ANNUAL REPORT
2016

DEWAN SALMAN FIBER LIMITED

YD | A YOUSUF DEWAN COMPANY

CONTENTS

COMPANY INFORMATION

BOARD OF DIRECTORS		
EXECUTIVE DIRECTOR	:	DEWAN MUHAMMAD YOUSUF FAROOQUI CEO & CHAIRMAN BOARD OF DIRECTORS MR. ZAFAR ASIM
NON-EXECUTIVE DIRECTORS	:	MR. HAROON IQBAL MR. GHAZANFAR BABER SIDDIQI SYED MUHAMMAD ANWAR MR. MUHAMMAD BAQAR JAFFERI
INDEPENDENT DIRECTOR	:	MR. AZIZ-UL-HAQUE
AUDIT COMMITTEE	:	MR. AZIZ-UL-HAQUE - CHAIRMAN MR. HAROON IQBAL - MEMBER SYED MUHAMMAD ANWAR - MEMBER
HUMAN RESOURCE & REMUNERATION COMMITTEE	:	MR. HAROON IQBAL - CHAIRMAN DEWAN MUHAMMAD YOUSUF FAROOQUI - MEMBER SYED MUHAMMAD ANWAR - MEMBER
CHIEF FINANCIAL OFFICER	:	MR. ZAFAR ASIM
COMPANY SECRETARY	:	MR. MUHAMMAD HANIF GERMAN
AUDITORS	:	FARUQ ALI & CO. CHARTERED ACCOUNTANTS
	:	FEROZE SHARIF TARIQ & CO. CHARTERED ACCOUNTANTS
LEGAL ADVISORS	:	KHALID ANWER & COMPANY - ADVOCATES
TAX ADVISORS	:	SHARIF & COMPANY - ADVOCATES
FACTORY OFFICE	:	PLOT NO 1, DEWAN FAROOQUE INDUSTRIAL PARK, HATTAR, DISTRICT HARIPUR (K.P.K.)
HEAD OFFICE	:	FINANCE & TRADE CENTRE BLOCK-A, 7TH FLOOR, SHAHRAH-E-FAISAL, KARACHI.
REGISTERED OFFICE	:	PLOT NO. 6, STREET NO. 9, FAYYAZ MARKET, G-8/2, ISLAMABAD, PAKISTAN
SHARE REGISTRAR/ TRANSFER AGENTS	:	**BMF CONSULTANTS PAKISTAN (PRIVATE) LIMITED** ANUM ESTATE BUILDING, ROOM NO. 310 & 311, 3RD FLOOR, 49, DARUL AMAN SOCIETY, MAIN SHAHRAH-E-FAISAL, ADJACENT TO BALOCH COLONY BRIDGE, KARACHI, PAKISTAN.
BANKERS	:	AL BARAKA ISLAMIC INVESTMENT BANK LIMITED ALLIED BANK LIMITED ASKARI BANK LIMITED BANK ALFALAH LIMITED BANK OF KHYBER LIMITED BANK OF PUNJAB LIMITED FAYSAL BANK LIMITED HABIB BANK LIMITED HABIB METROPOLITAN BANK LIMITED HONG KONG & SHANGHAI BANKING CORPORATION KASB BANK LIMITED MEEZAN BANK LIMITED SUMMIT BANK LIMITED MCB BANK LIMITED NATIONAL BANK OF PAKISTAN LIMITED NIB BANK LIMITED STANDARD CHARTERED BANK LIMITED (PAKISTAN) SILK BANK LIMITED UNITED BANK LIMITED

THE MISSION STATEMENT

* "THE MISSION OF DEWAN SALMAN FIBRE LIMITED IS TO BE THE LEADER IN SYNTHETIC FIBRE MANUFACTURING IN PAKISTAN AND BECOME A GLOBAL PLAYER IN THE FIELD.

* TO ASSUME LEADERSHIP ROLE IN THE TECHNOLOGICAL ADVANCEMENT OF THE INDUSTRY AND TO ACHIEVE THE HIGHEST LEVEL OF QUALITATIVE AND QUANTITATIVE INDIGENIZATION.

* TO BE THE FINEST ORGANIZATION IN ITS INDUSTRY AND TO CONDUCT ITS BUSINESS RESPONSIBILITY AND IN A STRAIGHT FORWARD MANNER.

* TO SEEK LONG-TERM AND GOOD RELATIONS WITH OUR SUPPLIERS AND CUSTOMERS WITH FAIR, HONEST AND MUTUALLY PROFITABLE DEALINGS.

* TO ACHIEVE THE BASIC AIM OF BENEFITING OUR CUSTOMERS, EMPLOYEES, SHAREHOLDERS, OTHER STAKE HOLDERS AND TO FULLFIL US COMMITMENTS TO OUR SOCIETY.

* TO CREATE A WORK ENVIRONMENT HIGHLIGHTING TEAM WORK, WHICH MOTIVATES, RECOGNIZES AND REWARDS ACHIEVEMENTS AT ALL LEVELS OF THE ORGANIZATION, BECAUSE "IN ALLAH WE TRUST AND BELIEVE" AND HUMAN RESOURCE IS OUR CAPITAL AND ASSET.

* TO BE HONEST AND BE ABLE TO RESPOND EFFECTIVELY TO CHANGES IN ALL ASPECTS OF LIFE INCLUDING TECHNOLOGY, CULTURE PROACTIVE AND ENVIRONMENT.

* TO BE A CONTRIBUTING CORPORATE CITIZEN FOR THE BETTERMENT OF SOCIETY AND TO EXHIBIT A SOCIALLY RESPONSIBLE BEHAVIOR.

* TO CONDUCT BUSINESS WITH INTEGRITY AND STRIVE TO BE THE BEST."

NOTICE OF THE TWENTY SEVENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty Seventh Annual General Meeting of **Dewan Salman Fibre Limited** (“***DSFL***” or “***the Company***”) will be held on **Friday, October 28, 2016, at 12:00 noon.** at Plot No. 6, Street No. 9, Fayyaz Market, G-8/2, Islamabad, Pakistan; to transact the following businesses upon recitation from Holy Qur'aan and other religious recitals:

1. To confirm the minutes of the preceding Extra Ordinary General Meeting of the Company held on Monday, September 26, 2016;

2. To receive, consider, approve and adopt the annual audited financial statements of the Company for the year ended June 30, 2016, together with the Directors' and Auditors' Reports thereon;

3. To appoint the Statutory Auditors' of the Company for the ensuing year, and to fix their remuneration;

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

By Order of the Board

Muhammad Hanif German
Company Secretary

Dated: October 01, 2016
Place : Karachi.

