(XX)(I)  
OF THE CODE OF CORPORATE GOVERNANCE  
AS AT JUNE 30, 2011**

Srl #	Categories of Shareholders	Number of Shareholders	Number of Shares held	% of Shareholding
1.	Associated Companies	3	156,433,140	42.70%
2.	NIT and ICP	6	9,401,528	2.57%
3.	Directors, CEO, their Spouses & Minor Children	6	21,406,781	5.84%
4.	Executives	3	1,500	0.00%
5.	Public Sector Companies & Corporations	124	52,786,987	14.41%
6.	Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Modarbas & Mutual Funds	129	4,960,783	1.35%
7.	Individuals	21,516	121,330,365	33.12%
<b>TOTAL</b>		<b>21,787</b>	<b>366,321,084</b>	<b>100.00%</b>

**DETAILS OF CATAGORIES OF SHAREHOLDERS**

Srl #	Names	Number of Shareholders	Number of Shares held	% of Shareholding
<b>1. Associated Companies</b>				
1.1	Dewan Textile Mills Limited	1	104,288,773	28.47%
1.2	Dewan Khalid Textile Mills Limited	1	32,279,849	8.81%
1.3	Dewan Mushtaq Textile Mills Limited	1	19,864,518	5.42%
		<b>3</b>	<b>156,433,140</b>	<b>42.70%</b>
<b>2. NIT and ICP</b>				
2.1	National Bank of Pakistan, Trustee Department NI(U)T Fund	1	5,959,723	1.63%
2.2	National Bank of Pakistan	1	3,289,182	0.90%
2.3	National Investment Trust Limited	1	148,511	0.04%
2.4	Investment Corporation of Pakistan	1	2,401	0.00%
2.5	National Bank of Pakistan, Trustee Department	1	1,611	0.00%
2.6	IDBP (ICP UNIT)	1	100	0.00%
		<b>6</b>	<b>9,401,528</b>	<b>2.57%</b>
<b>3. Directors, CEO, their Spouses &amp; Minor Children Directors and CEO</b>				
3.1	Dewan Muhammad Yousuf Farooqui	1	12,523,816	3.42%
3.2	Dewan Asim Mushfiq Farooqui	1	3,061,955	0.84%
3.3	Dewan Abdullah Ahmed Farooqui	1	2,587,713	0.71%
3.4	Dewan Abdul Baqi Farooqui	1	2,600,133	0.71%
3.5	Mr. Haroon Iqbal	1	500	0.00%
3.6	Mr. Mansoor ul Haq	1	500	0.00%
3.7	Mr. Aziz ul Haque	1	500	0.00%
<b>Spouses of Directors and CEO</b>		<b>7</b>	<b>20,775,117</b>	<b>5.67%</b>
3.8	Mrs. Heena Yousuf	1	384,867	0.11%
		<b>1</b>	<b>384,867</b>	<b>0.11%</b>
<b>Minor Children of Directors and CEO</b>				
3.9	Miss Yumna Yousuf	1	248,297	0.07%
		<b>1</b>	<b>248,297</b>	<b>0.07%</b>

**SHAREHOLDERS HOLDING 10% OR MORE OF THE VOTING SHARES/ INTERESTS IN THE COMPANY**

Srl #	Names	Number of Shareholders	Number of Shares held	% of Shareholding
1	Mitsubishi Corporation	1	40,349,814	11.01%
2	M/s Dewan Textile Mills Limited	1	104,288,773	28.47%

**DETAILS OF TRADING IN THE SHARES OF THE COMPANY BY DIRECTORS, CEO, CFO, COMPANY SECRETARY, THEIR SPOUSES AND MINOR CHILDREN**

*During the year under review, none of the CEO, CFO, Directors, Company Secretary, their spouses and minor children have traded in the shares of the Company.*





## PATTERN OF SHAREHOLDING

1. Incorporation Number	0020315
2. Name of the Company	DEWAN SALMAN FIBRE LIMITED
3. Pattern of holding of the shares held by the Shareholders as at	3 0 0 6 2 0 1 1

4.	Number of Shareholders	Shareholdings	Total Shares held
	5,881	1	100 Shares
	8,147	101	500 Shares
	1,735	501	1,000 Shares
	3,379	1,001	5,000 Shares
	1,046	5,001	10,000 Shares
	354	10,001	15,000 Shares
	276	15,001	20,000 Shares
	175	20,001	25,000 Shares
	121	25,001	30,000 Shares
	66	30,001	35,000 Shares
	54	35,001	40,000 Shares
	37	40,001	45,000 Shares
	99	45,001	50,000 Shares
	25	50,001	55,000 Shares
	24	55,001	60,000 Shares
	20	60,001	65,000 Shares
	17	65,001	70,000 Shares
	20	70,001	75,000 Shares
	8	75,001	80,000 Shares
	11	80,001	85,000 Shares
	18	85,001	90,000 Shares
	9	90,001	95,000 Shares
	72	95,001	100,000 Shares
	12	100,001	105,000 Shares
	8	105,001	110,000 Shares
	7	110,001	115,000 Shares
	3	115,001	120,000 Shares
	3	120,001	125,000 Shares
	4	125,001	130,000 Shares
	2	130,001	135,000 Shares
	4	135,001	140,000 Shares
	6	140,001	145,000 Shares
	13	145,001	150,000 Shares
	2	150,001	155,000 Shares
	1	155,001	160,000 Shares
	3	160,001	165,000 Shares
	2	165,001	175,000 Shares
	7	175,001	180,000 Shares
	3	180,001	185,000 Shares
	2	185,001	190,000 Shares
	2	190,001	195,000 Shares
	16	195,001	200,000 Shares
	3	200,001	205,000 Shares
	3	205,001	210,000 Shares
	1	210,001	215,000 Shares
	1	215,001	220,000 Shares
	1	220,001	225,000 Shares
	2	225,001	230,000 Shares
	1	230,001	235,000 Shares
	1	235,001	245,000 Shares
	4	245,001	250,000 Shares
	1	250,001	260,000 Shares
	1	260,001	270,000 Shares
	1	270,001	290,000 Shares
	6	290,001	300,000 Shares
	4	300,001	310,000 Shares
	1	310,001	320,000 Shares
	2	320,001	330,000 Shares
	1	330,001	335,000 Shares
	2	335,001	340,000 Shares
	1	340,001	350,000 Shares
	1	350,001	360,000 Shares
	1	360,001	365,000 Shares
	1	365,001	375,000 Shares
	2	375,001	385,000 Shares
	1	385,001	400,000 Shares
	1	400,001	405,000 Shares
	1	405,001	410,000 Shares
	2	410,001	415,000 Shares
	1	415,001	455,000 Shares



