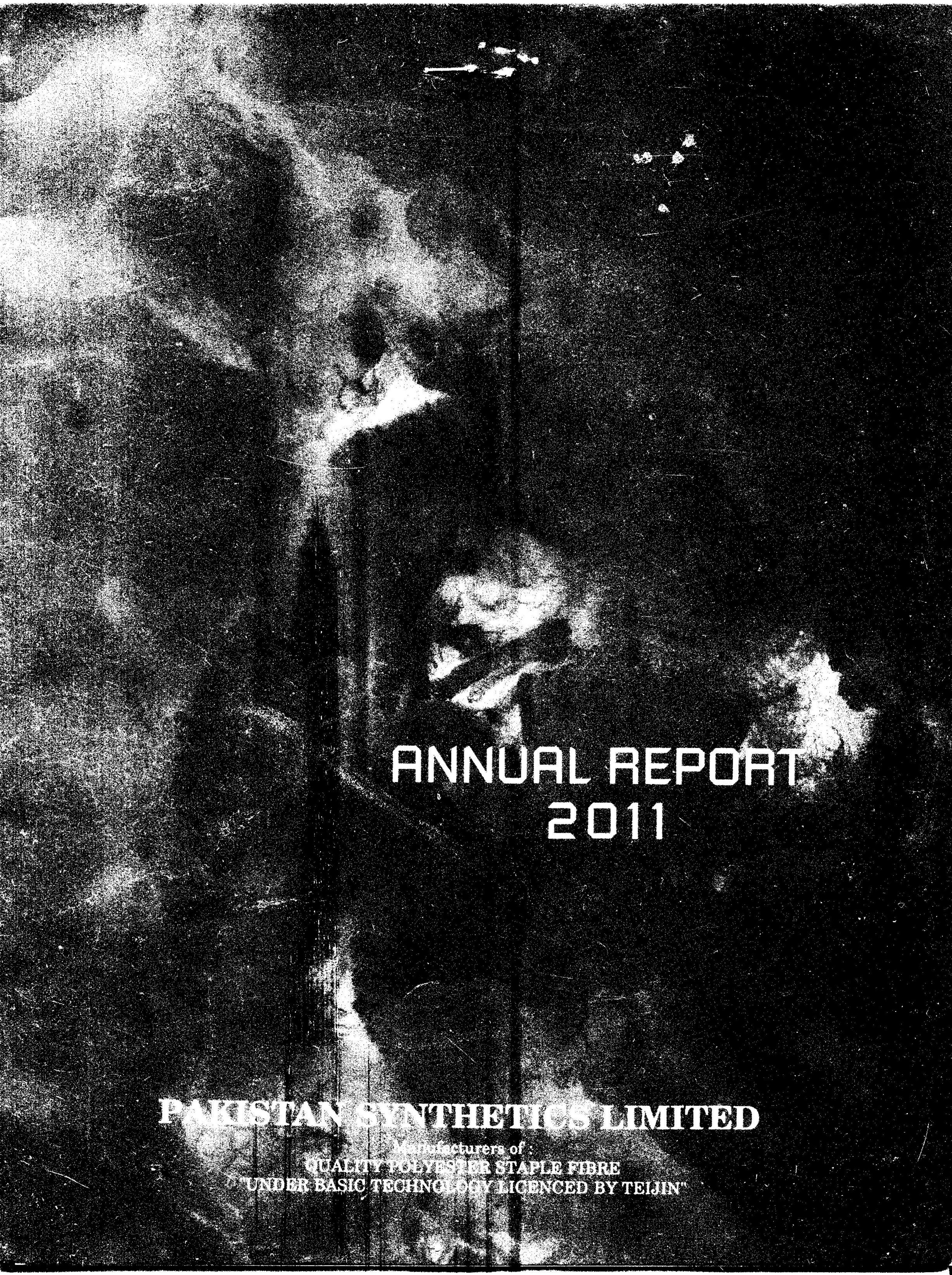

ANNUAL REPORT 2011

PAKISTAN SYNTHETICS LIMITED

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

PAKISTAN SYNTHETICS

"Under Basic Technology, licensed by TEIJIN"

Pakistan Synthetics Limited.
3rd Floor, K.D.L.B Building
58, West Wharf Road,
Karachi-74000 Pakistan
Tel : 32313031-34
Fax : (92-21) 32310625
E-mail : headoffice@alkaram.com

October 12, 2011

Dear Shareholder,

Subject: Corrigendum for Annual Report 2011

We are writing to rectify some printing mistakes in the published financial statements for the year ended June 30, 2011. Amounts published and corresponding actual amounts in notes to the financial statements are tabulated below;

Financial statements note reference	**Description**	**Amount as per published financial statements**	**Actual amount**
		------ Rupees in '000 ------	
Note 6	Taxable temporary difference arising due to accelerated tax depreciation	14,251	147,251
Note 23	Legal and professional charges	18,822	1,822

In addition to above, shareholders' equity on page 3 "Performance of the Company at a glance" is published as Rs.1,157 instead of Rs.1,167 million.

Further, in review report to the members on statement of compliance with the best practices of code of corporate governance, following lines "Further, Sub-regulations (xiii a) of listing Regulations No. 35 notified by the Karachi Stock Exchange (Guarantee) Limited vide circular no. KSE/N-269 dated January 19, 2009 requires" is to be read as "Further, Listing Regulations of the Stock Exchanges where the company is listed, require" onwards.

We regret very much for these inadvertent printing mistakes.

Thank you

Yours faithfully,
For Pakistan Synthetics Limited

Mubbashir Amin
Company Secretary

CONTENTS	PAGE NO.

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
REGISTER	TECHNOLOGY TRADE (PVT.) LTD. DAGIA HOUSE, 24-C, BLOCK-2, PECHS, OFF: SHAHRAH-E-QUAIDEEN, KARACHI.
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 PACKAGING UNIT PLOT # A-5, N.W.I.Z. PORT QASIM AUTHORITY, KARACHI.