NOTES:
1. The Share Transfer Books of the Company will remain closed for the period from October 21, 2016 to October 28, 2016 (both days inclusive).

2. Members are requested to immediately notify change in their addresses, if any, at our Shares Registrar Transfer Agent BMF Consultants Pakistan (Private) Limited, located at Anum Estate Building, Room No. 310 & 311, 3rd Floor, 49, Darul Aman Society, Main Shahrah-e-Faisal, adjacent to Baloch Colony Bridge, Karachi, Pakistan.

3. A member of the Company entitled to attend and vote at this meeting, may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received by the Company at the above-said address, not less than 48 hours before the meeting.

4. CDC Account holders will further have to observe the following guidelines, as laid down in Circular 01 dated January 20, 2000, issued by the Securities and Exchange Commission of Pakistan:

a) For Attending Meeting:

i) In case of individual, the account holder or sub-account holder, and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original National Identity Card (CNIC), or original passport at the time of attending the meeting.

ii) In case of corporate entity, the Board of Directors' resolution/power of attorney, along with the specimen signature of the nominee, shall be produced (unless it has been provided earlier) at the time of meeting.

b) **<u>For Appointing Proxies</u>:**

i) In case of individual, the account holder or sub-account holder, and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirements.

ii) Two persons, whose names, addresses, and CNIC numbers shall be mentioned on the form, shall witness the proxy.

iii) Attested copies of CNIC or passport of the beneficial owners and proxy shall be furnished along with the proxy form.

iv) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.

v) In case of corporate entity, the Board of Directors' resolution/power of attorney, along with the specimen signature of the nominee, shall be produced (unless it has been provided earlier) along with the proxy form to the Company.

DIRECTORS' REPORT

IN THE NAME OF ALLAH; THE MOST GRACIOUS AND MERCIFUL

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

Your directors present to you the Twenty Seventh Report of the company together with the Audited Accounts for the year ending June 30, 2016.

Despite of our best efforts, manufacturing operation of the country's largest polyester and only acrylic manufacturing plant in the current financial year could not be started. It is unfortunate that due to closure of Dewan Salman Fibre Limited (DSFL), short fall in the demand of polyester fibre and acrylic fibre is met by import of these commodities. This not only results in spending of huge foreign exchange but also deprives people of the country to earn honorable livings.

Management of your company has made various proposals for the restructuring of the company and all these proposals have been discussed with financial institutions to make it workable but unfortunately positive results have not yet emerged.

OPERATING AND FINANCIAL RESULTS

During the year under review, your company recorded turnover of Rs.Nil (2015: Nill.) There is gross loss amounting to Rs. 567.466 million. (2015: Rs. 632.724 million)

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

INDUSTRY OVERVIEW

The year under review turned out to be little satisfactory for the polyester industry in terms of capacity utilization and to some extent in terms of margins as the Government has imposed the anti-dumping duty on the imported PSF which gave some breathing space for the industry in terms of pricing and sales volume. However, the market size did not show any noticeable change and remained almost the same as per previous years. Unfortunately during the year under review, the downstream textile industry remained under pressure due to ongoing recession and several spinning units had to shut down their operations. Several export oriented spinning mills were compelled to enter the local blended market as the cotton yarn global trade remained sluggish. The downstream textile industry during the period did not show much growth but the uninterrupted gas supply to the mills in lieu of imported LNG became helpful in reducing the cost of production which was quite encouraging for the industry. Due to that factor the local PSF sales also showed some increase, however the local yarn rates were not in accordance with the increased PSF prices.

Since your company's operations are closed, it seems to be quite difficult to resume the operations of your company in near future.

AUDITORS' OBSERVATION

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

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

b) The company has not made provision of mark-up amounting to Rs. 1.648 billion (up to June 30, 2015 Rs. 14.357 billion) on its mark-up bearing liabilities.
The management has approached its bankers/financial institutions for restructuring of its long-term and short-term obligations. The management is confident that the company's restructuring proposals will be accepted by the bankers/financial institutions. Therefore the company has not made any provision for mark-up as they will not be payable.

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

d) Para (d) of the report relates to Trade debts amounting to Rs. 1.785 billion are stagnant, not being recovered, against which a provision of Rs.0.408 billion has been made so far .Since these trade debts are doubtful of recovery therefore the provision should be made there against. Had provision been made, loss for the period would have been further higher by Rs.1.377 billion.

e) Para (e) of the report relate to IAS-16 "Property, Plant and Equipment", which required conducting revaluation of certain class of operating fixed assets of the company. In the current circumstances when the company is not operational since past 7 years management decided not to conduct revaluation of certain classes of fixed assets in the current year. However the company will conduct revaluation of operational fixed assets next year.

Management of your company making utmost efforts to recover these debts and we believe that there will be a positive response from debtors in next years.

DIVIDEND

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

CODE OF CORPORATE GOVERNANCE

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

BOARD MEETING

During the year six meetings of the Board of Directors were held. Directors' attendance in these meetings is as under:

Name of Directors	No. of meetings Attended
Dewan Muhammad Yousuf Farooqui	3
Dewan Abdul Rehman Farooqui	4
Mr. Haroon Iqbal	4
Mr. Aziz-ul-Haque	4
Mr. Ishtiaq Ahmed	3
Mr. Zafar Asim	1
Syed Muhammad Anwar	4
Mr. Ghazanfar Babar	3

AUDIT COMMITTEE MEETING

During the year four meetings of the audit committee were held. Members' attendance in these meetings is as under:

Name of Directors	No. of meetings Attended
Mr. Aziz-ul-Haque	3
Mr. Haroon Iqbal	4
Dewan Abdul Rehman Farooqui	3

HUMAN RESOURCE AND REMUNERATION COMMITTEE MEETING

During the year one meeting of the human resource committee was held. Members' attendance in this meeting is as under:

Name of Directors	No. of meetings Attended
Dewan Muhammad Yousuf Farooqui	1
Dewan Abdul Rehman Farooqui	1
Mr. Haroon Iqbal	1

PATTERN OF SHARE HOLDING

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

VOTE OF THANKS

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

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

AUDITORS

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

CONCLUSION

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

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

By and under Authority of the Board of Directors

Statement Under Section 241 (2) of the Companies Ordinance, 1984

The Chief Executive of the company is presently out of the country, therefore these financial statements have been signed by two Directors of the company duly authorized by the Board of Directors.

Haroon Iqbal	**Syed Muhammad Anwar**
Director	Director

Dated: September 30, 2016
Place : Karachi.

