ANNUAL REPORT
2010

PAKISTAN SYNTHETICS LIMITED

Manufacturers of :
QUALITY POLYESTER STAPLE FIBRE
"UNDER BASIC TECHNOLOGY LICENCED BY TEIJIN"

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COMPANY INFORMATION

BOARD OF DIRECTORS	EBRAHIM HAJI KARIM - CHAIRMAN UMER HAJI KARIM - CHIEF EXECUTIVE ANWAR HAJI KARIM YAKOOB HAJI KARIM PIR MUHAMMAD A. KALIYA ABID UMER SAJID HAROON AAMIR AMIN - NIT
AUDIT COMMITTEE	YAKOOB HAJI KARIM - CHAIRMAN PIR MUHAMMAD A. KALIYA ABID UMER
CHIEF FINANCIAL OFFICER/ COMPANY SECRETARY	SHOAIB BATVIA, ACMA
BANKERS	HABIB BANK LIMITED HABIB METROPOLITAN BANK LIMITED BANK AL HABIB LIMITED NATIONAL BANK OF PAKISTAN MEEZAN BANK LIMITED MCB BANK LIMITED
AUDITORS	KPMG TASEER HADI & CO. CHARTERED ACCOUNTANTS
LEGAL ADVISOR	TASAWUR ALI HASHMI ADVOCATE
REGISTERED OFFICE	3RD FLOOR, KARACHI DOCK LABOUR BOARD BUILDING, 58- WEST WHARF ROAD, KARACHI-74000
FACTORY	F. 1, 2, 3, & F. 13, 14 & 15, HUB INDUSTRIAL TRADING ESTATE, DISTRICT LASBELLA, BALOCHISTAN

PERFORMANCE OF THE COMPANY AT A GLANCE

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
	YEAR ENDED 30 JUNE									
STATISTICAL SUMMARY	Rupees in million									
Gross sales	1,880	1,899	2,086	2,223	1,891	1,873	1,560	2,284	2,503	3,349
Profit / (loss) before taxation	153	129	99	47	(59)	27	(103)	63	63	77
Taxation	(56)	(39)	(58)	(16)	11	(1)	27	(18)	(20)	(25)
Profit / (loss) after taxation	97	90	41	31	(48)	26	(76)	6	42	52
Gross assets employed (including capital work-in-progress)	1,262	1,296	1,392	1,357	1,302	1,292	1,275	1,696	1,302	1,324
Paid-up capital	560	560	560	560	560	560	560	560	560	560
Shareholders' equity	996	974	973	1,005	956	983	851	857	899	881
EARNINGS AND PAY OUT	Rs. per share of Rs. 10 each									
Earnings/(loss) per share after taxation	1.73	1.60	0.74	0.56	(0.86)	0.47	(1.36)	0.10	0.76	0.92
Break-up value	17.77	17.37	17.36	17.92	17.06	17.53	15.18	15.29	16.04	15.71
Cash dividend	1.75	2.00	0.75	—	—	1.00	—	—	1.25	—
FINANCIAL RATIOS	Ratios									
Current Assets : Current Liabilities	3.18:1	2.80:1	2.63:1	3.05:1	2.93:1	3.27:1	2.29:1	1.65:1	2.57:1	2.41:1
Long-term Debts : Equity	0:100	0:100	0:100	0:100	0:100	0:100	9:91	7:93	0:1	0:1
PRODUCTION	Tonnes									
Polyester Staple Fibre	22,679	22,524	24,973	23,063	17,532	23,092	15,539	24,921	20,544	25,837
Polyester Chips	3,660	5,052	4,843	4,149	2,038	133	—	—	—	—
TOTAL	26,339	27,576	29,816	27,212	19,570	23,225	15,539	24,921	20,544	25,837

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2010

We are pleased to present before you the 25th Annual Report together with the Audited Financial Statements of the Company for the year ended 30 June, 2010.

Board of Directors

The term of the office of the directors expired on 4 April 2010 and the following directors were elected unopposed in the Thirteenth Extra ordinary General Meeting of the Company Held on 31 March 2010 for a period of three years commencing from 5 April 2010.

Mr. Ebrahim Haji Karim
Mr. Umer Haji Karim
Mr. Anwar Haji Karim
Mr. Yakoob Haji Karim
Mr. Ahmed Ebrahim
Mr. Rafique Ebrahim
Mr. Sajid Haroon
Mr. Shahid Aziz - NIT

The Board of Directors appointed Mr. Ebrahim Haji Karim and Mr. Umer Haji Karim as the Chairman and the Chief Executive of the Company respectively for a period of three Years. Subsequently, Mr.Ahmed Ebrahim, Mr. Rafique Ebrahim and Mr. Shahid Aziz (Nominee of NIT) resigned during July 2010 and the Board appointed Mr. Pir Mohammad A. Kaliya, Mr. Abid Umer and Mr. Aamir Amin (Nominee of NIT) in their places on August 04, 2010.

The Board places on record its appreciation for the valuable services rendered by Mr.Ahmed Ebrahim, Mr. Rafique Ebrahim and Mr. Shahid Aziz. The Board also extends a warm welcome to Mr. Pir Mohammad A. Kaliya,Mr. Abid Umer and Mr. Aamir Amin as Directors.

Operating Performance

During the year under review, the Company produced 25,837 M.tons of Polyester Staple Fibre as against 20,544 M.tons produced during the last year. The company sold 26,707 M.tons of PSF as against 23,050 M.tons of last year.

Financial Results

During the year under review, the company's gross turnover increased to Rs. 3,349 million from Rs. 2,503 million during the corresponding last year.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2010

The Company earned profit before tax of Rs. 76.58 million as against profit before tax of Rs. 62.82 million in the last year. The net profit after tax stood at Rs. 51.82 million as against net profit after tax of Rs. 42.33 million in the last year.

Earning Per Share

The net earning per share, after providing for taxation, for the year ended 30th June, 2010 was Re. 0.92 (2009: Re. 0.76).

Dividend

In view of the decision of the Board of Directors to establish Packaging Division, the Directors of the Company did not recommend any dividend for the year ended 30th June, 2010.

Future Outlook

The tariff structure on Polyester chain was revised in the budget 2010-11. Previously the effective custom duty on PTA was zero percent and on finished goods , the duty was 4.5%. Now, the PTA will be charged @ 3% and Fibre @ 6%. Hence the net effective protection to the PSF industry is decreased from 4.5% to 3%. Consequently, the cost of Domestic Fibre Industry would increase in the coming year.

The Prices of Cotton have rising continuously. It is expected that it will have positive impact on the demand of the PSF.

The Board decided to establish a Packaging Division for the Production of Packaging Materials in its meeting held on August 23rd 2010.

Subsequent Event

The Directors report that no material change or commitment has taken place, other than those disclosed, which has affected the financial position of the company from the end of the financial year up to the date of this report.

Financial Reporting Frame Work

As required under the Code of Corporate Governance, the Directors confirm compliance with the Corporate and Financial Reporting Frame Work for the following:

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2010

a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
b) The Company has maintained proper books of accounts.
c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements
e) The system of internal control and other such procedures, which are in place, are sound in design and have been effectively implemented and monitored on an on going basis by the management. The process of review will continue and any weakness in control will be removed.

f) There are no significant doubts upon the Company's ability to continue as a going concern.
g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
h) Key operating and financial data for the last ten years in summarized form is annexed.
i) There has been no trade in the shares of the company during the year under review by the Directors, CEO, CFO, Company Secretary and their spouses and minor children.
j) Information about outstanding taxes and levies are given in the Notes to the Financial Statements.