PERFORMANCE OF THE COMPANY AT A GLANCE

	YEAR ENDED 30 JUNE									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
STATISTICAL SUMMARY	**Rupees in million**									
Gross sales	1,899	2,086	2,223	1,891	1,873	1,560	2,284	2,503	3,349	4,231
Profit / (loss) before taxation	129	99	47	(59)	27	(103)	63	63	77	441
Taxation	(39)	(58)	(16)	11	(1)	27	(18)	(20)	(25)	(154)
Profit / (loss) after taxation	90	41	31	(48)	26	(76)	6	42	52	286
Gross assets employed (including capital work-in-progress)	1,296	1,392	1,357	1,302	1,292	1,275	1,696	1,302	1,324	2,644
Paid-up capital	560	560	560	560	560	560	560	560	560	560
Shareholders' equity	974	973	1,005	956	983	851	857	899	881	1,157
EARNINGS AND PAY OUT	**Rs. per share of Rs. 10 each**									
Earnings/(loss) per share after taxation	1.60	0.74	0.56	(0.86)	0.47	(1.36)	0.10	0.76	0.92	5.11
Break-up value	17.37	17.36	17.92	17.06	17.53	15.18	15.29	16.04	15.71	20.82
Cash dividend	2.00	0.75	–	–	1.00	–	–	1.25	–	2.00
FINANCIAL RATIOS	**Ratios**									
Current Assets : Current Liabilities	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	1.09:1
Long-term Debts : Equity	0:100	0:100	0:100	0:100	0:100	9:91	7:93	0:1	0:1	0:1
PRODUCTION	**Tonnes**									
Polyester Staple Fibre	22,524	24,973	23,063	17,532	23,092	15,539	24,921	20,544	25,837	24,449
Polyester Chips	5,052	4,843	4,149	2,038	133	–	–	–	–	–
TOTAL	27,576	29,816	27,212	19,570	23,225	15,539	24,921	20,544	25,837	24,449

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2011

We are pleased to present before you the 26th Annual Report together with the Audited Financial Statements of the Company for the year ended 30th June, 2011.

OPERATING PERFORMANCE

During the year under review, the Company produced 24,443 M.tons of Polyester Staple Fibre as against 25,837 M.tons produced during the last year. The company sold 24,846 M.tons of PSF as against 26,707 M.tons of last year.

FINANCIAL RESULTS

During the year under review, the company's gross turnover increased to Rs. 4,231.46 million from Rs. 3,349 million during the corresponding last year.

The Company earned profit before tax of Rs.440.58 million as against profit before tax of Rs. 76.58 million in the last year. The net profit after tax stood at Rs.286.30 million as against net profit after tax of Rs. 51.82 million in the last year.

EARNING PER SHARE

The net earning per share, after providing for taxation, for the year ended 30th June, 2011 was Rs.5.11 (2010: Re.0.92).

DIVIDEND

The Directors of the Company recommended cash dividend @ Rs.2 per share (i.e. 20%) for the year ended 30th June, 2011.

PACKAGING DIVISION

The Packaging Unit has commenced its Commercial Production during the year.

FUTURE OUTLOOK

Due to recession in textile industry particularly in USA & Europe, the demand for textile goods is under pressure. The prices of raw cotton have decreased substantially. Both these factors have adverse impact on the fibre industry. The prices of the basic raw materials of fibre are on higher side as such at present the fibre industry is under pressure.

The gas connection has not been provided to our Packaging Unit. The Company has to use diesel which results in higher cost of power. The management is hopeful that gas connection will be provided to the Company in near future which would have positive impact on the profitability of Packaging Unit.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2011

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:

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.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2011

MEETING OF THE BOARD OF DIRECTORS

During the year, six (06) meetings of the Board of Directors were held. Attendance by each Director was as follows:-

	NAME OF DIRECTORS(S)	NO. OF MEETING ATTENDANCE
I.	Mr. Ebrahim Haji Karim	0
II.	Mr. Umer Haji Karim	6
III.	Mr. Anwar Haji Karim	6
IV.	Mr. Yakoob Haji Karim	6
V.	Mr. Abid Umer	6
VI.	Mr. Sajid Haroon	6
VII.	Mr. Pir Mohammad A.Kaliya	6
VIII.	Mr. Aamir Amin-NIT	4

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

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2011

PATTERN OF SHARE HOLDING

The pattern of share holding as on 30th June, 2011 is annexed.

AUDITORS

The present auditors of the Company, 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, 2012.

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

Date: 03 October 2011
Karachi

UMER HAJI KARIM
CHIEF EXECUTIVE

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 2011

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

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

1. The Company encourages representation of independent non-executive directors 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. The Company encourages representing of minority shareholders on the board, however, none of the minority shareholder offered himself for election. At present the Board comprises eight directors, including the Chairman and the Chief Executive.

2. The directors have confirmed that none of them is serving as 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 Development Financial Institution or a Non-Banking Financial Institution. None of the director 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 regards.

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 and approved a vision and mission statement and the same have been adopted. The significant policies and overall corporate strategy are being developed and will be adopted after approval of Board.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated atleast seven days before the meeting. 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. There was no new appointment of CFO and Company Secretary during the year.

STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2011

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.

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

13. The CEO, directors and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of share holding.

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

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

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

17. The Board has outsourced an internal audit function to a firm of Chartered Accountants to carry out the internal audit function independently that is considered suitably qualified and experienced for the purpose and is conversant with policies and procedures of the Company.

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan (ICAP), 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 ICAP.

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. All material information as discussed in clause (xxiii) of the code is disseminated to the stock exchanges and Securities and Exchange Commission of Pakistan in a timely fashion.

21. The related party transactions with details of pricing methods have been placed before the Audit Committee and approved by the Board of Directors.

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

For and on behalf of the Board of Directors

Date: 03 October 2011
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 are not required to consider whether the Board's statement on internal control covers all risk and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub-regulations (xiii a) of listing Regulations No. 35 notified by the Karachi Stock Exchange (Guarantee) Limited vide circular no. KSE/N-269 dated January 19, 2009 requires the Company to place before the Board of Directors of their consideration and approval of related party transactions distinguishing between transaction 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 justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transaction before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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

Date: 03 October 2011
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 2011 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;

   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 2011 and respectively of the profit, its cash flows and changes in equity for the year then ended; and

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

Date: 03 October 2011

Karachi

KPMG TASEER HADI & CO.
Chartered Accountants
Mohammad Nadeem

BALANCE SHEET
AS AT 30 JUNE 2011

	Note	2011	2010
Equity and reserves		(Rupees in '000)	
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**	292,450
Unappropriated profit		**314,036**	27,732
Total shareholders' equity		**1,166,886**	880,582
Non-current liabilities			
Staff retirement benefits	5	**25,617**	26,093
Deferred taxation	6	**89,184**	-
Total non-current liabilities		**114,801**	26,093
Current liabilities			
Trade and other payables	7	**271,979**	369,250
Short-term borrowings	8	**1,088,371**	-
Accrued markup		**2,382**	-
Taxation - net		**-**	47,942
Total current liabilites		**1,362,732**	417,192
Contingency and commiments	9		
Total equity and liabilities		**2,644,419**	1,323,867