FINANCIAL HIGHLIGHTS

Rupees in million

	2011	2012	2013	2014	2015	2016
Turnover	137	184	-	-	-	-
Less: Govt. Levy & Commission	-	-	-	-	-	-
Sales (Net)	137	184	-	-		
Gross Profit/(Loss)	(1,003)	(901)	(779)	(693)	(632)	(567)
Profit (loss) before Tax	(1,398)	(1,631)	(1,257)	(1,130)	(1,042)	(868)
Profit (loss) after Tax	(1,272)	(1,518)	(1,151)	(1,006)	(939)	(777)
Gross Assets Employed	13,985	12,478	11,341	10,208	9,222	8,400
Return on Equity	-22.71%	-21.26%	-14.34%	-11.15%	-9.42%	-7.23%
Current assets	4,743	4,059	3,641	3,175	2,792	2,500
Shareholders Equity	(5,600)	(7,141)	(8,026)	(9,023)	(9,968)	(10,742)
Long Term Debts & Deferred Liabilities	1,667	1,626	1,283	1,111	1,015	937
Current Liabilities	17,918	17,993	18,084	18,120	18,175	18,204
Gross Profit / Loss Ratio	-732.12%	-489.67%	-	-		
Net Profit Ratio	-928.47%	-825.00%	-	-		
Debt/Equity Ratio	(0.30)	(0.23)	(0.16)	(0.12)	(0.10)	(0.09)
Current Ratio	0.26	0.23	0.20	0.18	0.15	0.14
Earning per Sahre	(3.46)	(4.14)	(3.14)	(2.75)	(2.56)	(2.12)
Divided (Percentage)	-	-	-	-		
-Cash	-	-	-	-		
-Stock	-	-	-	-		
Production Volume(Tons)	-	-	-	-	-	-

STATEMENT OF COMPLIANCE
WITH THE CODE OF CORPORATE GOVERNANCE
FOR THE YEAR ENDED JUNE 30, 2016

The statement is being presented to comply with the Code of Corporate Governance ("CCG") contained in the Listing Regulation No 5.19.23 of the Rule Book of Pakistan Stock Exchange Limited ("PSX") 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 CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. As of June 30, 2016 the board included:

Category	Names
Independent Director	Mr. Aziz-ul-Haque
Executive Directors	Dewan Muhammad Yousuf Farooqui Mr. Zafar Asim
Non Executive Directors	Dewan Abdul Rehman Farooqui Mr. Haroon Iqbal Syed Muhammad Anwar Mr. Ghazanfar Babar Siddiqui

2. Five Directors have confirmed that they are not serving as director in more than seven listed Companies including this Company, however, two directors are serving as director in more than seven listed Yousuf Dewan Companies.

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. A casual vacancy occurring on the board on September 29, 2015 was filed by the Directors within three days while another casual vacancy occurring on the board on February 24, 2016 was filed up by the Directors within five days.

5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The board has developed a vision/mission statement overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

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

8. The meetings of the board were presided over by the Chairman and, in his absence, by the 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 at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. In accordance with the criteria specified on clause 5.19.7 of CCG, one director is exempted from the requirement of directors' training program and five of the Directors are qualified under the Directors Training Program.

11. The Directors report for this has prepared in compliance with the requirement of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

13. The director, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of CCG.

15. The board has formed an Audit Committee. It comprises of three members of whom one is an independent director, who is also the chairman and others are non-executive directors.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed Human Resource and Remuneration Committee. It comprises of three members, of whom one is executive and others are non-executive directors. The chairman of the committee is non-executive director.

18. The board has set up an effective internal audit function. The staffs are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the 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 Accountants (IFAC) guidelines on code of ethics are adopted by the ICAP.

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. The closed period, prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. We confirm that all the other material principles enshrined in the CCG have been complied with.

Statement Under Section 241 (2) of the Companies Ordinance, 1984
The Chief Executive of the company is presently out of the country, therefore these financial statements have been signed by two Directors of the company duly authorized by the Board of Directors.

Haroon Iqbal
Director

Syed Muhammad Anwar
Director

Dated: September 30, 2016
Place : Karachi.

Feroze Sharif Tariq & Co.
CHARTERED ACCOUNTANTS
4 / N / 4, BLOCK-6, P.E.C.H. SOCIETY
KARACHI-75400

FARUQ ALI & CO.
CHARTERED ACCOUNTANTS
C-88, Ground Floor, KDA Scheme No.1,
Main Karsaz Road, Opp. Maritime
Museum, Karachi.

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors (the Board) of Dewan Salman Fiber Limited (the Company) for the year ended 30 June 2016 to comply with the code contained in regulation no. 5.19 of the Rule Book of Pakistan Stock Exchange wbere the Company is listed.

The responsibility for compliance with the Code is that of the Board of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, wbether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee and upon recommendation of the Audit Committee, place before the Board for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

Following instances of non-compliance with the requirements of the Code were observed which are not stated in the Statement of Compliance:

a) The board includes one independent director, whereas in our view he does not meet the criteria of independence on account of his cross directorship in other associated companies;

b) Chairman of the Company has been elected from executive directors, furthermore he also holds position of Chief Executive Officer, whereas code requires that chairman shall be elected from non-executive directors and chairman and Chief Executive Officer shall not be the same person;

c) The Chairman of Audit Committee is not an independent director due to the reason referred in para (a) above.

Based on our review, except for the above instances of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2016.

Further, we highlight that two directors of the Company are serving as directors in more than seven listed companies as reflected in the note 2 in the Statement of Compliance.

Feroze Sharif Tariq & Co.

Chartered Accountants
(Muhammad Ghalib)

Faruq Ali & Co.

Chartered Accountants
(Muhammad Faisal Nini)

Karachi: September 30, 2016

Feroze Sharif Tariq & Co.

CHARTERED ACCOUNTANTS

4 / N / 4, BLOCK-6, P.E.C.H. SOCIETY
KARACHI-75400

FARUQ ALI & CO.

CHARTERED ACCOUNTANTS

C-88, Ground Floor, KDA Scheme No.1,
Main Karsaz Road, Opp. Maritime
Museum, Karachi.