Meeting of the Board of Directors

During the year, four (4) meetings of the Board of Directors were held. Attendance by each Director was as follows:-

Name of Directors(s)	No. of Meeting Attendance
Mr. Ebrahim Haji karim	4
Mr. Umer Haji Karim	4
Mr. Anwar Haji Karim	4
Mr. Yakoob Haji Karim	4
Mr. Ahmed Ebrahim	4
Mr. Rafique Ebrahim	4
Mr. Sajid Haroon	4
Mr. Shahid Aziz-NIT	4

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2010

Pattern of Share Holding

The pattern of share holding as on 30th June, 2010 is annexed.

Auditors

The present auditors of the Company, M/s. KPMG Taseer Hadi & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The Directors endorse recommendation of the Audit Committee for their re-appointment for the year ending 30th June, 2011.

ACKNOWLEDGEMENT

The management would like to place on record its appreciation for dedication and hard work rendered by its employees and workers for improvement of the Operating and Financial Performance of the Company.

For and on behalf of the
Board of Directors

UMER HAJI KARIM
CHIEF EXECUTIVE

Date: 04 October 2010
Karachi

MISSION STATEMENT
OF
PAKISTAN SYNTHETICS LIMITED

Our Mission is to be a quality producer of Polyester Staple Fibre, continuously striving for excellence.

VISION

To be the leading Polyester Staple Fibre manufacturing company, PSL realizes it has a responsibility to treat all stakeholders equitably and transparently to be true to their trust.

STATEMENT OF ETHICS

AND

BUSINESS PRACTICES

- ***PSL resolves to always place the Company's interest first;***

- ***PSL resolves to excel through resource management namely, human (professional & technical both), financial and other infrastructural facilities and to ensure reasonable return to all the stakeholders;***

- ***PSL conducts business as a responsible and law abiding corporate member of society to achieve its legitimate commercial objectives and supports unconditionally the Compliance with the Best Practices of Corporate Governance for the betterment of the corporate culture;***

- ***PSL expects from its employees full integrity, total honesty, fair and impartial practices in all aspects of its business;***

- ***PSL resolves to adopt fair and ethical marketing practices and to prepare itself to face the challenges of open markets under WTO by supplying its customers quality Polyester Staple Fibre at competitive prices;***

- ***PSL resolves not to compromise on principles.***

STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2010

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

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

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. In addition of non-executive Chairman there are three non-executive directors, one of whom represents National Investment Trust Limited. At present the Board comprises of eight directors, including the Chairman and the Chief Executive.

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 and NBFC. None of the Directors is a member of a stock exchange.

4. Three casual vacancies occurred in the Board, which were filled up by the Directors within thirty days. The Company has filed necessary returns in this regard.

5. The Company has updated the 'Statement of Ethics and Business Practices' which shall be signed by all the Directors and employees of the Company after its consideration and necessary approval by the Board of Directors.

6. The Board has developed a vision / mission statement, whereas, formal documentation for significant policies of the Company is in the process of development.

7. All the powers of the Board have been duly exercised and significant issues are placed for the information, consideration and decision of the Board of Directors and such decisions on material transactions or significant matters are minuted.

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

9. The Directors, being in the corporate sector for long time, are fully conversant with their duties and responsibilities, listing regulations of Stock Exchanges, legal requirements and operational imperatives of the Company.

10. The Board has approved appointment of CFO and Company Secretary including their remuneration and terms and conditions of employment as determined by CEO.

11. 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.

STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2010

12. The financial statements of the Company were duly endorsed and signed by the CEO and CFO before approval of the Board.

13. The related party transactions have been placed before the audit committee and approved by the Board of Directors with necessary justifications for the non arm's length transactions, if any, and pricing methods for transactions that were made on terms equivalent to those that prevail in the arm's length transactions only if such terms can be substantiated.

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

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

16. The Board has formed an Audit Committee. At present, it comprises of three members, including one non-executive director. One of the members is acting as the Secretary of the Committee.

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

18. The Board has outsourced the internal audit function to M. Yousuf, Adil Saleem & Co., Chartered Accountants, who are suitably qualified and experienced for the purpose.

19. 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 the Institute of Chartered Accountants of Pakistan.

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

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

For and on behalf of the Board of Directors

Date: 04 October 2010
Karachi

UMER HAJI KARIM
CHIEF EXECUTIVE

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Pakistan Synthetics Limited** ("the Company") to comply with the Listing Regulations of Karachi, Islamabad and Lahore 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Listing Regulations of The Karachi, Lahore and Islamabad Stock Exchanges require the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transations which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by he Board of Directos and placement of such transactions before the audit committe. We have not carried out any procedures to determine Whether the related party transactions were under taken at arm's length price.

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 30 June 2010.

Date: 04 October 2010
Karachi

KPMG TASEER HADI & CO.
Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **PAKISTAN SYNTHETICS LIMITED** ("the Company") as at 30 June 2010 and the related profit and loss account, statement of comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as described in note 2.5 with which we concur;

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, statement of cash flow and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, in the manner so required and give a true and fair view of the state of the Company's affairs as at 30 June 2010 and respectively of the profit, its cash flows and changes in equity for the year then ended; and

d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980, was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Date: 04 October 2010

Karachi

KPMG TASEER HADI & CO.
Chartered Accountants
Mohammad Nadeem

BALANCE SHEET
AS AT 30 JUNE 2010

	Note	2010	2009
		(Rupees in '000)	
Equity and reserves			
Share capital			
Authorised			
70,000,000 ordinary shares of Rs. 10 each		**700,000**	700,000
Issued, subscribed and paid-up capital	4	**560,400**	560,400
Revenue reserve		**292,450**	362,500
Unappropriated profit / (accumulated losses)		**27,732**	(24,089)
Total equity		**880,582**	898,811
Non-current liabilities			
Staff retirement benefits	5	**26,093**	30,602
Deferred taxation	6	**-**	7,296
Total non-current liabilities		**26,093**	37,898
Current liabilities			
Trade and other payables	7	**369,250**	307,009
Short-term borrowings	8	**-**	41,215
Taxation - net		**47,942**	17,233
Total current liabilites		**417,192**	365,457
Commiments	9		
Total equity and liabilities		**1,323,867**	1,302,166

The annexed note 1 to 35 form an integral part of these financial statements.

UMER HAJI KARIM
CHIEF EXECUTIVE

ANWAR HAJI KARIM
DIRECTOR

BALANCE SHEET
AS AT 30 JUNE 2010

Assets	Note	2010	2009
		(Rupees in '000)	
Non-current assets			
Property, plant and equipment	10	**293,070**	360,693
Long term loans to employees	11	**941**	1,460
Long term deposits	12	**262**	262
Deferred taxation	6	**21,279**	-
Total non-current assets		**315,552**	362,415
Current assets			
Stores and spares	13	**125,833**	113,725
Stock-in-trade	14	**306,111**	326,747
Trade debts	15	**370,895**	332,029
Loans and advances	16	**3,820**	713
short term prepayments		**-**	1,145
Other receivables	17	**28,272**	44,377
Cash and bank balances	18	**173,384**	121,015
Total current assets		**1,008,315**	939,751
Total assets		**1,323,867**	1,302,166

The annexed note 1 to 35 form an integral part of these financial statements.

UMER HAJI KARIM
CHIEF EXECUTIVE

ANWAR HAJI KARIM
DIRECTOR

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010	2009
		(Rupees in '000)	
Net sales	19	**3,280,755**	2,452,646
Cost of sales	20	**(3,133,503)**	(2,310,990)
Gross profit		**147,252**	141,656
Other operating income	21	**9,870**	9,120
		157,122	150,776
Distribution and selling costs	22	**(11,809)**	(10,890)
Administration and general expenses	23	**(51,089)**	(39,875)
Other operating expenses	24	**(10,611)**	(17,933)
		(73,509)	(68,698)
		83,613	82,078
Finance cost	25	**(7,033)**	(19,255)
Profit / (loss) before tax		**76,580**	62,823
Taxation	26	**(24,759)**	(20,492)
Profit for the year		**51,821**	42,331
		(Rupee)	
Earnings per share - basic and diluted	27	**0.92**	0.76

The annexed notes 1 to 35 form an integral part of these financial statements.