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 2011

	Note	2011	2010
		(Rupees in '000)	
Assets			
Non-current assets			
Property, plant and equipment	10	**1,154,708**	293,070
Long term loans to employees	11	**186**	941
Long term deposits	12	**924**	262
Deferred taxation	6	**-**	21,279
Total non-current assets		**1,155,818**	315,552
Current assets			
Stores and spares	13	**154,554**	125,833
Stock-in-trade	14	**526,186**	306,111
Trade debts	15	**337,851**	370,895
Loans and advances	16	**3,613**	3,820
Short term prepayments		**17**	-
Other receivables	17	**75,932**	28,272
Taxation - net		**1,521**	-
Cash and bank balances	18	**388,927**	173,384
Total current assets		**1,488,601**	1,008,315
Total assets		**2,644,419**	1,323,867

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 2011

	Note	2011	2010
		(Rupees in '000)	
Net sales	19	**4,154,303**	3,280,755
Cost of sales	20	**(3,567,817)**	(3,133,503)
Gross profit		**586,486**	147,252
Other operating income	21	**21,097**	9,870
		607,583	157,122
Distribution and selling costs	22	**(17,048)**	(11,809)
Administration and general expenses	23	**(70,237)**	(51,089)
Other operating expenses	24	**(70,302)**	(10,611)
		(157,587)	(73,509)
		449,996	83,613
Finance cost	25	**(9,417)**	(7,033)
Profit before taxation		**440,579**	76,580
Taxation	26	**(154,275)**	(24,759)
Profit for the year		**286,304**	51,821
		(Rupee)	
Earnings per share - basic and diluted	27	**5.11**	0.92

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 2011

	Note	2011	2010
		(Rupees in '000)	
Profit for the year		**286,304**	51,821
Other comprehensive income		-	-
Total comprehensive income for the year		**286,304**	51,821

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 2011

	Note	2011	2010
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**440,579**	76,580
Adjustments for:			
Depreciation		**129,350**	108,199
Charge for staff gratuity		**5,733**	7,201
Profit on disposal of property, plant and equipment		**(200)**	(167)
Profit on saving and deposit accounts		**(20,554)**	(9,538)
Finance cost		**9,417**	7,033
Provision for slow moving and obsolete stores and spares		**-**	3,503
Provision for doubtful debts and deposits		**39,355**	23,998
		603,680	216,809
Movement in:			
Working capital	32	**(421,061)**	18,241
Long term loans to employees		**755**	519
Long term deposits		**(662)**	-
Net cash from operations		**182,712**	235,569
Staff gratuity paid		**(6,209)**	(11,710)
Financial charges paid		**(7,035)**	(7,128)
Taxes paid		**(97,550)**	(22,625)
Net cash from operating activities		**71,918**	194,106
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		**(965,451)**	(41,081)
Proceeds from disposal of property, plant and equipment		**200**	673
Profit on saving accounts received		**20,554**	9,538
Net cash (used in) investing activities		**(944,697)**	(30,870)
CASH FLOWS FROM FINANCING ACTIVITIES			
Liabilities against assets subject to finance lease		**-**	-
Dividend paid		**(49)**	(69,652)
Net cash (used in) financing activities		**(49)**	(69,652)
Net (decrease) / increase in cash and cash equivalents		**(872,828)**	93,584
Cash and cash equivalents at beginning of the year		**173,384**	79,800
Cash and cash equivalents at end of the year		**(699,444)**	173,384
CASH AND CASH EQUIVALENTS COMPRISE			
Cash and bank balances	18	**388,927**	173,384
Short term borrowings	8	**(1,088,371)**	-
		(699,444)	173,384

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 2011

	Issued, subscribed and paid-up capital	Revenue reserve	Unappropriated profit	Total reseves	Total
	(Rupees in '000)				
Balance as at 01 July 2009	**560,400**	362,500	(24,089)	388,411	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
Total comprehensive income for the year - profit for the year ended 30 June 2011	–	–	286,304	286,304	286,304
Balance as at 30 June 2011	**560,400**	**292,450**	**314,036**	**606,486**	**1,166,886**

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 2011

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, Lahore and Islamabad Stock Exchanges 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.

During the year the Company has setup packaging division to manufacture crown and plastic caps at plot No. A-5 North Western Industrial Zone of Port Qasim. Erection of machinery of packaging division has been successfully completed and the plant has started its commercial production during the year.

2. **BASIS OF PREPARATION**

2.1 Statement of compliance

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is also the functional currency of the Company and rounded off to the nearest thousand.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, 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 experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying 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.

Significant accounting estimates and areas where judgments were made by the management in the application of accounting policies are discussed in the following notes:

i) Employee benefits (note 3.1)
ii) Income taxes (note 3.4)
iii) Estimated useful lives of property, plant and equipment (refer note 3.5)
iv) Stock in trade and store and spares (note 3.6 & 3.7)
v) Impairment (note 3.13)

2.5 New approved accounting standards applied

During the year, certain amendments to standards became effective. However, they did not have material affect on these financial statements.

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

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning from the dates specified below:

- IAS 24 Related Party Disclosures (revised 2009) – (effective for annual 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. The amendment may result in certain changes in disclosures.

- Amendments to IAS 12 – deferred tax on investment property (effective for annual periods beginning on or after January 1, 2012). The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. The amendment has no impact on financial statements of the Company.

- 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 recognised as an asset rather than an expense. This amendment has no impact on Company's financial statements.

- Disclosures – Transfers of Financial Assets (Amendments to IFRS 7) - (effective for annual periods beginning on or after 1 July 2011). The amendments introduce new disclosure requirements about transfers of financial assets, including disclosures for financial assets that are not derecognised in their entirety; and financial assets that are derecognised in their entirety but for which the entity retains continuing involvement. The amendments have no impact on financial statements of the Company.

- 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. The amendments include list of events or transactions that require disclosure in the interim financial statements, add an explicit statement that qualitative disclosure should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments and fair value of award credits under the customer loyalty programmes to take into account the amount of discounts or incentives that otherwise would be offered to customers that have not earned the award credits. Certain of these amendments will result in increased disclosures in the financial statements.

- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after January 1, 2013). IAS 27 (2011) supersedes IAS 27 (2008). IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Company.

- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after January 1, 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Company.

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after January 1, 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The amendments have no impact on financial statements of the Company.

- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after July 1, 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments have no impact on financial statements of the Company.

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.

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 the "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 benefit 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 recognised in the profit and loss account, except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is recognised in equity or in other comprehensive income respectively.