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **DEWAN SALMAN FIBRE LIMITED** ('the Company') as at 30 June 2016 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 except for the matters discussed para (a) to (f) below, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

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

a) The financial statements of the Company for the year ended 30 June 2016 reflect loss after taxation of Rs.0.777 billion and as of that date it has accumulated losses of Rs.16.533 billion which resulted in net capital deficiency of Rs.12.518 billion and its current liabilities exceeded its current assets by Rs.15.704 billion and total assets by Rs.9.804 billion. The operations of the Company are closed since December 2008 due to working capital constraints. Furthermore, the Company has been unable to ensure timely repayment of debts owing to financial institutions due to liquidity problems and short term finance facilities have expired and not been renewed by banks. Following course, certain lenders have gone into litigation for repayment of liabilities through attachment and sale of Company's hypothecated / mortgaged properties and certain lenders have also filed winding up petitions. These conditions lead us to believe that the going concern assumption used in preparation of these financial statements is inappropriate; consequently the assets and liabilities should have been stated at their realizable and settlement amounts respectively.

b) The Company has not made provision of markup for the year amounting to Rs.1.648 billion (up to 30 June 2015: Rs.14.357 billion) (refer note 27.1) on account of restructuring proposal offered to the lenders as described in note 2 to the financial statements. Non-provisioning of markup is based on management's hope that the restructuring proposal will be accepted by lenders in the proposed manner. In our opinion, since the proposal has not been accepted by the lenders so far and the lenders, instead of accepting the restructuring proposal, have preferred filing suits against the Company, therefore the provision of markup should be made in these financial statements. Had the provision of markup been made in the financial statements, the loss after taxation for the year would have been higher by Rs.1.648 billion and markup payable would have been higher and shareholders' equity would have been lower by Rs.16.005 billion.

c) Investment in associate company 'Dewan Petroleum (Private) Limited' is disclosed as non-current assets held for sale (refer note 22 to the financial statements) although the resolution for the permission to sale the same has been expired during the financial year 2009. This investment is to be shown / valued at equity method as prescribed in International Accounting Standard 28 'Investment in associates'. We are unable to quantify the effect of the same as latest audited accounts of Dewan Petroleum (Private) Limited were not made available.

d) Trade debts amounting to Rs.1.785 billion are stagnant, not being recovered, against which a provision of Rs.0.408 billion has been made so far. Since these trade debts are doubtful of recovery therefore the provision should be made there against. Had the provision been made, loss for the year would have been further higher by Rs.1.377 billion.

a) The revaluation of certain classes of operating fixed assets of the Company was carried out in the year ended 30 June 2010. As per requirements of International Accounting Standard 16 'Property, Plant and Equipment', revaluation is required to be carried out with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date, whereas no revaluation has been conducted since then. The carrying amounts of said classes of operating fixed assets may not reflect their fair values as at balance sheet date. In the absence of further revaluation, we are unable to quantify the effect that such a revaluation would have on the said assets.

f) We did not observe counting of physical inventories as at 30 June 2016 as the management did not carry out the same. We were unable to satisfy ourselves by alternative means concerning the inventory quantities held at 30 June 2016 which are stated in the balance sheet at net value of Rs.867.845 million.

g) In our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

h) in our opinion:

i) except for the effects of matters referred in paragraphs (a) to (f) above; the balance sheet and profit and loss account together with the notes thereon have not 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;

i) in our opinion and to the best of our information and according to the explanations given to us, because of significance of matters discussed in para (a), further coupled with the effects of matter discussed in Para (b) to (f) above, the balance sheet, profit and loss account, statement of comprehensive income, statement cash flows and statement of changes in equity together with the notes forming part thereof do not conform with approved accounting standards as applicable in Pakistan, and, do not give the information required by the Companies Ordinance, 1984, in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at 30 June 2016 and of the loss, comprehensive loss, its cash flows and changes in equity for the year then ended; and

i) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Feroze Sharif Tariq & Co.

Chartered Accountants
(Muhammad Ghalib)

Faruq Ali & Co.

Chartered Accountants
(Muhammad Faisal Nini)

Karachi: September 30, 2016

BALANCE SHEET
AS AT JUNE 30, 2016

	Notes	2016	2015
		(Rupees in '000)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
630,000,000 (2015: 630,000,000) Ordinary shares of Rs. 10/- each		6,300,000	6,300,000
90,000,000 (2015: 90,000,000) Preference shares of Rs. 10/- each		900,000	900,000
		7,200,000	7,200,000
Issued, subscribed and paid-up share capital	4	3,663,211	3,663,211
Reserves	5	(16,180,724)	(15,551,315)
		(12,517,513)	(11,888,104)
Surplus on revaluation of property, plant and equipment	6	1,775,765	1,920,153
NON CURRENT LIABILITIES			
Long term loans	7	162,734	146,383
Deferred liabilities	8	774,896	868,692
CURRENT LIABILITIES			
Trade and other payables	9	7,569,061	7,602,995
Short term borrowings	10	7,153,055	7,153,055
Overdue portion of long term loans	7	3,266,724	3,203,724
Overdue portion of lease liabilities	11	54,145	54,145
Provision for taxation		160,864	160,864
		18,203,849	18,174,783
CONTINGENCIES AND COMMITMENTS	12	--	--
		8,399,731	9,221,907
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	5,529,604	6,060,875
Long term investments	14	147,327	146,203
CURRENT ASSETS			
Stores and spares	15	867,845	922,101
Stock in trade	16	--	--
Trade debts - Unsecured	17	1,377,334	1,583,419
Advances	18	9,385	39,186
Short term deposits	19	160,553	160,553
Other receivables - Considered good	20	76,733	77,568
Cash and bank balances	21	7,950	9,002
		2,499,800	2,791,829
Non current assets held for sale	22	223,000	223,000
		8,399,731	9,221,907

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

Statement Under Section 241 (2) of the Companies Ordinance, 1984
The Chief Executive of the company is presently out of the country, therefore these financial statements have been signed by two Directors of the company duly authorized by the Board of Directors.

Haroon Iqbal
Director

Syed Muhammad Anwar
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016

	Notes	2016	2015
		(Rupees in '000)	
Sales	23	–	--
Cost of sales	24	(567,466)	(632,724)
Gross loss		(567,466)	(632,724)
Operating expenses			
Distribution cost	25	(1,403)	(1,380)
Administrative expenses	26	(35,168)	(37,520)
		(36,571)	(38,900)
Operating loss		(604,037)	(671,624)
Finance cost	27	(79,167)	(76,501)
Provision for doubtful debts / advances / receivables		(130,279)	(251,889)
Provision for obsolescence and slow moving stocks and stores		(54,256)	(60,055)
Other income	28	–	17,716
		(263,702)	(370,729)
Loss before taxation		(867,739)	(1,042,353)
Taxation	29	90,346	103,542
Loss after taxation		(777,393)	(938,811)
Loss per share - Basic and diluted (Rupees)	30	(2.12)	(2.56)

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

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Haroon Iqbal
Director

Syed Muhammad Anwar
Director

STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	(Rupees in '000)	
Net loss after taxation	(777,393)	(938,811)
Other comprehensive loss		
Items that may be reclassified subsequently to profit or loss		
Net change in fair value of available-for-sale financial assets	1,124	--
Gain realized on sale of investments now reclassified to profit or loss	–	(10,778)
	1,124	(10,778)
Items that will not be subsequently reclassified to profit or loss:		
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	212,336	235,929
Related deferred tax	(67,948)	(77,857)
	144,388	158,072
Remeasurement of defined benefit liability	3,636	6,343
Deferred tax on remeasurement of defined benefit liability	(1,164)	(2,093)
	2,472	4,250
Total comprehensive loss for the year	(629,409)	(787,267)