UMER HAJI KARIM
CHIEF EXECUTIVE

ANWAR HAJI KARIM
DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010	2009
		(Rupees in '000)	
Profit for the year		**51,821**	42,331
Other comprehensive income		-	-
Total comprehensive income for the year		**51,821**	42,331

The annexed notes 1 to 35 form an integral part of these financial statements.

UMER HAJI KARIM
CHIEF EXECUTIVE

ANWAR HAJI KARIM
DIRECTOR

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010	2009
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**76,580**	62,823
Adjustments for:			
Depreciation		**108,199**	103,427
Charge for staff gratuity		**7,201**	6,156
Profit on disposal of property, plant and equipment		**(167)**	(98)
Profit on saving and deposit accounts		**(9,538)**	(6,076)
Finance cost		**7,033**	19,255
Provision for slow moving and obsolete stores and spares		**3,503**	-
Provision for doubtful debts and deposits		**23,998**	6,993
		216,809	192,480
Movement in:			
Working capital	32	**18,241**	187,266
Long term loans to employees		**519**	4
Long term deposits		**-**	8,309
Net cash from operations		**235,569**	388,059
staff gratuity paid		**(11,710)**	(3,131)
Financial charges paid		**(7,128)**	(24,916)
Taxes paid		**(22,625)**	(11,719)
Net cash from operating activities		**194,106**	348,293
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		**(41,081)**	(39,405)
Proceeds from disposal of property, plant and equipment		**673**	1,116
Profit on saving accounts received		**9,538**	6,076
Net cash (used in) investing activities		**(30,870)**	(32,213)
CASH FLOWS FROM FINANCING ACTIVITIES			
Liabilities against assets subject to finance lease		**-**	(67,213)
Dividend paid		**(69,652)**	-
Net cash (used in) financing activities		**(69,652)**	(67,213)
Net increase in cash and cash equivalents		**93,584**	248,867
Cash and cash equivalents at beginning of the year		**79,800**	(169,067)
Cash and cash equivalents at end of the year		**173,384**	79,800
CASH AND CASH EQUIVALENTS COMPRISE			
Cash and bank balances	18	**173,384**	121,015
Short term borrowings	8	**-**	(41,215)
		173,384	79,800

The annexed notes 1 to 35 form an integral part of these financial statements.

UMER HAJI KARIM
CHIEF EXECUTIVE

ANWAR HAJI KARIM
DIRECTOR

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

	Issued, subscribed and paid-up capital	Revenue reserve	Unappropriated profit / (accumulated losses)	Total reseves	Total
	(Rupees in '000)				
Balance as at 01 July 2008	**560,400**	362,500	(66,420)	296,080	856,480
Total comprehensive income for the year - profit for the year ended 30 June 2009	–	–	42,331	42,331	42,331
Balance as at 30 June 2009	**560,400**	362,500	(24,089)	338,411	898,811
Total comprehensive income for the year - profit for the year ended 30 June 2010	–	–	51,821	51,821	51,821
Transactions with owners recorded directly in equity - distributions					
Final dividend for 2008-2009	–	(70,050)	–	(70,050)	(70,050)
Balance as at 30 June 2010	**560,400**	**292,450**	**27,732**	**320,182**	**880,582**

The annexed notes 1 to 35 form an integral part of these financial statements.

UMER HAJI KARIM
CHIEF EXECUTIVE

ANWAR HAJI KARIM
DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

1. **STATUS AND NATURE OF BUSINESS**

The Company was incorporated on 18 November 1984 as a private limited company in Pakistan and subsequently converted into a public limited company on 30 December 1987. The shares of the Company are listed on Karachi and Lahore Stock Exchanges with effect from 16 and 17 July 1990 respectively and on Islamabad Stock Exchange with effect from 27 June 1995. The principal activity of the Company is manufacturing and sale of Polyester Staple Fibre. The registered office of the Company is situated in Karachi.

2. **BASIS OF PREPARATION**

2.1 Statement of compliance

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

2.2 Basis of measurement

These financial statements have been prepared under historical cost convention.

2.3 Functional and persentation currency

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

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experince and various other factors that are belived to be reasonable under the circumstances, the results of which form the basics of making the jugments about the carrying values of assets and liabilities that are not readily apparent form other sources. Actual results may differ from these estimates. The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are as follows:

i) Employee benefits (note 3.1)
ii) Deferred taxation (note 3.4)
iii) Property, plant and equipment (note 3.5)
iv) Stock in trade and store and spares (note 3.6. & 3.7)
v) Impairment (note 3.13)

2.5 Changes in accounting policies

Starting 1 July 2009, the Company has changed its accounting policies in the following areas:

- "Revised IAS 1 Persention of Financial Statement (2007)" became effective from 1 January 2009. The revised standard prohisbits the persentation of items of income and expences (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be persented separatlely from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to persent on performance statement (the statement of comprehensive income) or two statements (the income statement and the statement of comprehensive income). Where entites restate or reclassify comparative information, they are required to persent a restated balance sheet as at the beginning of comparative period in addition to the current requiremtn to persent balance sheets at the end of the current period and comparative period. The Company has opted to persent two statments; a profit and loss account and a statement of comprehensive income.

- IFRS 8-Operating Segments (effective for annual periods beginning on or after 1 January 2009.) This standard requires the Company to determine and persent operating segments based on the information that is provided internally to the Company's Chief Operating Decision Maker, that is, the organisation's function which allocates resources to and assesses performance of its operating segments. Management has determined that the company has a single reportable segment and therefore the adoption of the said IFRS has only resulted in some entity wide disclosures as described in note 34.

Comparative information has been re-presented so that it is in conformity with the reviesed / new standard. Since the change in accounting policies only affect persentation / disclosures of financial statements, there is no impact on profit for the year and earnigs per share.

2.6 New approved accounting standards applied

The company has applied the amendment to IFRS 7 Improving Disclosures about financial Instruments, issued in March 2009. The amendment requires enhanced disclosure about fair value measurment and liquidity risk for financial instruments. The application of this standard did not have any significant impact on the Company's financial statements.

2.7 New accounting standards and IFRIC interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards are effective for accounting periods beginning on or after July 1, 2010:

- In April 2009, the IASB issued improvements to IFRSs 2009, which comprises 15 amendments to 12 standards. Effective dates, early application and transitional requirements are addressed on a standard by standard basis. The majority of the amendments will be effective for annual periods beginning on or after January 1, 2010 and are not relevant to the Company's operations. Other amendments are unlikely to have significant impact on the Company's financial statements.

- Amendment to IFRS 2 – Share-based Payment – Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after January 1, 2010). Currently effective IFRS requires attribution of group share-based payment transactions only if they are equity-settled. The amendments resolve diversity in practice regarding attribution of cash-settled share-based payment transactions and require an entity receiving goods or services in either an equity-settled or a cash-settled payment transaction to account for the transaction in its separate or individual financial statements.

- Amendments to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (effective for annual periods beginning on or after January 1, 2010). The IASB amended IAS 32 to allow rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. These amendments are unlikely to have an impact on the Company's financial statements.

- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for accounting periods beginning on or after July 1, 2010). This interpretation provides guidance on the accounting for debt for equity swaps. The amendment is not relevant to the Company's operations.

- IFRIC 15 - Agreement for the Construction of Real Estate (effective for annual periods beginning on or after October 1, 2009). The amendment clarifies the recognition of revenue by real estate developers for sale of units, such as apartments or houses, 'off-plan', that is, before construction is complete. The amendment is not relevant to the Company's operations.