Current

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Provisions for current taxation is based on taxability of certain income streams of the Company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credits and tax rebates available, if any.

Deferred

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and the liabilities for financial reporting purposes and amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantively enacted at the balance sheet date. Deferred tax asset is recognized only to the extent that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any, except capital work-in-progress which is stated at cost. Cost of certain items of property, plant and equipment comprise of historical cost and costs of borrowing 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, less impairment and net realisable value.

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

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

An impairment loss in respect of a investments classified as 'held to maturity and are measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit and loss account. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

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 Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Company's Chief Executive Officer to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly certain assets and income tax assets and liabilities not directly related to the reportable segments.

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

During the year the Company started manufacturing of crown and plastic caps in the month of June 2011, that results in two separate reportable segments.

3.18 Off-setting

Financial assets and financial liabilities are only offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amount and the Company intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

4. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2011	2010		**2011**	2010
(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:

	2011	2010
	(Rupees in '000)	
Present value of defined benefit obligation	**24,371**	26,256
Unrecognised actuarial gain / (loss)	**1,246**	(163)
Liability as at 30 June	**25,617**	26,093

Movement in persent value of defined benefit obligation

	2011	2010
Obligation as at 1 July	**26,256**	32,679
Current service cost	**2,723**	3,370
Intereset cost	**3,010**	3,831
Actuarial (gain) / loss	**(1,409)**	(1,914)
Benefits paid	**(6,209)**	(11,710)
Obligation as at 30 June	**24,371**	26,256

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

	2011	2010
Current service cost	**2,723**	3,370
Interest cost	**3,010**	3,831
	5,733	7,201

Movement in liability

	2011	2010
Balance as on 1 July	**26,093**	30,602
Expense recognised	**5,733**	7,201
Payments during the year	**(6,209)**	(11,710)
Liability as at 30 June	**25,617**	26,093

Actuarial assumptions

	2011	2010
Discount rate	**14%**	13%
Expected rate of salary increase	**13%**	12%

Historical Information	2011	2010	2009	2008	2007
	(Rupees in '000)				
Present value of the defined benefit obligation	**24,371**	26,256	32,679	25,845	25,895

6. DEFERRED TAXATION

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

	Note	2011	2010
		(Rupees in '000)	
Taxable temporary difference arising due to accelerated tax depreciation		**14,251**	22,269
Deductible temporary difference arising in repect of:			
- provision for staff gratuity		**(8,966)**	(9,133)
- provision for doubtful debts, slow moving and obsolete stores and spares and doubtful deposites		**(48,070)**	(34,415)
- precommencement expenditures		**(1,031)**	-
		89,184	(21,279)

7. TRADE AND OTHER PAYABLES

	Note	2011	2010
Trade creditors including bills payable		**215,212**	346,027
Accued expenses		**1,309**	2,026
Advances from customers		**509**	280
Security deposit from contractor		**1,239**	-
Workers' welfare fund		**9,475**	4,274
Workers' profit participation fund	*7.1*	**23,687**	3,987
Unclaimed dividend		**2,583**	2,632
Bonus payable		**7,101**	4,737
Insurance premium payable		**2,474**	-
Due to empolyees		**741**	741
Sales tax payable	*7.2*	**4,862**	2,258
Short term compensated absences		**2,459**	1,970
Others		**247**	318
		271,979	369,250

7.1 Workers' profit participation fund

	Note	2011	2010
Balance as at 01 July		**3,987**	2,711
Interest on funds utilised in the Company's business at 14.76% (2010:15.21%) per annum	*25*	**270**	190
		4,257	2,901
Allocation for the year	*24*	**23,687**	3,987
		27,944	6,888
Payments made during the year		**(4,257)**	(2,901)
Balance as at 30 June		**23,687**	3,987

7.2 This pepesents salary and gratuity payable employees amounting to Rs. 0.416 million and Rs. 0.325 million respectively.

8. SHORT TERM BORROWINGS - secured

8.1 The Company has obtained short-term running finance from commercial banks amount to Rs. 600 million as at 30 June 2011 (30 June 2010: Rs. 130 million). The rate of mark-up is reset on monthly basis and is based on one month KIBOR plus 1%. The arrangement is secured against hypothecation of the Company's stock-in-trade and trade debts and equitable charge over fixed assets of the company. The facility expires on 31 December 2012 and is renewable annually.

8.2 The Company has obtained diminishing musharika finance from commercial banks amount to Rs.600 million as at 30 June 2011 (30 June 2010: Rs. Nil). The rate of mark-up is reset on monthly basis and is based on one month KIBOR plus 1.25%. The arrangement is secured against hypothecation of the Company's stock-in-trade and trade debts and equitable charge over fixed assets of the company. The facility expires on 31 August 2011 and 31 December 2011 and is renewable annually. As at 30 June 2011, the unavailed facility amounts to Rs 400 million.

8.3 The Company has obtained murabaha finance facilities of Rs. 550 million have been arranged from Banks. The rate of mark-up is agreed for each sub-morabaha based on Kibor rate plus 1% 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 expire on 31 December 2011 and 31 March 2012 and are renewable annually.

9. CONTINGENCY AND COMMITMENTS

9.1 Contingency

9.1.1 Guarantees

Bank guarantees amounting to Rs. 45.677 million and Rs. 10.87 million (2010: Rs. 25.677 million) have been issued in favour of Sui Southern Gas Company Limited for payment of gas bills and others. 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.

9.2 Commitments

9.2.1 Letters of credits

The Company has a facility of Rs. 1,700 million (2010: Rs. 1,285 million) for opening letters of credit and guarantees and the amount unutilised as at 30 June 2011 was Rs. 488 million (2010: Rs. 957.941 million). The facility is secured by hypothecation of stock-in-trade and receivables and lien on LC documents.

9.2.2 Bills discounted

Inland bills discounted upto 30 June 2011 amounted to Rs. 136.517 million (2010: Rs. 340.514 million).