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

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Haroon Iqbal
Director

Syed Muhammad Anwar
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016

	Notes	2016	2015
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(867,739)	(1,042,353)
Adjustments for non-cash and other items:			
Depreciation	13.1	531,271	590,714
Unwinding of discount	27	16,351	14,708
Amortization of prepayments		--	4,261
Dividend income		--	(746)
Gain on sale of fixed assets		--	(1,434)
Gain on sale of investments		--	(11,503)
Reversal of impairment		--	(4,033)
Provision for gratuity	8.1.8	2,471	3,008
Provision for doubtful debts / advances / receivables		130,279	251,889
Provision for obsolescence and slow moving stocks and stores	15.1	54,256	60,055
Finance cost		63,004	61,969
Cash outflows before working capital changes		(70,107)	(73,465)
Movement in Working Capital			
(Increase) / decrease in current assets			
Trade debts		107,322	75,571
Advances		(200)	(1,642)
Other receivables		(431)	(362)
Increase / (decrease) in current liabilities			
Trade and other payables		(35,252)	(10,856)
		71,439	62,711
Cash generated from / (used in) operations		1,332	(10,754)
Payments for:			
Staff gratuity	8.1.4	(2,131)	(1,663)
Finance cost		(4)	(19)
Taxation		(249)	(324)
		(2,384)	(2,006)
Net cash outflows from operating activities		(1,052)	(12,760)
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale proceeds of fixed assets		--	2,074
Sale proceeds of long term investment		--	11,718
Dividend income received		--	746
Net cash inflows from investing activities		--	14,538
CASH FLOWS FROM FINANCING ACTIVITIES		--	--
Net (decrease) / increase in cash and cash equivalents		(1,052)	1,778
Cash and cash equivalents at beginning of the year		(2,963,893)	(2,965,671)
Cash and cash equivalents at end of the year	31	(2,964,945)	(2,963,893)

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

Statement Under Section 241 (2) of the Companies Ordinance, 1984

The Chief Executive of the company is presently out of the country, therefore these financial statements have been signed by two Directors of the company duly authorized by the Board of Directors.

Haroon Iqbal
Director

Syed Muhammad Anwar
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016

	Issued, subscribed and paid-up capital	General Reserve	Unrealized gain due to changes in fair value of investments	Accumulated Loss	Total
			(Rupees in '000)		
Balance as on 1 July 2014	3,663,211	350,000	11,990	(15,126,038)	(11,100,837)
Total comprehensive loss for the year					
Loss for the year ended 30 June 2015	--	--	--	(938,811)	(938,811)
Gain realized on sale of investments now reclassified to profit or loss	--	--	(10,778)	--	(10,778)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - Net of tax	--	--	--	158,072	158,072
Remeasurement of defined benefit liability - Net of tax	--	--	--	4,250	4,250
	--	--	(10,778)	(776,489)	(787,267)
Balance as at 30 June 2015	**3,663,211**	**350,000**	**1,212**	**(15,902,527)**	**(11,888,104)**
Total comprehensive loss for the year					
Loss for the year ended 30 June 2016	--	--	--	(777,393)	(777,393)
Net change in fair value of available-for-sale financial assets - Net of tax	--	--	1,124	--	1,124
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - Net of tax	--	--	--	144,388	144,388
Remeasurement of defined benefit liability - Net of tax	--	--	--	2,472	2,472
	--	--	1,124	(630,533)	(629,409)
Balance as at 30 June 2016	**3,663,211**	**350,000**	**2,336**	**(16,533,060)**	**(12,517,513)**

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

Statement Under Section 241 (2) of the Companies Ordinance, 1984
The Chief Executive of the company is presently out of the country, therefore these financial statements have been signed by two Directors of the company duly authorized by the Board of Directors.

Haroon Iqbal
Director

Syed Muhammad Anwar
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

1 STATUS AND NATURE OF BUSINESS

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

2 GOING CONCERN ASSUMPTION

The financial statements for the year ended 30 June 2016 reflect loss after taxation of Rs.0.777 billion (2015: Rs.0.939 billion) and as of that date it has accumulated losses of Rs.16.533 billion (2015: Rs.15.903 billion) which have resulted in net capital deficiency of Rs.12.518 billion (2015: Rs.11.888 billion) and its current liabilities exceeded its current assets by Rs.15.704 billion (2015: Rs.15.383 billion) and total assets by Rs.9.804 billion (2015: Rs.8.953 billion). The operations of the Company are closed since December 2008 due to working capital constraints. Further, the Company has been unable to ensure timely repayments of debts owing to financial institutions due to liquidity problems and short term finance facilities have not been renewed by banks. Following course most of the lenders have gone into litigation for repayment of liabilities through attachment and sale of Company's hypothecated / mortgaged properties and certain lenders have also filed winding up petitions. These conditions indicate the existence of material uncertainty, which may cast significant doubt about Company's ability to continue as going concern.

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

a) All the debt obligations of the Company be converted into interest bearing long term loan in proportion to their respective current exposures;

b) Principal to be repaid in 12 years in equal quarterly installments commencing from the 28th month of the restructuring date;

c) Mark-up payable as on December 31, 2008 to be freezed and paid quarterly over a period of three years commencing after 3 months from the restructuring date;

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

3.1 Basis of preparation

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

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

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

3.2 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan with the exception of departure of IFRS as mentioned in 27.1 to the financial statements, for which the management concludes that provisioning of markup (note 27.1) would conflict with the objective of financial statements. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984 provision of and directives issued under the Companies Ordinance, 1984. In case requirement differ, the provisions of and directives of the Companies Ordinance, 1984 shall prevail.

3.3 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	**Effective date (annual periods beginning on or after)**
IFRS 2 Share-based Payments - Classification and Measurement of Share- based Payments Transactions (Amendments)	1 January 2018
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates - Investment Entities: Applying the Consolidation Exception (Amendment)	1 January 2016
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	1 January 2016
IAS 1 Presentation of Financial Statements - Disclosure Initiative (Amendment)	1 January 2016
IAS 7 Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	1 January 2017
IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	1 January 2017
IAS 16 Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	1 January 2016
IAS 16 Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	1 January 2016
IAS 27 - Separate Financial Statements - Equity Method in "Separate Financial Statements"1 January 2016	1 January 2016

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in September 2014. Such improvements are generally effective for accounting periods beginning on or after 01 January 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

	Effective date (annual periods beginning on or after)
IFRS 9 - Financial Instruments: Classification and Measurement	1 January 2018
IFRS 14 - Regulatory Deferral Accounts	1 January 2016
IFRS 15 - Revenue from Contracts with Customers	1 January 2018
IFRS 16 - Leases	1 January 2019

3.4 Staff retirement benefits

The Company operates an unfunded Gratuity Scheme (the Plan) for eligible employees of the Company. The Company's obligation under the scheme is determined through actuarial valuation carried out at each year end under the Projected Unit Credit Method. Remeasurements which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in other comprehensive income.