- Improvements to IFRSs 2010 – In May 2010, the IASB issued improvements to IFRSs 2010, which comprise of 11 amendments to 7 standards. Effective dates, early application and transitional requirements are addressed on a standard by standard basis. The majority of amendments are effective for annual periods beginning on or after January 1, 2011. Certain of these amendments will result in increased disclosures in the financial statements.

- IAS 24 Related Party Disclosures (revised 2009) (effective for accounting periods beginning on or after January 1, 2011). The revision amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. These amendments are unlikely to have any impact on the Company's financial statements other than increase in disclosures.

- Amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after January 1, 2011). These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognized as an asset rather than expense. These amendments are unlikely to have an impact on the Company's financial statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented except as explained in note 2.5.

3.1 Employee benefits

Defined benefit scheme

The Company operates an unfunded gratuity scheme for its permanent employees. Company's obligation under the scheme is determined through actuarial valuations carried out under "Projected Unit Credit Method". Actuarial valuations are carried out annually and the latest valuation was conducted at the balance sheet date.

Net cumulative unrecognized actuarial gains / losses relating to previous reporting periods in excess of 10% of present value of defined benfit obligation is recognized as income or expense over the estimated remaining working lives of the employees.

Compensated absences

The Company accounts for its liability towards accumulated compensated absences for the permanent staff members as per the service rules of the Company.

3.2 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

3.3 Dividend and appropriation to / from reserves

Dividend distribution to the Company's shareholders and appropriation to / from reserves is recognized in the period in which these are approved.

3.4 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the profit and loss account, excep to the extent that it relates to items recognized directly in comprehensive income or below equity, in which case it is recognized in comprehensive income or below equity respectively.

Current

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

Deferred

Deferred tax is recognized using balance sheet liability method, providing for temporay difference between the carrying amounts of assets and liabilities for financeil reporting purposes and the amounts used for taxation purposes. The amount of deferrd tax provided is based on the expected manner of realization or settlement of the carring amount of assets and liabilities, using the tax rates enacted or substantively enacted at the balance sheet date.

3.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated deperciation and impairment, if any, except capital work -in-progress which is stated at cost. Cost of ceratin items of property, plant and equipment comprise of historical cost and costs of borrwing incurred during the process of acquisition, construction, erection and installation of qualifying assets.

Depreciation on property, plant and equipment is charged to income applying the straight line method whereby the cost of an asset is written off over its estimated useful life. Depreciation is calculated on quarterly basis. The depreciation charge commences from the quarter the asset is put to use whereas no depreciation is charged for the quarter in which the asset is disposed or deleted.

The assets' residual values and useful lives are reviewed, at each financial year-end and adjusted, if impact on depreciation is significant.

Normal repairs and maintenance are charged to the profit and loss account as and when incurred. Major renewals and replacements are capitalized and the assets so replaced, if any, are retired.

Gains and losses on disposal of assets, if any, are taken to profit and loss account.

3.6 Stores and spares

Stores and spares are valued at moving average cost except for items in transit which are stated at cost, less impairment.

3.7 Stock-in-trade

Stock-in-trade is valued at lower of weighted average cost and net realisable value.

Cost of work-in-process comprises of raw material cost only. Conversion costs are not included as these are not significant.

Cost of finished goods comprises of prime cost and an applicable portion of production overheads.

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

3.8 Trade debts and other receivables

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortized cost less provision for impairment, if any. A provision for impairment is established when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

3.9 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand, current and deposit accounts held with banks. Short term borrowings availed by the Company, which are payable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of statement of cash flows.

3.10 Revenue recognition

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and there is no continuing management involvement with the goods.

Interest income is accrued on a time apportion basis on the principal outstanding and at the rates applicable.

3.11 Foreign currency translation

Transactions in foreign currencies are translated into Pak rupees at the rates of exchange approximating those prevailing on the date of transactions. Monetary assets and liabilities in foreign currencies are translated into Pak rupees at the rates of exchange ruling on the balance sheet date.

Exchange differences are included in the profit and loss account currently.

3.12 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are measured at the present value of expected expenditure, discounted at a pre tax rate that reflects current market assessment of the time value of money and the risk specific to the obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

3.13 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Non-Financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax asset, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.14 Borrowings and their costs

Borrowing cost 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 cost, if any, are capitalized as part of the cost of the relevant asset.

3.15 Finance lease

Leases of property, plant and equipment where the Company assumes substantially all of the risks and rewards incidental to ownership of an asset are classified as finance leases. Assets subject to finance lease are stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception of the lease less accumulated depreciation and impairment losses (if any). The minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of liability. Assets acquired under a finance lease are depreciated on straight line basis over the useful life of the asset.

3.16 Financial Instruments

All financial assets and liabilities are initially measured at fair value, and subsequently measured at fair value or amortized cost as the case may be. The Company derecognizes the financial assets and financial liabilities when it ceases to be a party to such contractual provisions of the instruments.

3.17 Off-setting of financial assets and financial liability

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2010	2009		2010	2009
(Number of shares)			(Rupees in '000)	
37,360,000	37,360,000	Ordinary shares of Rs 10 each fully paid in cash	373,600	373,600
18,680,000	18,680,000	Ordinary shares of Rs. 10 each issued as fully paid bouns shares	186,800	186,800
56,040,000	56,040,000		560,400	560,400

5. STAFF RETIREMENT BENEFITS

5.1 Defined benefit Gratuity Scheme

The actuarial liability recognised in the balance sheet is arrvied as follows:	2010	2009
	(Rupees in '000)	
Present value of defined benefit obligation	26,256	32,679
Unrecognised actuarial loss	(163)	(2,077)
Liability as at 30 June	26,093	30,602

Movement in persent value of defined benefit obligation

Obligation as at 1 July	32,679	27,577
Current service cost	3,370	3,055
Intereset cost	3,831	3,101
Actuarial (gain) / loss	(1,914)	2,077
Benefits paid	(11,710)	(3,131)
Obligation as at 30 June	26,256	32,679

The amount recognised in the profit and loss account is as follows:

Current service cost	3,370	3,055
Interest cost	3,831	3,101
	7,201	6,156

Movement in liability	2010	2009
	(Rupees in '000)	
Balance as on 1 July	**30,602**	27,577
Expense recognised	**7,201**	6,156
Payments during the year	**(11,710)**	(3,131)
Liability as at 30 June	**26,093**	30,602

Actuarial assumptions

	2010	2009
Discount rate	**13%**	13%
Expected rate of salary increase	**12%**	13%

Historical Information	2010	2009	2008	2007	2006
	(Rupees in '000)				
Present value of the defined benefit obligation	**26,256**	**32,679**	**25,845**	**25,895**	**27,629**

6. DEFERRED TAXATION

Deferred tax liability comprises of (deductible) / taxable temporary differences in recspect of the following:

	2010	2009
	(Rupees in '000)	
Taxable temporary difference arising due to accelerated tax depreciation	**22,269**	44,354
Deductible temporary difference arising in repect of:		
- provision for staff gratuity	**(9,133)**	(10,711)
- provision for doubtful debts, slow moving and obsolete stores and spares and doubtful deposites	**(34,415)**	(24,790)
- unused loss / depreciation	**-**	(1,557)
	(21,279)	7,296

7. TRADE AND OTHER PAYABLES

	Note	2010	2009
Trade creditors including bills payable		**346,027**	274,128
Accued expenses		**7,179**	15,165
Advances from customers		**280**	111
Accrued mark-up		**-**	95
Workers' welfare fund		**4,274**	1,117
Workers' profit participation fund	*7.1*	**3,987**	2,711
Unclaimed dividend		**2,632**	2,234
Gratuity payable to outgoing employees		**325**	2,048
Sales tax payable		**2,258**	1,718
Short term compensated absences		**1,970**	1,331
Others		**318**	6,351
		369,250	307,009

7.1 Workers' profit participation fund

	Note	2010	2009
		(Rupees in '000)	
Balance as at 01 July		**2,711**	1,255
Interest on funds utilised in the Company's business at 15.21% (2009:15.95%) per annum	25	**190**	150
		2,901	1,405
Allocation for the year	24	**3,987**	2,711
		6,888	4,116
Payments made during the year		**(2,901)**	(1,405)
Balance as at 30 June		**3,987**	2,711

8. SHORT TERM BORROWINGS - secured

8.1 Unavailed short-term running finance facilities under mark-up arrangement - secured

The unavailed facilities for short-term running finance from commercial banks amount to Rs. 130 million as at 30 June 2010 (30 June 2009: Rs. 280 million). The rate of mark-up is reset on monthly basis and is based on one month KIBOR plus 1% to 2%. The arrangement is secured against hypothecation of the Company's stock-in-trade and trade debts for Rs.160 million. The facility will expire on 31 December 2010 and is renewable annually.