Number of Shareholders	Shareholdings			Total Shares held	
1	455,001	-	470,000	Shares	466,500
1	470,001	-	475,000	Shares	470,316
1	475,001	-	480,000	Shares	477,850
1	480,001	-	490,000	Shares	488,000
6	490,001	-	500,000	Shares	3,000,000
1	500,001	-	550,000	Shares	550,000
2	550,001	-	600,000	Shares	1,200,000
1	600,001	-	615,000	Shares	611,841
1	615,001	-	625,000	Shares	620,500
1	625,001	-	680,000	Shares	680,000
2	680,001	-	700,000	Shares	1,400,000
1	700,001	-	705,000	Shares	702,378
1	705,001	-	710,000	Shares	709,149
1	710,001	-	845,000	Shares	840,500
1	845,001	-	900,000	Shares	899,541
2	900,001	-	1,000,000	Shares	2,000,000
1	1,000,001	-	1,075,000	Shares	1,075,000
1	1,075,001	-	1,105,000	Shares	1,100,344
1	1,105,001	-	1,230,000	Shares	1,228,883
1	1,230,001	-	1,585,000	Shares	1,582,800
1	1,585,001	-	1,760,000	Shares	1,756,605
2	1,760,001	-	2,110,000	Shares	4,219,358
1	2,110,001	-	2,290,000	Shares	2,287,500
1	2,290,001	-	2,350,000	Shares	2,350,000
1	2,350,001	-	2,590,000	Shares	2,587,713
1	2,590,001	-	2,605,000	Shares	2,600,133
1	2,605,001	-	3,065,000	Shares	3,061,955
1	3,065,001	-	3,290,000	Shares	3,289,182
1	3,290,001	-	3,520,000	Shares	3,517,802
1	3,520,001	-	5,960,000	Shares	5,959,723
1	5,960,001	-	8,675,000	Shares	8,674,796
1	8,675,001	-	12,525,000	Shares	12,523,816
1	12,525,001	-	19,865,000	Shares	19,864,518
1	19,865,001	-	32,280,000	Shares	32,279,849
1	32,280,001	-	40,350,000	Shares	40,349,814
1	40,350,001	-	104,290,000	Shares	104,288,773
<b>21,787</b>	<b>TOTAL</b>				<b>366,321,084</b>

5.	Categories of Shareholders	Shares held	Percentage
5.1	Directors, Chief Executive Officer, their spouses and minor children	21,408,281	5.84%
5.2	Associated Companies, undertakings and related parties	156,433,140	42.70%
5.3	NIT and ICP	9,401,528	2.57%
5.4	Banks, Development Financial Institutions, Non-Banking Finance Companies	2,645,264	0.72%
5.5	Insurance Companies	2,239,334	0.61%
5.6	Modarabas and Mutual Funds	76,185	0.02%
5.7	Shareholders holding 10%	144,638,587	39.48%
5.8	General Public		
	a. Local	120,575,125	32.92%
	b. Foreign	755,240	0.21%
5.9	Others (Joint Stock Companies, Brokrage Houses, Employees Funds & Trustees)	52,786,987	14.41%

# FORM OF PROXY

## 22ND ANNUAL GENERAL MEETING

### IMPORTANT

This form of Proxy duly completed must be deposited at the company's Registered office, **Dwan Centre**, 58 main Margalla Road, F-7/2, Islamabad not later than 48 hours before the time of holding the meeting during working hours.

A Proxy should also be a member of the Company

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member of **DEWAN SALMAN FIBRE LIMITED** and holder of \_\_\_\_\_ Ordinary shares as per Registered Folio No./CDC Participant's ID and Account No \_\_\_\_\_ hereby appoint \_\_\_\_\_ of \_\_\_\_\_ who is also member of **DEWAN SALMAN FIBRE LIMITED** vide Registered Folio No./CDC Participant's ID and Account No. \_\_\_\_\_ my/our proxy to vote for me/our behalf at the 22nd Annual General Meeting of the Company to be held on Thursday October 27, 2011 at 12:00 noon.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011.

Affix  
Revenue  
Stamp  
Rs. 5/-

Signature \_\_\_\_\_

Witness: \_\_\_\_\_  
Signature

Witness: \_\_\_\_\_  
Signature

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Address: \_\_\_\_\_



**Head Office**

**8th Floor, Block-A, Finance & Trade Centre, Shahrah-e-Faisal, Karachi-75250,  
UAN 92-21-111-364-111, Fax: 92-21-35630883**

**Site Location**

**Plot No 1, Dewan Farooque Industrial Park Hattar, District Haripur (N.W.F.P.)  
URL: [www.dewangroup.com.pk](http://www.dewangroup.com.pk)**