The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments. Net interest expense and current service cost are recognized in profit and loss account. The latest actuarial valuation was conducted by a qualified professional firm of actuaries as of 18 July 2016 using the "Projected Unit Credit Method".

3.5 Taxation

Current

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

Deferred

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

3.6 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.

3.7 Property, plant and equipment and depreciation

Owned:

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

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

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

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

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

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

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

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

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

3.8 Borrowing costs

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

3.9 Investments

All investments are initially recognised at cost, being the fair value of the consideration given including the transaction costs associated with the investment. After initial recognition these are categorised and accounted for as follows:

Available for sale
Investments which the management intends to hold for indefinite period, but may be sold in response to the need for liquidity or changes in interest rates are classified as available-for-sale. These are initially recognized at cost, being the fair value of the consideration given including transaction costs associated with the investment. After initial recognition, these investments are remeasured at fair values with gains or losses on revaluation are recognized in equity until the investment is sold, collected or otherwise disposed off, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in profit and loss account.

Long term investments
The investment in associated company is stated at cost. Impairment loss is recognized wherever the carrying amount of investment exceeds its recoverable amount. An impairment loss is recognised in income currently. The equity method of accounting has not been followed as the effect of applying this method is immaterial.

Held to maturity
Held to maturity investments are investments which have a fixed maturity and where the Company has a positive intent and ability to hold it till maturity. Subsequent to initial recognition, these are carried at amortised cost using the effective interest rate method. Amortisation of discount on acquisition of the investments is carried out using the effective yield method.

At fair value through profit and loss
Investments held for trading are classified at fair value through profit and loss account. These are measured at fair value which is re-assessed at each reporting date. In case of investments in open ended mutual funds, fair value is determined on the basis of period end Net Asset Value (NAV) as announced by the Asset Management Company. Changes in fair value are recognized in profit and loss account.

3.10 Stores and spares
These are valued at average cost except for those in transit, which are valued at cost.

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

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

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

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

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

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

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

3.14 Foreign currency translation
Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the balance sheet date. Gains and losses on translation are taken to profit and loss account.

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

3.16 Revenue recognition
- Sales are recorded on dispatch of goods to customers.
- Return on bank deposits and investments are recognised on accrual basis.
- Dividend income is recognised when the Company's right to receive the dividend is established.

3.17 Provisions
Provisions are recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimates.

3.18 Cash and cash equivalent

Cash and cash equivalents comprise cash and cheques in hand, balances with banks, term deposits with original maturity period of three months or less, short term running finances and temporary book overdrawn balances.

3.19 Financial instruments

The Company recognises financial asset or a financial liability when it becomes a party to the contractual provision of the instrument. Financial assets and liabilities are recognised initially at cost, which respectively is the fair value of the consideration given or received. These are subsequently measured at fair value or amortised cost, as the case may be.

Financial assets are derecognised when the contractual right to cash flows from the asset expire, or when substantially all the risks and reward of ownership of the financial asset are transferred. Financial liability is derecognised when its contractual obligations are discharged, cancelled or expired.

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of the asset.

3.20 Non current assets held for sale

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

3.21 Impairment

Financial assets

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that the financial asset is impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on the terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated cash flows discounted at the original effective interest rate. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

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.

Non-financial assets

The carrying amounts of non-financial assets 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 recognised, 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 costs to sell and value in use. Value in use is assessed 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 risks specific to the asset. 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 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 amortisation, if no impairment loss had been recognised.

4 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2016	2015		2016	2015
			(Rupees in '000)	
65,000,000	65,000,000	Ordinary shares of Rs. 10/- each fully paid in cash	**650,000**	650,000
267,849,938	267,849,938	Ordinary shares of Rs. 10/- each issued as bonus shares	**2,678,499**	2,678,499
1,215,345	1,215,345	Ordinary shares of Rs. 10/- each issued against conversion of convertible bonds	**12,154**	12,154
32,255,800	32,255,800	Ordinary shares of Rs. 10/- each issued in exchange for 96,767,400 shares of Rs.10/- each of Dhan Fibres Limited	**322,558**	322,558
366,321,083	366,321,083		**3,663,211**	3,663,211

4.1 At reporting date, 156,433,140 shares (2015: 156,433,140 shares) were held by associated companies.

5 RESERVES

Revenue reserves:

	2016	2015
General reserves	**350,000**	350,000
Unrealized gain due to changes in fair value of investments	**2,336**	1,212
Accumulated loss	**(16,533,060)**	(15,902,527)
	(16,180,724)	(15,551,315)

6 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	2016	2015
Surplus on revaluation of Property, plant and equipment - Opening	**1,920,153**	2,078,225
Less : Transferred to accumulated loss in respect revaluation made during the year of incremental depreciation for the year - Net of tax	**(144,388)**	(158,072)
Surplus on revaluation of Property, plant and equipment - Closing	**1,775,765**	1,920,153

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

Land

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

Building

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

Plant and machinery

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

The revaluation has resulted a further increase in surplus and corresponding carrying amounts of property, plant and equipment by Rs.755.014 million. The closing balance of surplus on revaluation of property, plant and equipment is not available for distribution to shareholders.