8.2 Unavailed foreign currency loan facilities- secured

The unavailed foreign currency loan facilities from commercial banks amount to Euro 1.084 million equivalent to Rs. 130 million as ta 30 as at 30 June 2010 (30 June 2009: USD. 4.02 million equivalent to Rs. 130 million). the rate of mark-up is 4.5% to 6.5 %. The arrangements are secured against hypothecation of the Company's stock-in-trade, stores and spares and trade debts. The facilities will expire on 31December 2010.

8.3 Unavailed morabaha facilities - secured

The unavailed morabaha finance facilities of Rs. 300 million have been arranged from Banks. The rate of mark-up is agreed for each sub-morabaha based on Kibor rate plus 1.5% at the time of disbursement request. The facility is secured against the hypothecation of the Company's stock in trade, stores and spares and trade debts. The facilities will expire on 31 December 2010 and 31 August 2010 and are renewable annually.

9. COMMITMENTS

9.1 Letters of credits

The Company has a facility of Rs. 1,285 million (2009: Rs. 1,285 million) for opening letters of credit and guarantees and the amount unutilised as at 30 June 2010 was Rs. 957.941 million (2009: Rs. 983.7 million). The facility is secured by hypothecation of stock-in-trade and receivables and lien on LC documents.

9.2 Guarantees

Bank guarantees amounting to Rs. 25.677 million (2009: Rs. 25.677 million) have been issued in favour of Sui Southern Gas Company Limited for payment of gas bills. These guarantees are secured by second charge on the Company's undertaking, on all its present and future properties, assets, rights and interest and letter of hypothecation of the Company's stock-in-trade, stores and spares and trade receivables.

9.3 Bills discounted

Inland bills discounted upto 30 June 2010 amounted to Rs. 340.514 million (2009: Rs. 140.298 million).

10. PROPERTY, PLANT AND EQUIPMENT

	2009								
Operating assets	Leasehold land	Building on leasehold land	Plant and machinery Owned	Plant and machinery Leased	Vehicles	Office Imporvements	Furniture and equipments	Computer accessories	Total
Cost	(Rupees in '000)								
Balance as at 1 July 2008	12,943	72,269	1,746,598	83,090	30,267	1,976	3,842	2,663	1,953,648
Additions	-	-	97,439	-	39	-	15	75	97,568
Disposals	-	-	-	(58,163)	(2,079)	-	-	-	(60,242)
Balance as at 30 June 2009	12,943	72,269	1,844,037	24,927	28,227	1,976	3,857	2,738	1,990,974
Depreciation									
Balance as at 1 July 2008	1,841	60,908	1,419,764	24,927	16,706	659	768	2,342	1,527,915
Deperciation for the year	137	2,648	96,565	-	2,498	659	771	149	103,427
Deperciation on disposal	-	-	-	-	(1,061)	-	-	-	(1,061)
Balance as at 30 June 2009	1,978	63,556	1,516,329	24,927	18,143	1,318	1,539	2,491	1,630,281
Net book value as at 30 June 2009	10,965	8,713	327,708	-	10,084	658	2,318	247	360,693
Useful lives - years	80 - 99	20	5 - 20	5	8	3	5-15	3	

	2010								
Cost									
Balance as at 1 July 2009	12,943	72,269	1,844,037	24,927	28,227	1,976	3,857	2,738	1,990,974
Additions	-	-	26,977	-	13,934	-	-	170	41,081
Disposals	-	-	-	-	(1,322)	-	-	-	(1,322)
Balance as at 30 June 2010	12,943	72,269	1,871,014	24,927	40,839	1,976	3,857	2,908	2,030,733
Depreciation									
Balance as at 1 July 2009	1,978	63,556	1,516,329	24,927	18,143	1,318	1,539	2,491	1,630,281
Deperciation for the year	139	2,637	101,065	-	2,710	658	771	219	108,199
Deperciation on disposal	-	-	-	-	(817)	-	-	-	(817)
Balance as at 30 June 2010	2,117	66,193	1,617,394	24,927	20,036	1,976	2,310	2,710	1,737,663
Net book value as at 30 June 2010	10,826	6,076	253,620	-	20,803	-	1,547	198	293,070
Useful lives - years	80 - 99	20	5 - 20	5	8	3	5-15	3	

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

	Note	2010	2009
		(Rupees in '000)	
Cost of sales	20	**103,605**	99,085
Distribution and selling costs	22	**1,148**	659
Administration and general expenses	23	**3,446**	3,683
		108,199	103,427

10.2 The following fixed assets were disposed off / retired during the year:

Particulars	Cost	Accumulated depreciation	Book Value	Sale proceeds	Gain on disposal	Mode of disposal	Particulars of buyers
vehicles	(Rupees in '000)						
Mini Truck	156	156	-	40	40	Negotiation	Mr Syed Agha Muhammad Karachi
Toyota Corolla 2.0D-	1,066	566	500	600	100	Negotiation	Ghulam Hussain HUB
Motor Bike (Yamaha)	56	56	-	15	15	Negotiation	Jay Ram Karachi
Motor Bike (Star)	44	39	5	18	13	Negotiation	Jahangir Khan Karachi
2010	1,322	817	505	673	168		
2009	2,079	1,061	1,018	1,116	98		

11. LONG-TERM LOANS TO EMPLOYEES-considered good

	2010	2009
	(Rupees in '000)	
Due from employees	**1,341**	2,160
Less: Recoverable within one year	**(400)**	(700)
	941	1,460

Loans are granted to executives and employees of the Company in accordance with the Company's policy for purchase of cars, motor cycles and household appliances and are interest free. The loans are recoverable in instalments over a period of 24 to 36 months.

12. LONG TERM DEPOSITS

	2010	2009
	(Rupees in '000)	
Utility deposits	**1,091**	1,091
Secuity deposits	**85**	85
	1,176	1,176
Less: Provision for doubtful deposits	**(914)**	(914)
	262	262

13. STORES AND SPARES

	2010	2009
Stores and spares		
- in hand	**154,978**	143,159
- in transit	**7,358**	3,566
Provision for slow moving and obsolete items	**(36,503)**	(33,000)
	125,833	113,725

14. STOCK-IN-TRADE

	2010	2009
Raw and packing materials		
- in hand	**266,798**	99,930
- in transit	**2,364**	88,171
Write down of invenotory to net realisable value	**(27,054)**	-
	242,108	188,101
Work - in process	**5,136**	17,094
Finished goods	**59,630**	121,552
Write down of inventory to net realisable	**(763)**	-
	58,867	121,552
	306,111	326,747

15. TRADE DEBTS

		2010	2009
Considered good	-secured	**90,763**	211,529
	-unsecured	**280,132**	120,500
		370,895	332,029
Considered doubtful		**60,055**	36,057
		430,950	368,086
Provision for doubtful debts		**(60,055)**	(36,057)
		370,895	332,029

15.1 The amount due form associate undertaking as at 30 June 2010 was Rs. 104.327 million (2009: Rs.2.840 million). The maximum aggregate amoujnt due from associated undertaking at hte end of any month during the year was Rs. 104.327 million (2009: Rs. 67.175 million).