10. PROPERTY,PLANT AND EQUIPMENT

		2011	2010
		(Rupees in '000)	
- Operating assets	*10.1*	**972,801**	293,070
- Capital work in progress (including advance of Rs. 25.537 million for civil work)		**181,907**	-
		1,154,708	293,070

10.1 Operating assets

	2011								
	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 2010	12,943	72,269	1,871,014	24,927	40,839	1,976	3,857	2,908	2,030,733
Additions	14,000	60,694	730,206	-	3,562	-	491	128	809,081
Disposals	-	-	-	-	(351)	-	-	-	(351)
Balance as at 30 June 2011	26,943	132,963	2,601,220	24,927	44,050	1,976	4,348	3,036	2,839,463
Depreciation									
Balance as at 1 July 2010	2,117	66,193	1,617,394	24,927	20,036	1,976	2,310	2,710	1,737,663
Deperciation for the year	210	3,135	121,001	-	4,068	-	782	154	129,350
Deperciation on disposal	-	-	-	-	(315)	-	-	-	(351)
Balance as at 30 June 2011	2,327	69,328	1,738,395	24,927	23,753	1,976	3,092	2,864	1,866,662
Net book value as at 30 June 2011	24,616	63,635	862,825	-	20,297	-	1,256	172	972,801
Useful lives - years	50 - 99	20	5 - 20	5	8	3	5-15	3	

	2010								
	Leasehold land	Building on leasehold land	Plant and machinery Owned	Plant and machinery Leased	Vehicles	Office Imporvements	Furniture and equipments	Computer accessories	Total
	(Rupees in '000)								
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	50 - 99	20	5 - 20	5	8	3	5-15	3	

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

		2011	2010
		(Rupees in '000)	
Cost of sales	20	**124,170**	103,605
Distribution and selling costs	22	**1,295**	1,148
Administration and general expenses	23	**3,885**	3,446
		129,350	108,199

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	351	351	-	200	200	Negotiation	Tariq Khan Karachi
2011	**351**	**351**	-	**200**	**200**		
2010	1,322	817	505	673	168		

11. LONG-TERM LOANS TO EMPLOYEES-considered good

	2011	2010
	(Rupees in '000)	
Due from employees	**687**	1,341
Less: Recoverable within one year	**(501)**	(400)
	186	941

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

Utility deposits	**1,588**	1,091
Secuity deposits	**250**	85
	1,838	1,176
Less: Provision for doubtful deposits	**(914)**	(914)
	924	262

13. STORES AND SPARES

Stores and spares		
- in hand	**187,348**	154,978
- in transit	**3,709**	7,358
Provision for slow moving and obsolete items	**(36,503)**	(36,503)
	154,554	125,833

14. STOCK-IN-TRADE

	2011	2010
	(Rupees in '000)	
Raw and packing materials		
- in hand	**416,080**	266,798
- in transit	**1,880**	2,364
Write down of invenotory to net realisable value	**-**	(27,054)
	417,960	242,108
Work - in process	**11,012**	5,136
Finished goods	**97,214**	59,630
Write down of inventory to net realisable	**-**	(763)
	97,214	58,867
	526,186	306,111

15. TRADE DEBTS

		2011	2010
Considered good	-secured	**90,928**	90,763
	-unsecured	**246,923**	280,132
		337,851	370,895
Considered doubtful		**99,410**	60,055
		437,261	430,950
Provision for doubtful debts		**(99,410)**	(60,055)
		337,851	370,895

15.1 The amount due form associate undertaking as at 30 June 2011 was Rs. 105.722 million (2010: Rs.104.327 million). The maximum aggregate amoujnt due from associated undertaking at the end of any month during the year was Rs. 105.722 million (2010: Rs. 104.327 million).

16. LOANS AND ADVANCES - considered good

Loans

	2011	2010
Current maturity of long term loans due from employees	**501**	400
Advances to:		
	12	4
- employees against salary	**3,100**	3,416
- others	**3,112**	3,420
	3,613	3,820

17. OTHER RECEIVABLES

	2011	2010
	(Rupees in '000)	
Sales tax recoverable	**75,859**	17,411
Refund against tariff protection	**-**	10,861
Other receivable	**73**	-
	75,932	28,272

18. CASH AND BANK BALANCES

	Note	2011	2010
With banks			
- On current accounts		**3,397**	6,613
- On saving accounts	18.1	**385,469**	166,751
- On deposit account		**515**	858
- Provision for doubtful deposit	18.2	**(515)**	(858)
		-	-
Cash in hand		**16**	20
		388,927	173,384

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.

19. NET SALES

	2011	2010
Polyester staple fibre	**4,218,149**	3,317,877
Waste fiber	**51**	30,728
Plastic caps	**13,268**	-
	4,231,468	3,348,605
Brokerage, discounts and freight reimbusements	**(77,165)**	(67,850)
Net sales	**4,154,303**	3,280,755

20. COST OF SALES

	2011	2010
	(Rupees in '000)	
Raw and packing materials consumed		
Opening stock		
- in hand	266,798	99,930
- in transit	2,364	88,171
- Written down of inventory to net realisable value	(27,054)	-
	242,108	188,101
Purchases	3,187,805	2,657,900
	3,429,913	2,846,001
Closing stock		
- in hand	(416,080)	(266,798)
- in transit	(1,880)	(2,364)
	(417,960)	(269,162)
	3,011,953	2,576,839
Salaries, wages and other benefits	97,562	88,938
Fuel and power	178,298	170,892
Depreciation	124,170	103,605
Repairs and mintenance	8,109	10,135
Service charges KESC	5,400	-
Rent, rates and taxes	1,294	1,380
Stores and spares consumed	60,683	59,918
Printing and stationary	686	-
Travelling and conveyance	17,872	13,365
Security expences	1,848	1,704
Communication	192	115
Written down of inventory to net realisable value	-	27,817
Insurance	5,006	3,847
General expenses	1,548	1,068
	3,514,621	3,059,623
Opening stock of work-in-process	5,136	17,094
Closing stock of work-in-process	(11,012)	(5,136)
Cost of goods manufactured	3,508,745	3,071,581
Opening stock of finished goods	59,630	121,552
Written down of inventory to net realisable value	(763)	-
	58,867	121,552
import of finished goods	97,419	-
Closing stock of finished goods	(97,214)	(59,630)
	3,567,817	3,133,503

20.1 Salaries, wages and other benefits include Rs. 4.85 million (2010: Rs. 6.3 million) in respect of staff gratuity expense.