Particulars	W.D.V. of assets before revaluation	Revalued amount	Revaluation surplus
	(Rupees in '000)		
PSF Units			
Freehold land	66,450	88,600	22,150
Leasehold land	368,000	524,800	156,800
Factory building	657,909	910,515	252,606
Non-factory building	323,030	421,085	98,055
Plant and machinery	5,385,208	5,393,000	7,792
Acrylic Unit			
Factory building	237,237	350,600	113,363
Non-factory building	2,484	3,100	616
Plant and machinery	1,581,368	1,685,000	103,632
	8,621,686	9,376,700	755,014

7 LONG TERM LOANS

	Notes	2016	2015
		(Rupees in '000)	
From Bank and Financial Institutions - Secured	7.1	**3,266,724**	3,203,724
Less: Overdue portion - Shown under current liabilities		**(3,266,724)**	(3,203,724)
		--	--
From related parties - Director - Unsecured, interest free			
Original loan amount	7.2	**379,645**	379,645
Effects of fair value adjustments			
Opening balance		**(233,262)**	(247,970)
Unwinding of interest / discount for the year		**16,351**	14,708
Shareholder's contribution included in equity		**(216,911)**	(233,262)
Shareholder loan / fair value of the loan		**162,734**	146,383
		162,734	146,383

7.1 From Bank and Financial Institutions - Secured

Financier	Installments payable	Repayment period	Mark-up rate	Notes	2016	2015
					(Rupees in '000)	
From Bank and Financial Institutions - Secured						
Syndicate of banks	Half Yearly	2003-2008	3.75% over 6 months T-bill rate	7.1.1	58,333	58,333
International Finance Corporation (IFC) FCY-LOAN	Half Yearly	2005-2011	6.9% p.a.	7.1.2	1,779,900	1,728,900
International Finance Corporation (IFC) FCY-LOAN	Annual	2010	5% p.a.	7.1.3	418,800	406,800
Saudi Pak Industrial & Agricultural Investment Co. (Pvt.) Ltd.	Quarterly	2009	3% over six months KIBOR	7.1.4	49,000	49,000
National Bank of Pakistan	Quarterly	2011	2% over three months KIBOR	7.1.5	500,000	500,000
Allied Bank Limited	Monthly	2010	3.25% over three months KIBOR	7.1.6	460,691	460,691
					3,266,724	3,203,724

7.1.1 These represents term loans obtained from syndicate of commercial banks and are secured by way of first pari passu hypothecation charge on all the present and future property, plant and equipment of the Company.

7.1.2 This represents US Dollars 30 million term loan obtained from IFC to finance the setting up specialty fibre project and repayment of high cost loans. This is secured by way of hypothecation charge on all the present and future property, plant and equipment of the Company.

7.1.3 This represents the financing of US Dollars 4 million obtained under the "Convertible C Loan Agreement" dated June 16, 2003 from IFC to finance the setting up specialty fibre project and repayment of high cost loans. This is secured by way of first ranking security interests in all assets subject to the security documents.

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

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

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

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

7.1.4 This represents loan for the purpose of working capital requirements and is secured by way of first pari passu hypothecation charge over fixed assets with 25% margin.

7.1.5 This represents term finance facility for the purpose of restructuring of the balance sheet of the Company and is secured by way of ranking charge over fixed assets with 25% margin and first pari passu hypothecation charge over all future stocks and receivables.

7.1.6 This represents term finance facility for the purpose of retiring present running finance & FADB outstanding and is secured by way of first pari passu charge over fixed assets with 25% margin.

7.2 These interest free loans are repayable in lump sum on 30 June 2024.

The loan from director has been measured at amortized cost in accordance with International Accounting Standard 39, Financial Instruments: Recognition and Measurement, and have been discounted using the weighted average interest rate of ranging 11.17% per annum.

	Note	2016	2015
		(Rupees in '000)	
8 DEFERRED LIABILITIES			
Staff gratuity payable	8.1	**163,368**	167,983
Deferred tax liability - Net	8.2	**611,528**	700,709
		774,896	868,692

8.1 Staff gratuity payable

The Company operates unfunded gratuity scheme for its permanent eligible employees. Gratuity benefit is payable under the scheme to employees on cessation of employment due to death, retirement and resignation.

The gratuity is payable based on the last drawn gross pay and the number of years of services.

		2016	2015
8.1.1	Number of employees under the scheme	58	67

8.1.2 Principal actuarial assumptions

The latest actuarial valuations of the above gratuity scheme were carried out as at 18 July 2016 under the Project Unit Credit Method. Principal actuarial assumptions used in the valuation of the scheme is as follows:

Financial assumptions

	2016	2015
Expected rate of increase in salaries	6.25% p.a.	8% p.a.
Discount rate	7.25% p.a.	9% p.a.
Average expected remaining working life times of employees	7 years	7 years

Mortality rate is based on adjusted SL1C 2001-2005 with one year age set back mortality table.

		Note	2016	2015
8.1.3	Present value of defined benefit obligations		**163,368**	167,983
8.1.4	Movement in present value of defined benefit obligations			
	Net defined benefit liability - Opening		**167,983**	177,161
	Expense chargeable to profit and loss account		**2,471**	3,008
	Remeausrement gain transferred to OCI		**(3,636)**	(6,343)
	Transfer to final settlement payable		**(1,319)**	(4,180)
	Payments during the year		**(2,131)**	(1,663)
			163,368	167,983
8.1.5	**Expense chargeable to profit and loss account**			
	Service cost	8.1.6	**(69)**	(1,418)
	Net interest on net defined benefit liability		**2,540**	4,426
		8.1.8	**2,471**	3,008
8.1.6	**Service cost**			
	Current service cost		**2,064**	2,179
	Curtailment or settlements (gain)	8.1.7	**(2,133)**	(3,597)
			(69)	(1,418)

8.1.7 The company has made gratuity settlements for number of members during the year based on their gratuity benefits accrued up to the date of going on leave, which resulted in settlement gain because of the release of liability held against those employees for the period after the date of going on leave. The said gain has been recognized immediately during the year as per requirements of IAS - 19.

		Note	2016	2015
			(Rupees in '000)	
8.1.8	**Allocation of charge for the year**			
	Cost of sales		1,631	1,945
	Administrative expenses		840	1,063
			2,471	3,008
8.1.9	**Balance sheet reconciliation**			
	Present value of defined benefit obligations		26,743	29,873
	Frozen gratuity / payable to outgoing members		136,625	138,110
			163,368	167,983

8.1.10 **Sensitivity analysis**

Sensitivity analysis has been performed by varying on assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations under the gratuity scheme. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarized below:

	Present value of defined benefit Obligation (Rupee in '000)
Discount rate + 1%	24,341
Discount rate - 1%	29,513
Salary increase + 1%	29,513
Salary increase - 1%	24,298

8.2 **Deferred tax liabilities - Net**

Liability / (asset) balances arising in respect of:

	2016	2015
Accelerated tax depreciation	417,551	331,586
Finance lease transactions	17,844	6,012
Provisions and others	(505,668)	(524,784)
Accumulated tax losses and available tax credits	(3,616,137)	(4,947,541)
Deferred tax (asset)	(3,686,410)	(5,134,727)
Deferred tax asset not recognized	3,686,410	5,134,727
Deferred tax liability in respect of:	--	--
Revaluation net of related depreciation	611,528	700,709
	611,528	700,709