		Note	2010	2009
16.	**LOANS AND ADVANCES** - considered good		(Rupees in '000)	
	Lonas			
	Current maturity of long term loans due from employees		**400**	700
	Advances to:			
	- employees against salary		**4**	13
	- suppliers		**3,416**	-
			3,420	13
			3,820	713
17.	**OTHER RECEIVABLES**			
	Sales tax recoverable		**17,411**	11,170
	Refund against tariff protection		**10,861**	33,187
	Insurance claim		**-**	20
			28,272	44,377
18.	**CASH AND BANK BALANCES**			
	With banks			
	- On current accounts		**6,613**	37,639
	- On saving accounts	18.1	**166,751**	83,372
	- On deposit account		**858**	858
	- provision for doubtful deposit	18.2	**(858)**	(858)
			-	-
	Cash in hand		**20**	4
			173,384	121,015

18.1 Rates of returns on saving accounts range from 10% to 12% (2009: 10% to 12%).

18.2 This represents provision made against Certificates of Investment of Bankers Equity Limited.

		2010	2009
19.	**NET SALES**		
	Polyester staple fibre	**3,317,877**	2,468,931
	Waste fiber	**30,728**	33,770
		3,348,605	2,502,701
	Sales return	**-**	(14,615)
	Brokerage, discounts and freight reimbursements	**(67,850)**	(35,440)
		(67,850)	(50,055)
	Net sales	**3,280,755**	2,452,646

20. COST OF SALES

	Note	2010	2009
		(Rupees in '000)	
Raw and packing materials consumed			
Opening stock			
- in hand		99,930	314,851
- in transit		88,171	-
		188,101	314,851
Purchases		2,657,900	1,556,780
		2,846,001	1,871,631
Closing stock			
- in hand		(266,798)	(99,930)
- in transit		(2,364)	(88,171)
		(269,162)	(188,101)
		2,576,839	1,683,530
Salaries, wages and other benefits	20.1	88,938	73,893
Fuel and power		170,892	137,047
Depreciation	10.1	103,605	99,085
Repairs and mintenance		10,135	8,383
Rent, rates and taxes		1,380	916
Stores and spares consumed		59,918	32,254
Travelling and conveyance		13,365	248
Communication		115	68
Written down of inventory to net realisable value		27,817	-
Insurance		3,847	5,397
General expenses		2,772	2,222
		3,059,623	2,043,043
Opening stock of work-in-process		17,094	31,802
Closing stock of work-in-process		(5,136)	(17,094)
Cost of goods manufactured		3,071,581	2,057,751
Opening stock of finished goods		121,552	336,530
Purchases of finished goods		-	38,261
Closing stock of finished goods		(59,630)	(121,552)
		3,133,503	2,310,990

why separately shown in A/c's.

20.1 Salaries, wages and other benefits include Rs. 6.3 million (2009: Rs. 5.392 million) in respect of staff gratuity expense.

21. OTHER OPERATING INCOME

	2010	2009
Income from finanical assets		
Profit on saving accounts	9,538	6,076
Income from non financial assets		
Scrap sales	164	138
Profit on disposal of property plant and equipment	168	98
Ohters	-	2,808
	332	3,044
	9,870	9,120

22. DISTRIBUTION AND SELLING COSTS

	Note	2010	2009
		(Rupees in '000)	
Saleries and other benefits	*22.1*	**2,668**	2,905
Depreciation	*10.1*	**1,148**	659
Outward freight and handling charges		**6,868**	4,875
Marketing and sales promotion		**-**	1,217
Travelling and conveyance		**576**	373
Communication		**129**	116
Other expenses		**420**	745
		11,809	10,890

22.1 Salaries and other benefits include Rs. 0.2 million (2009: Rs. 0.18 million) in respect of staff gratuity expense.

23. ADMINISTRATION AND GENERAL EXPENSES

	Note	2010	2009
Salaries and other benefits	*23.1*	**8,004**	9,545
Rent, rates and taxes		**3,185**	3,497
Depreciation	*10.1*	**3,446**	3,683
Travelling and conveyance		**1,027**	11,845
Communication		**387**	347
Printing, stationary and subscription fees		**1,411**	682
Provision, for doubtful debts		**23,998**	6,993
Provision for slow moving and obsolete stores and spares		**3,503**	-
Sales tax receivable written off		**1,723**	-
Legal and professional charges		**1,662**	966
General expenses		**2,743**	2,317
		51,089	39,875

23.1 Salaries and other benefits include Rs. 0.7 million (2009: Rs. 0.584 million) in respect of staff gratuity expense.

24. OTHER OPERATING EXPENSES

	Note	2010	2009
Auditors' remuneration	*24.1*	**630**	589
Donation		**-**	24
Workers' profit participation fund	*7.1*	4195.7 **3,987**	2,711
Workers' welfare fund		**3,157** ? Calculation	1,117
Exchange loss		**2,837**	13,492
		10,611	17,933

24.1 Auditors' remuneration

		2010	2009
Audit fee		**450**	375
Half yearly review		**120**	100
Special certifications		**60**	70
Out of pocket expenses		**-**	44
		630	589

25. FINANCE COST

	2010	2009
	(Rupees in '000)	
Mark-up on:		
- short-term borrowings	**501**	2,099
- foreign currency loan	**1,194**	341
- morabaha finance	**-**	1,990
- Ijarah financing	**-**	11,474
Bank guarantee commission	**272**	220
Discounting and documentation charges	**4,577**	2,436
Interest on workers' profit participation fund	**190**	-
Bank charges	**299**	695
	7,033	19,255

26. TAXATION

	2010	2009
Current	**(53,334)**	(14,769)
Deferred	**28,575**	(5,723)
	(24,759)	(20,492)

26.1 Income tax assessments of the Company have been finalised upto and including tax year 2009 (Income year ended 30 June 2009) which is deemed to be assessed and for which no further proceeding have been initiated for audit or otherwise by the Income Tax department. The tax year 2009 has been selected for audit by the tax authorities.

26.2 Reconciliation between income tax expense and accounting profit

	2010	2009
Accounting profit before tax	**76,580**	62,823
Tax at the applicable rate of 35% (2009: 35%)	**(26,803)**	(21,988)
Tax effect of credit allowed under section 65A of the income Tax Ordinance, 2001	**1,368**	-
Adjustments in tax written down value	**676**	1,496
	(24,759)	(20,492)

27. EARNING PER SHARE - BASIC AND DILUTED

	2010	2009
Profit after tax attributable to ordinary shareholders	**51,821**	42,331
	(Number of Shares)	
Weighted average number of ordinary shares	**56,040,000**	56,040,000
	(Rupee)	
Earningss per share- basic and diluted	**0.92**	0.76

28. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES		TOTAL	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2010
	Rupees in '000)							
Managerial remuneration	–	–	–	–	**11,587**	11,955	**11,587**	11,955
Housing and utilities	–	–	–	–	**5,955**	4,988	**5,955**	4,988
Gratuity	–	–	–	–	**975**	1,529	**975**	1,529
Medical expenses	–	–	–	–	**1,520**	1,185	**1,520**	1,185
Leave encashment	–	–	–	–	**835**	–	**835**	–
Other allowances	–	–	–	–	–	1,926	–	1,926
Meeting fees	**13**	10	**115**	98	–	–	**128**	108
	13	10	**115**	98	**20,872**	21,583	**21,000**	21,691
Number of persons	**1**	1	**7**	7	**10**	11	**18**	19

Three directors and most of the executives of the Company are provided with free use of Company maintained cars.

29. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

FINANCIAL RISK MANAGEMENT

The Board of Directors of the company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

RISK MANAGEMENT FRAMEWORK

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk managemen policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations

29.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Exposure to Credit risk

Credit risk arises when changes in economic or industry factors similarly affects company's of counter parties whose aggregate credit exposure is significant in relation the Company's total credit exposure. Credit risk of the Company arises principally from the long term deposits, loan and advances, trade debts, other receivables and bank balances. The carrying amount of financial assets represents the maximumcredit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2010	2009
	(Rupees in '000)	
Long-term deposite	**262**	262
Loan and advances	**400**	713
Trad debts	**370,895**	332,029
other receivables	**10,861**	20
Bank Balances	**173,364**	121,011
	555,782	454,035

The Credit quality of financial assets can be assessed with reference to thier historical performance with no or some defaults in recent history, however, no significant losses. The Credit Quality of Company's bank balances can be assessed with refernce to external credit rating as follows:

Bank	**Rating agency**	**Rating**	
		Short term	**Long term**
National Bank of Pakistan	JCR-VIS	AI+	AAA
United Bank Limited	JCR-VIS	AI+	AA+
Habib Bank Limited	JCR-VIS	AI+	AA+
Meezan Bank Limited	JCR-VIS	AI	AA -
Habib Metropolitan Bank	PACRA	AI+	AA+
Bank Al Habib	PACRA	AI+	AA+

All the trade debtors at the balance sheet date represent domestic parties and end-user customers.

The aging of trade receivable at the reporting date is:

Not past due	**207,750**	217,610
Past due 90-183 days	**59,777**	8,389
Past due 183-365 days	**31,537**	47,545
Past due 365-730 days	**39,645**	60,002
Past due 730-1095 days	**58,202**	23,592
Past due 1095 days	**34,039**	10,948
	430,950	368,086

The movement in the allowance for impairment in respect of trade receivables is as follows:

Opening balance	**(36,057)**	(29,064)
Provision during the year	**(23,998)**	(6,993)
Closing balance	**(60,055)**	(36,057)

Based on the experience, consideration of financial position, past track records and recoveries, the Company believes that appropriate impairment has been made.

29.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient cash on demand to meet expected working capital requirements. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

	2010		
NON-DERVATIVE FINANCIAL LIABILITIES	**Carrying amount**	**Contractual cash flows**	**six Months or less**
	(Rupees in '000)		
Trade and other payables	**369,250**	**(369,250)**	**(369,250)**

	2009		
NON-DERVATIVE FINANCIAL LIABILITIES	Carrying amount	Contractual cash flows	six Months or less
	(Rupees in '000)		
Trade and other payables	307,009	307,009	307,009
Short term borrowings	41,215	42,172	42,172
	348,224	349,181	349,181

29.3 Market risk

Market risk is the 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 its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company is exposed to currency risk and interest rate risk only.

29.3.1 Currency risk

The Company is exposed to currency risk on trade debts, borrowings and sales that are denominated in a currency other than the respective functional currency of the Company, primarily U.S. Dollar. The Company's exposure to foreign currency risk is as follows:

	2010	2009
	(Rupees in '000)	
Foreign creditors	**(137,770)**	(57,323)
Short term Borrowings	**-**	(41,215)
Gross balance sheet exposure	**(137,770)**	(98,538)

The following significant exchange rate has been applied:

	Average rate		Reporting date rate	
	2010	2009	**2010**	2009
USD to PKR	**83**	80	**85.40 / 85.60**	81.30 / 81.55

Sensitivity analysis

At reporting date, if the PKR had strengthened by 10% against the US Dollar with all other variables held constant, post-tax profit for the year would have been higher by Rs.13.777 million (2009: Rs.9.854 million) The weaking of the PKR against US Dollar would have had an equal but oppsite impact on the post tax profits.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

29.3.2 Interest rate risk

At the reporting date the interest rate profile of the Company's significant interest bearing financial instrument was as follows:

	Effective interest rate		**Carrying amount**	
Financial assets	**2010**	2009	**2010**	2009
	(in Percent)		(Rupees in '000)	
Variable rate instruments				
Bank balances	**10 to 12**	10 to 12	**166,751**	83,372
Financial liabilities				
Variable rate instruments				
Short term borrowing	**4.5 to 6.5**	4.5 to 6.5	**-**	41,215

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis point in interest rates at the reporting date would have decreased / (increased) profit for the year by Rs. nil (2009: Rs. 0.422 milion). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2009.

The sensitivity analysis prepared is not necessarily indicative of the effects on loss for the year and assets / liabilities of the Company.

29.4 fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate thier fair values. Fair value is the amount for which an asset could be exchanged, or a liability seetled, between knolwdgeable, willing parties in an arm's length transaction.

30. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of entities over which the directors are able to execise significant influence, entities with common directors, major shareholders, directors and key management personnel. The Company has a policy whereby all transactions with related parties, entered into using the comparable uncontrolled price method. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2010	2009
Associated companies	(Rupees in '000)	
Sales	**296,943**	190,229
Bank collection charges paid	**185**	160
Mark-up on Ijarah financing	**-**	11,474
Current account balance (bank) -net	**2,840**	31,060
Saving account balance (bank)	**166,693**	104
Foreign currency loan	**-**	41,215
Mark up on foreign currency loan	**1,194**	341
Mark up on short term borrwings	**501**	-
Dividend account balance	**2**	-

31. PLANT CAPACITY AND PRODUCTION

	(Metric Tones)	
Capacity - Polyester staple fibre / polyester chips	**28,000**	28,000
Actual production - Polyester stple fibre	**25,837**	20,544

32. MOVEMENT IN WORKING CAPITAL

	2010	2009
	(Rupees in '000)	
Decrease / (increase) in current assets:		
Stores and spares	**(15,611)**	(12,950)
Stock in trade	**20,636**	356,436
Trade debts	**(62,864)**	17,503
Loan and advances	**(3,107)**	523
Short term prepayments	**1,145**	-
Other receivables	**16,105**	57,777
	(43,696)	419,289
Increase / (decrease) in current liabilities:		
Trade and other paybles	**61,937**	(232,023)
	18,241	187,266

33. CAPITAL RISK MANAGEMENT

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its buisness.

The Company manage its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders or issue new shares.

34. OPERATING SEGMENT

These financial statements have been prepared on the basis of a single reportable segment.

34.1 Revenue from sale of polyester staple fibre represents 99% (2009 : 99%) of the gross sales of the Company.

34.2 100% (2009: 100%) of the gross sales of the Company are made to customers located in Pakistan.

34.3 All non-current assets of the Company at 30 June 2010 are located in Pakistan.

34.4 One customer of the Company accounts for 41.7% (2009: 40%) of gross sales of the Company for the year, under an agreement.

35. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue in the meeting or Board of Directors held on 04 October 2010,

UMER HAJI KARIM	**ANWAR HAJI KARIM**
CHIEF EXECUTIVE	DIRECTOR

PATTERN OF SHAREHOLDING AS AT 30 JUNE 2010

NO. OF SHAREHOLDERS	SHAREHOLDING From		To	TOTAL SHARES HELD
326	1	—	100	17,104
502	101	—	500	139,999
292	501	—	1000	233,410
413	1001	—	5000	1,012,968
67	5001	—	10000	525,421
36	10001	—	15000	469,394
14	15001	—	20000	249,348
9	20001	—	25000	202,151
5	25001	—	30000	143,925
6	30001	—	35000	193,973
4	35001	—	40000	149,752
7	40001	—	45000	293,751
3	45001	—	50000	149,190
3	50001	—	55000	162,024
4	55001	—	60000	228,991
6	60001	—	65000	377,940
3	65001	—	70000	206,750
1	70001	—	75000	71,700
2	85001	—	90000	173,249
1	90001	—	95000	93,750
2	100001	—	105000	205,900
1	110001	—	115000	114,300
1	115001	—	120000	119,000
1	125001	—	130000	129,450
1	130001	—	135000	132,900
2	135001	—	140000	277,650
4	140001	—	145000	568,291
5	145001	—	150000	749,900
1	150001	—	155000	153,750
1	155001	—	160000	157,500
2	160001	—	165000	323,550
1	170001	—	175000	172,050
1	175001	—	180000	176,250
2	190001	—	195000	388,544
3	195001	—	200000	591,584
1	200001	—	205000	202,500
5	205001	—	210000	1,045,702
1	210001	—	215000	210,750
2	220001	—	225000	445,737
3	235001	—	240000	710,300
3	260001	—	265000	788,028
1	290001	—	295000	290,277
1	300001	—	305000	302,626
2	320001	—	325000	644,850
1	335001	—	340000	339,550
2	340001	—	345000	680,100
1	365001	—	370000	367,350
4	370001	—	375000	1,496,850
2	395001	—	400000	792,883
1	415001	—	420000	418,426

PATTERN OF SHAREHOLDING
AS AT 30 JUNE 2010

NO. OF SHAREHOLDERS	SHAREHOLDING From		SHAREHOLDING To	TOTAL SHARES HELD
1	430001	—	435000	430,078
1	445001	—	450000	447,916
1	450001	—	455000	452,581
4	470001	—	475000	1,889,349
4	530001	—	535000	2,137,393
2	560001	—	565000	1,128,178
1	565001	—	570000	568,388
1	585001	—	590000	589,567
1	595001	—	600000	596,767
1	605001	—	610000	605,833
2	665001	—	670000	1,334,700
1	680001	—	685000	680,100
1	735001	—	740000	736,534
1	740001	—	745000	742,117
2	745001	—	750000	1,499,400
1	750001	—	755000	754,249
1	790001	—	795000	794,266
1	795001	—	800000	795,833
2	835001	—	840000	1,674,104
1	865001	—	870000	869,437
2	940001	—	945000	1,880,883
1	945001	—	950000	945,150
1	990001	—	995000	991,750
1	1045001	—	1050000	1,046,405
1	1060001	—	1065000	1,064,089
1	1220001	—	1225000	1,220,534
1	1275001	—	1280000	1,279,834
1	1415001	—	1420000	1,417,991
1	1605001	—	1610000	1,606,487
1	1880001	—	1885000	1,880,591
1	2655001	—	2660000	2,656,283
1	3230001	—	3235000	3,231,875
1805				56,040,000

S. NO.	CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	TOTAL SHARES HELD	PERCENTAGE
1	INDIVIDUAL	1731	44332645	79.11%
2	JOINT STOCK COMPANIES	36	3619665	6.46%
3	FINANCIAL INSTITUTIONS	17	6154152	10.98%
4	INVESTMENT COMPANIES	5	29951	0.05%
5	INSURANCE COMPANIES	5	1884812	3.36%
6	FOREIGN INVESTORS	3	8200	0.01%
7	BANK	1	300	0.00%
8	MODARABA	3	1100	0.00%
9	LEASING & MODARABA	2	7175	0.01%
10	MUTUAL FUND	2	2000	0.00%
		1805	56040000	100.00%

PATTERN OF SHAREHOLDING
ADDITIONAL INFORMATION
AS AT 30 JUNE 2010

Sl. No.	Categories of Shareholders	Number	Shares held
	NIT and ICP		
1	National Bank of Pakistan Trustees Department		5,132,607
2	Investment Corporation of Pakistan		3,800
		2	5,136,407
	Directors, CEO & their Spouses		
1	Mr. Ebrahim Haji Karim		30,000
2	Mrs. Hajra Hajiani		240,000
3	Mr. Umer Haji Karim - Chief Executive Officer		1,412,734
4	Mrs. Amina (W/o Mr. Umer Haji Karim)		808,333
5	Mr. Anwar Haji Karim - Director		408,789
6	Mrs. Zeenat (W/o Mr. Anwar Haji Karim)		585,639
7	Mr. Yakoob Haji Karim - Director		1,275,584
8	Mrs. Shahida (W/o Mr. Yakoob Haji Karim)		718,933
9	Mr. Ahmed Ebrahim - Director		250,513
10	Mr. Rafique Ebrahim - Director		930,802
11	Mrs. Mehfooza (W/o Mr. Rafique Ebrahim)		812,567
12	Mr. Sajid Haroon - Director		791,767
13	Mrs. Akila (W/o Mr. Sajid Haroon)		340,050
		13	8,605,711
	Executives	**Nil**	–
	Public Sector Companies and Corporation	**36**	3,619,665
	Banks, Development Finance Institutions, Banking Finance Institutions, Insurance Companies, Modarabas, and Mutual Funds	**32**	2,951,283
	Shareholders holding 10% or more	**Nil**	–
	Individuals		35,726,934
		Total	56,040,000

NOTICE OF MEETING

Notice is hereby given that the Twenty Fifth Annual General Meeting of the shareholders of Pakistan Synthetics Limited will be held on Saturday, 30 October 2010 at 4.00 p.m. at Head Office, 3rd Floor, KDLB Building, West Wharf, Karachi, Pakistan.

1. To confirm the minutes of the Thirteenth Extra Ordinary General Meeting of the Company held on 31 March 2010.

2. To receive, consider and adopt the Audited Financial Statements of the Company together with Directors' and Auditors' Reports thereon for the year ended 30 June 2010.

3. To appoint the Auditors of the Company and to fix their remuneration.

4. To transact any other business with permission of the Chair.

By the Order of the Board

Date: 04 October 2010
Karachi

UMER HAJI KARIM
CHIEF EXECUTIVE

NOTES :-

1. The Shares Transfer Books of the Company will remain close from Saturday, 16 October 2010 to Saturday, 30 October 2010 (both days inclusive). Transfers received at the Registered Office of the Company at the close of business on 15 October 2010 will be treated in time to attend the Twenty Fifth Annual General Meeting of the Company.

2. A member of the Company entitled to attend and vote at the Meeting may appoint any other member as his/her proxy to attend, speak and vote at the Meeting on his/her behalf. Instrument appointing proxies, in order to be effective, must be received at the Registered Office of the Company at 3rd Floor, Karachi Dock Labour Board Building, 58-West Wharf Road, Karachi, duly stamped, signed and witnessed not less than 48 hours before the time of holding of the Meeting. A proxy must be a Member of the Company.

3. Members are requested to notify the Company if there is any change in their addresses immediately.

4. CDC Account Holders will further have to strictly follow the guidelines as laid down in Circular 1 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan.

PAKISTAN SYNTHETICS LIMITED

FORM OF PROXY
TWENTY FIFTH ANNUAL GENERAL MEETING

I/We ______________________________

of ______________________________

being a member(s) of Pakistan Synthetics Limited holding ______________

Ordinary Shares hereby appoint ______________________________

of ______________ or failing him/her ______________

of ______________ who is / are also member(s) of Pakistan Synthetics Limited as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at Twenty Fifth Annual General Meeting of the Company to be held on 30 October 2010 and / or any adjournment thereof.

As witness my/our hand/seal this ______________ day of ______________ 2010

Signed by the said ______________________________

in the presence of 1. ______________________________

2. ______________________________

Please Quote Folio # /
Participant ID# & A/c#

Signature on
Revenue Stamp
of Appropriate value

The signature should agree with the specimen registered with the Company.

IMPORTANT

1. This Proxy Form, duly completed and signed must be received at the Registered Office of the Company at 3rd Floor, Karachi Dock Labour Board Building, 58-West Wharf Road, Karachi. not less than 48 hours before the time of holding the meeting.

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

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

FOR CDC ACCOUNT HOLDERS/CORPORATE ENTITIES:

In addition to the above the following requirements have to be met:

1. The Proxy Form shall be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the Form.

2. Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the Proxy Form.