21. OTHER OPERATING INCOME

	2011	2010
income from finanical assets		
Profit on saving accounts	20,554	9,538
Income from non financial assets		
Scrap sales	-	164
Profit on disposal of property plant and equipment	200	168
Ohters	343	-
	543	332
	21,097	9,870

22. DISTRIBUTION AND SELLING COSTS

	Note	2011	2010
		(Rupees in '000)	
Salaries and other benefits	22.1	3,415	2,668
Depreciation	10.2	1,295	1,148
Outward freight and handling charges		10,084	6,868
Marketing and sales promotion		-	-
Travelling and conveyance		791	576
Fuel and power		419	306
Repair and maintenance		418	37
Communication		135	129
Other expenses		491	77
		17,048	11,809

22.1 Salaries and other benefits include Rs. 0.22 million (2010: Rs. 0.2 million) in respect of staff gratuity expense.

23. ADMINISTRATION AND GENERAL EXPENSES

	Note	2011	2010
Salaries and other benefits	23.1	10,245	8,004
Rent, rates and taxes		3,598	3,185
Depreciation		3,885	3,446
Fuel and power		1,259	917
Travelling and conveyance		2,372	1,027
Communication		404	387
Printing, stationary and subscription fees		888	1,411
Provision, for doubtful debts		39,355	23,998
Repair and maintenance		1,254	110
Provision for slow moving and obsolete stores and spares		-	3,503
Pre-commencement expenditure		3,682	-
Sales tax receivable written off		-	1,723
Legal and professional charges		18,822	1,662
General expenses		1,473	1,716
		70,237	51,089

23.1 Salaries and other benefits include Rs. 0.67 million (2010: Rs. 0.7 million) in respect of staff gratuity expense.

24. OTHER OPERATING EXPENSES

	Note	2011	2010
Auditors' remuneration	24.1	782	630
Donation	24.2	22,215	-
Workers' profit participation fund		23,687	3,987
Workers' welfare fund		9,475	3,157
Exchange loss - net		14,143	2,837
		70,302	10,611

24.1 Auditors' remuneration

	2011	2010
Audit fee	500	450
Half yearly review	140	120
Special certifications	100	60
Out of pocket expenses	42	-
	782	630

24.2 Donations includes payments in respect of the following:		2011	2010
		(Rupees in '000)	
- World Memon Organisation	24.2.1	10,000	-
- Patel Hospital	24.2.1	1,000	-
- Memon Education Board	24.2.1	500	-

24.2.1 One of the directors of the Company holds various positions in different institutions (donees).

25. FINANCE COST

	2011	2010
Mark-up on:		
- short-term borrowings	2,227	501
- foreign currency loan	3,944	1,194
Bank guarantee commission	355	272
Discounting and documentation charges	2,106	4,577
Interest on workers' profit participation fund	270	190
Bank charges	515	299
	9,417	7,033

26. TAXATION

	2011	2010
Current	(43,812)	(53,334)
Deferred	(110,463)	28,575
	(154,275)	(24,759)

26.1 Income tax assessments of the Company have been finalised upto and including tax year 2010 (Income year ended 30 June 2010) 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

	2011	2010
Accounting profit before tax	440,579	76,580
Tax at the applicable rate of 35% (2010: 35%)	(154,203)	(26,803)
Tax effect of credit allowed under section 65A of the income Tax Ordinance, 2001	-	1,368
Adjustments in tax written down value	(72)	676
	(154,275)	(24,759)

27. EARNING PER SHARE - BASIC AND DILUTED

	2011	2010
Profit after tax attributable to ordinary shareholders	286,304	51,821
	(Number of Shares)	
Weighted average number of ordinary shares	56,040,000	56,040,000
	(Rupee)	
Earnings per share- basic and diluted	5.11	0.92

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:

			DIRECTORS		EXECUTIVES		TOTAL	
	2011	2010	2011	2010	2011	2010	2011	2010
	Rupees in '000)							
Managerial remuneration	–	–	–	–	13,002	11,587	13,002	11,587
Housing and utilities	–	–	–	–	6,560	5,955	6,560	5,955
Gratuity	–	–	–	–	1,665	975	1,665	975
Medical expenses	–	–	–	–	1,115	1,520	1,115	1,520
Leave encashment	–	–	–	–	828	835	828	835
Other allowances	–	–	–	–	–	–	–	–
Meeting fees	30	13	230	115	–	–	260	128
	30	13	230	115	23,170	20,872	23,430	21,000
Number of persons	1	1	7	7	10	11	18	19

No remuneration is paid to directors of the Company including chief executive. However, 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 management 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 features that would cause their ability to meet contractual obligations to be similarly affected by changes in 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, loans and advances, trade debts, other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2011	2010
	(Rupees in '000)	
	924	262
Long-term deposite	**501**	400
Loan and advances	**337,851**	370,895
Trad debts	**-**	10,861
Other receivables	**388,866**	173,364
Bank balances	**728,142**	555,782

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	A1+	AAA
United Bank Limited	JCR-VIS	A1+	AA+
Habib Bank Limited	JCR-VIS	A1+	AA+
Meezan Bank Limited	JCR-VIS	A1	AA-
Habib Metropolitan Bank	PACRA	A1+	AA-
Bank Al Habib	PACRA	A1+	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:

	2011	2010
	(Rupees in '000)	
Not past due	**276,092**	207,750
Past due 90-183 days	**36,773**	59,777
Past due 183-365 days	**34,704**	31,537
Past due 365-730 days	**400**	39,645
Past due 730-1095 days	**851**	58,202
Past due 1095 days	**88,441**	34,039
	437,261	430,950

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

Opening balance	**(60,055)**	(36,057)
Provision during the year	**(39,355)**	(23,998)
Closing balance	**(99,410)**	(60,055)

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:

	2011		
Non-dervative financial liabilities	**Carrying amount**	**Contractual cash flows**	**six Months or less**
	(Rupees in '000)		
Trade and other payables	233,955	(233,955)	(233,955)
Short term borrwings	1,088,371	(1,088,371)	(1,088,371)
Accured markup	2,382	(2,382)	(2,382)
	1,324,708	(1,324,708)	(1,324,708)

	2010		
Non-dervative financial liabilities	Carrying amount	Contractual cash flows	six Months or less
	(Rupees in '000)		
Trade and other payables	358,731	358,731	358,731

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:

	2011		
	Rupees	US Dollars	Euro
Foreign creditors	(59,262)	(677)	-
Short term Borrowings	(1,088,371)	(5,827)	(4,700)
Gross balance sheet exposure	(1,147,633)	(6,504)	(4,700)

The following significant exchange rate has been applied:

	Average rate		Reporting date rate	
	2011	2010	**2011**	2010
USD to PKR	**85.65**	84.06	**85.95**	85.50
Euro to PKR	**117.62**	116.29	**124.75**	104.46

Sensitivity analysis

A ten percent depreciation of the rupee against the following currencies at 30 June would have (decreased) the equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates remain constant.

	Equity and profit and loss	
	2011	2010
USD	**36,444**	13,777
EURO	**38,152**	-
	74,596	13,777)

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	**2011**	2010	**2011**	2010
	(in Percent)		(Rupees in '000)	
Variable rate instruments				
Bank balances	**10 to 12**	10 to 12	**385,469**	166,751
Financial liabilities				
Variable rate instruments				
Short term borrowing	**2.5 to 3.5**	4.5 to 6.5	**1,088,371**	-

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 points in interest rates at the reporting date would have decreased / (increased) profit for the year by Rs. Nil (2010: Rs. Nil). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2010.

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 their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, 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 exercise significant influence, entities with common directors, major shareholders, staff retirement benefits, directors and key management personnel. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2011	2010
Associated companies	(Rupees in '000)	
Sales	**303,456**	296,943
Bank collection charges paid	**2,106**	4,577
Current account balance (bank) -net	**13,075**	2,840
Saving account balance (bank)	**372,598**	166,693
Foreign currency loan	**1,088,371**	-
Mark up on foreign currency loan	**3,944**	1,194
Mark up on short term borrwings	**2,227**	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	**24,449**	**25,837**

32. MOVEMENT IN WORKING CAPITAL

	2011	2010
	(Rupees in '000)	
Decrease / (increase) in current assets:		
Stores and spares	**(28,721)**	(15,611)
Stock in trade	**(220,075)**	20,636
Trade debts	**(6,311)**	(62,864)
Loan and advances	**(25,330)**	(3,107)
Short term prepayments	**(17)**	1,145
Other receivables	**(47,660)**	16,105
	(328,114)	(43,696)
Increase / (decrease) in current liabilities:		
Trade and other paybles	**(92,947)**	61,937
	(421,061)	18,241

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 businesses.

The Company manages 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. INFORMATION ABOUT BUSINESS SEGMENTS

34.1 The Company's reportable segments are as follows:

Manufacturing

- Manufacturing and sale of polyester staple fibre.

- Manufacturing of crown and plastic caps (refer note 1).

Information regarding the Company's reportable segments is presented below.

34.2 SEGMENT REVENUE AND RESULTS

Following is an analysis of the Company's revenue and results by reportable segment:

	2011			
	Polyester Staplen Fibre	**Crown and plastic caps**	**Unallocated**	**Total**
	(Rupees in '000)			
Revenue - net	**4,141,035**	13,268	-	**4,154,303**
Cost of goods sold	**58,867**	-	-	**58,867**
Opening balance of finished goods	**3,498,197**	30,355		**3,528,552**
Cost of goods manufactured	**3,557,064**	30,355	-	**3,587,419**
Available for sale	**97,419**	-		**97,419**
Import of finished goods	**(95,305)**	(1,909)	-	**(97,214)**
Closing balance of finished good	**3,559,178**	28,446	-	**3,587,624**
	581,857	(15,178)	-	**566,679**
Gross profit / (loss)				
	(46,748)	(3,682)	-	**(50,430)**
Administration expenses	**(17,048)**	-	-	**(17,048)**
Selling and distribution expenses	**(70,302)**	-	-	**(70,302)**
Other operating expenses	**(134,098)**	(3,682)	-	**(137,780)**
Other operating income	**21,097**	-	-	**21,097**
Operating profit / (loss)	**468,856**	(18,861)	-	**449,996**
Finance costs	**(3,163)**	(6,254)	-	**(9,417)**
Profit / (loss) before taxation	**465,693**	(25,114)	-	**440,579**
Taxation	-	-	**(154,275)**	**(154,275)**
Profit / (loss) after taxation for the year	**465,693**	(25,114)	**(154,275)**	**286,304**
Cost of goods manufactured:				
Opening stock of work in process	**5,136**	-	-	**5,136**
Raw materials consumed	**3,001,405**	10,548	-	**3,011,953**
Salaries, wages and other benefits	**97,562**	-	-	**97,562**
Fuel and power	**178,298**	-	-	**178,298**
Depreciation	**104,363**	-	-	**124,170**
Repairs and maintenance	**8,109**	19,807	-	**8,109**
Service charges KESC	**5,400**	-	-	**5,400**
Rent, rates and taxes	**1,294**	-	-	**1,294**
Stores and spares consumed	**60,683**	-	-	**60,683**
Printing and stationary	**686**	-	-	**686**
Travelling and conveyance	**17,872**	-	-	**17,872**
Security Expenses	**1,848**	-	-	**1,848**
Communication	**192**	-	-	**192**
Insurance	**5,006**	-	-	**5,006**
General expenses	**1,548**	-	-	**1,548**
	3,489,402	30,355	-	**3,519,757**
Closing stock of work in process	**(11,012)**	-		**(11,012)**
	3,478,390	30,355		**3,508,745**

34.2.1 Revenue from sale of polyester staple fibre represents 99% (2010 : 99%) of the gross sales of the Company.

34.2.2 100% (2010: 100%) of the gross sales of the Company are made to customers located in Pakistan.

34.2.3 All non-current assets of the Company at 30 June 2011 are located in Pakistan.

34.2.4 One customer of the Company accounts for 34.3% (2010: 41.7%) of gross sales of the Company for the year, under an agreement.

34.2.5 Administrative and selling and distribution expenses have not been allocated in view of commencement of commercial production of crown and plastic caps in the month of June 2011.

34.3 **Segment assets and liabilities**

	2011		
	Polyester Staplen Fibre	**Crown and plastic caps**	**Total**
		(Rupees in '000)	
Segment assets	**1,433,980**	**1,210,439**	**2,644,419**
Segment liabilities	**389,162**	**1,088,371**	**1,477,533**

34.3.1 For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments.

- all liabilities are allocated to reportable segments other than Trade and other payables, staff retirement benefits and deferred tax liabilities.

Cash and bank balances are not allocated to reportable segments as these are manged by the Company's central treasury function.

34.3.2 **Other segment information**

	2011		
	Polyester Staplen Fibre	**Crown and plastic caps**	**Total**
		(Rupees in '000)	
Capital expenditure	**29,166**	**779,915**	**809,081**
Depreciation and amortisation	**109,543**	**19,807**	**129,350**
Non-cash items (excluding depreciation and amortisation)	**45,088**	**-**	**45,088**

35. **SUBSEQUENT EVENTS:**

The Board of Directors, at their meeting held on October 3, 2011, has recommended a cash dividend @ 20% (i.e. Rupees 2.00 per share) subject to the approval of the members at the 26th Annual General Meeting of the Company. Financial effect of the proposed dividend has not been taken in these financial statements and will be accounted for subsequently in the year of approval.

36. **DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue in the meeting or Board of Directors held on 03 October 2011,

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

PATTERN OF SHAREHOLDING
AS AT 30 JUNE 2011

NO. OF SHAREHOLDERS	SHAREHOLDING From		SHAREHOLDING To	TOTAL SHARES HELD
338	1	—	100	16,879
464	101	—	500	127,845
259	501	—	1000	205,280
357	1001	—	5000	865,601
55	5001	—	10000	427,604
21	10001	—	15000	276,285
13	15001	—	20000	228,491
8	20001	—	25000	181,105
4	25001	—	30000	113,925
4	30001	—	35000	131,850
1	35001	—	40000	35,100
4	40001	—	45000	168,250
2	45001	—	50000	98,150
2	50001	—	55000	107,525
3	55001	—	60000	172,200
4	60001	—	65000	253,050
2	65001	—	70000	136,750
2	70001	—	75000	141,954
1	85001	—	90000	86,250
1	95001	—	100000	100,000
1	100001	—	105000	104,400
1	110001	—	115000	114,300
1	125001	—	130000	129,450
1	130001	—	135000	132,900
2	135001	—	140000	277,650
4	140001	—	145000	568,291
4	145001	—	150000	599,900
1	150001	—	155000	153,750
1	155001	—	160000	157,500
2	160001	—	165000	323,550
1	170001	—	175000	172,050
3	195001	—	200000	591,584
1	200001	—	205000	202,500
3	205001	—	210000	627,176
1	210001	—	215000	210,750
2	220001	—	225000	445,737
3	235001	—	240000	710,300
1	250001	—	255000	252,861
2	260001	—	265000	524,139
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
3	370001	—	375000	1,124,850
3	395001	—	400000	1,192,883
1	415001	—	420000	418,426
1	445001	—	450000	447,916
1	450001	—	455000	452,581
4	470001	—	475000	1,889,349

PATTERN OF SHAREHOLDING
AS AT 30 JUNE 2011

NO. OF SHAREHOLDERS	SHAREHOLDING From		SHAREHOLDING To	TOTAL SHARES HELD
3	530001	—	535000	1,603,050
2	560001	—	565000	1,128,178
1	585001	—	590000	589,567
1	605001	—	610000	605,833
1	625001	—	630000	628,572
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
2	790001	—	795000	1,586,530
1	795001	—	800000	795,833
1	856001	—	870000	869,437
2	940001	—	945000	1,880,883
1	965001	—	970000	968,400
1	990001	—	995000	991,750
1	1025001	—	1030000	1,028,250
1	1045001	—	1050000	1,046,405
1	1060001	—	1065000	1,064,089
1	1125001	—	1130000	1,128,945
1	1160001	—	1165000	1,164,874
1	1415001	—	1420000	1,417,491
1	1880001	—	1885000	1,880,591
1	2085001	—	2090000	2,085,590
1	2140001	—	2145000	2,144,890
1	2655001	—	2660000	2,656,283
1	4990001	—	4995000	4,994,051
1635				56,040,000

S. NO.	CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	TOTAL SHARES HELD	PERCENTAGE
1	INDIVIDUAL	1,576	48,952,524	87.35%
2	JOINT STOCK COMPANIES	7	149,075	0.27%
3	FINANCIAL INSTITUTIONS	32	3,612,427	6.45%
4	INVESTMENT COMPANIES	-	-	-
5	INSURANCE COMPANIES	5	1,884,812	3.36%
6	FOREIGN INVESTORS	5	19,452	0.03%
7	BANK	4	1,418,135	2.53%
8	MODARABA	3	1,100	0.00%
9	LEASING & MODARABA	1	475	0.00%
10	MUTUAL FUND	2	2,000	0.00%
		1,635	56,040,000	100.00%

PATTERN OF SHAREHOLDING ADDITIONAL INFORMATION AS AT 30 JUNE 2011

Sl. No.	Categories of Shareholders	Number	Shares held
	NIT and ICP		
1	National Bank of Pakistan Trustees Department		3,778,981
2	Investment Corporation of Pakistan		3,800
		2	3,782,781
	Directors, CEO & their Spouses		
1	Mr. Ebrahim Haji Karim		30,000
2	Mrs. Hajra Hajiani (W/o Mr. Ebrahim Haji Karim)		240,000
3	Mr. Umer Haji Karim - Chief Executive Officer		2,277,790
4	Mrs. Amina (W/o Mr. Umer Haji Karim)		808,333
5	Mr. Anwar Haji Karim - Director		1,273,845
6	Mrs. Zeenat (W/o Mr. Anwar Haji Karim)		585,639
7	Mr. Yakoob Haji Karim - Director		2,140,640
8	Mrs. Shahida (W/o Mr. Yakoob Haji Karim)		718,933
9	Mr. Sajid Haroon - Director		1,656,822
10	Mrs. Akila (W/o Mr. Sajid Haroon)		340,050
11	Mr. Abid Umer - Director		1,620,633
12	Mr. Pir Mohammad A. Kaliya - Director		500
		12	11,693,185
	Executives	Nil	—
	Public Sector Companies and Corporation	7	149,075
	Banks, Development Finance Institutions, Banking Finance Institutions, Insurance Companies, Modarabas, and Mutual Funds	46	6,918,474
	Shareholders holding 10% or more	Nil	—
	Individuals		33,496,485
		Total	56,040,000

NOTICE OF MEETING

Notice is hereby given that the Twenty Sixth Annual General Meeting of the shareholders of Pakistan Synthetics Limited will be held on Wednesday, 26th October, 2011 at 4.00 p.m. at Head Office, 3rd Floor, KDLB Building, West Wharf, Karachi, Pakistan.

1. To confirm the minutes of the Twenty Fifth Annual General Meeting of the Company held on 30 October, 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 2011.
3. To appoint the Auditors of the Company and to fix their remuneration. The retiring auditors M/s. KPMG Taseer Hadi & Co., Chartered Accountants being eligible have offered themselves for reappointment.
4. To approve the payment of cash dividend @20% (i.e. Rs. 2/= per share for the year ended June 30, 2011 as recommended by the Board of Directors.
5. To transact any other business with permission of the Chair.

By the Order of the Board

Date: 03 October 2011
Karachi

UMER HAJI KARIM
CHIEF EXECUTIVE

NOTES :-

1. The Shares Transfer Books of the Company will remain closed from Wednesday, 19th October 2011 to Wednesday, 26th October 2011 (both days inclusive). Transfers received at the Registered Office of the Company at the close of business on 18th October 2011 will be treated in time to attend the Twenty Sixth 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 SIXTH 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 Sixth Annual General Meeting of the Company to be held on 26th October 2011 and / or any adjournment thereof.

As witness my/our hand/seal this ____________ day of ____________ 2011

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.