9 TRADE AND OTHER PAYABLES

	Note	2016	2015
Trade creditors	9.1	5,477,218	5,497,101
Markup accrued		1,813,578	1,813,578
Accrued expenses		272,097	265,205
Unclaimed TFCs redemption warrants		2,228	2,228
Others		3,940	24,883
		7,569,061	7,602,995

9.1 This mainly represent amount payable to banks in respect of overdue letter of credits.

10 SHORT TERM BORROWINGS	Note	2016	2015
		(Rupees in '000)	
From banks and financial institutions - Secured			
- Morabaha finance		**621,530**	621,530
- Short term loans		**3,558,630**	3,558,630
Short term running finance - Secured		**2,970,019**	2,970,019
Temporary book overdraft - Unsecured		**2,876**	2,876
		7,153,055	7,153,055

- The facilities for various loans and finances under mark-up arrangements available from various banks amount to Rs.8.766 billion (2015: Rs.8.766 billion) and carry mark up ranging from 1% to 4% (2015: 1% to 4%) over one to six months KIBOR. These facilities are secured by hypothecation of the Company's stock-in-trade and book debts and are generally for a period of one year renewable at the end of the period. These facilities have not been renewed by the banks, however, the renewal would take place at the finalization of the financial restructuring process.

11 OVERDUE PORTION OF LEASE LIABILITIES

Overdue portion of lease liabilities	**54,145**	54,145

11.1 The Company entered into lease agreements with various leasing companies to acquire gas generators to reduce the power costs. The rentals under these lease agreements are payable quarterly up to the period ended June 2011. Mark up rate ranging from 13.71% to 14.38% (2015: 13.71% to 14.38%) per annum have been used as discounting factors. The cost of operating and maintaining the leased assets will be borne by the company. The Company intends to exercise its option to purchase the leased assets at its aggregate residual value of Rs.8.498 upon the completion / settlement of the respective lease.

12 CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

(a) In respect of liabilities towards banks / financial institutions disclosed in note 7, 9, 10 and 11 to the financial statements, most of banks / financial institutions have filed suits in Honorable High Court of Sindh at Karachi for recovery of their liabilities through attachment and sale of Company's hypothecated / mortgaged properties. The aggregate suits amount is Rs. 22.297 billion, out of total suits amount four of the banks having suit to the extent of Rs. 2.435 billion has also filed winding up petition u/s 305 of the Companies Ordinance, 1984. Since the Company is in dispute with banks / financial institutions therefore the estimated financial effect of litigations is not being disclosed, as it may have adverse affect on Company's position in the suits.

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

(b) The Company is defendant in a legal proceeding initiated by certain transporters for an aggregate amount of Rs.31.127 million (being pending bill of Rs.27.127 million and Rs.4 million as delayed payment charges) which is pending before Hon'able Lahore High Court (Rawalpindi Bench), the outcome of which cannot be established at this stage. The management, based on the strength of its case and the advice of its lawyers, believes that no additional liability will arise out of these proceedings; hence no provision for delayed payment charges has been made in these financial statements.

(c) Guarantees given by the commercial banks on behalf of the company amounted to Rs.78.3 million (2015: Rs.78.30 million).

	Note	2016	2015
		(Rupees in '000)	
13 PROPERTY PLANT AND EQUIPMENT			
Operating fixed assets - At cost less accumulated depreciation	13.1	5,386,791	5,918,062
Capital work in progress	13.3	142,813	142,813
		5,529,604	6,060,875

13.1 Operating fixed assets - At cost less accumulated depreciation

Particulars	2016							
	Cost / Revaluation			Depreciation			Carrying value as at 30 June 2016	Rate
	As at 1 July 2015	Additions / (disposal)	As at 30 June 2016	As at 1 July 2015	Charge for the year	As at 30 June 2016		
	(Rupees in '000)							
PSF - Units - Owned								
Freehold land	95,429	--	95,429	--	--	--	95,429	--
Leasehold land	524,800	--	524,800	--	--	--	524,800	--
Islamabad office	140,383	--	140,383	107,859	3,252	111,111	29,272	10%
Factory building	1,800,324	--	1,800,324	1,269,308	53,102	1,322,410	477,914	10%
Non factory building	973,029	--	973,029	724,116	24,891	749,007	224,022	10%
Tank terminal	16,453	--	16,453	14,942	151	15,093	1,360	10%
Plant and machinery	14,750,117	--	14,750,117	11,592,330	315,779	11,908,109	2,842,008	10%
Vehicles	162,585	--	162,585	147,832	2,951	150,783	11,802	20%
Furniture and fixtures	80,027	--	80,027	63,934	1,609	65,543	14,484	10%
Office equipment	136,542	--	136,542	108,082	2,846	110,928	25,614	10%
Leased assets								
Plant and machinery (Generator)	178,517	--	178,517	106,153	7,236	113,389	65,128	10%
Sub total	**18,858,206**	**--**	**18,858,206**	**14,134,556**	**411,817**	**14,546,373**	**4,311,833**	
Acrylic Unit								
Factory building	641,196	--	641,196	435,905	20,529	456,434	184,762	10%
Non-factory building	6,171	--	6,171	4,346	183	4,529	1,642	10%
Plant and machinery	4,158,750	--	4,158,750	3,172,066	98,668	3,270,734	888,016	10%
Vehicles	3,604	--	3,604	3,478	25	3,503	101	20%
Furniture and fixtures	890	--	890	699	19	718	172	10%
Office equipment	1,370	--	1,370	1,075	30	1,105	265	10%
Sub total	**4,811,981**	**--**	**4,811,981**	**3,617,569**	**119,454**	**3,737,023**	**1,074,958**	
GRAND TOTAL	**23,670,187**	**--**	**23,670,187**	**17,752,125**	**531,271**	**18,283,396**	**5,386,791**	

Particulars	2015								
	Cost / Revaluation			Depreciation				Carrying value as at 30 June 2015	Rate
	As at 1 July 2014	Additions / (disposal)	As at 30 June 2015	As at 1 July 2014	(On disposal)	Charge for the year	As at 30 June 2015		
	(Rupees in '000)								
PSF - Units - Owned									
Freehold land	95,429	--	95,429	--	--	--	--	95,429	--
Leasehold land	524,800	--	524,800	--	--	--	--	524,800	--
Islamabad office	140,383	--	140,383	104,245	--	3,614	107,859	32,524	10%
Factory building	1,800,324	--	1,800,324	1,210,306	--	59,002	1,269,308	531,016	10%
Non factory building	973,029	--	973,029	696,459	--	27,657	724,116	248,913	10%
Tank terminal	16,453	--	16,453	14,774	--	168	14,942	1,511	10%
Plant and machinery	14,750,117	--	14,750,117	11,241,465	--	350,865	11,592,330	3,157,787	10%
Vehicles	166,430	(3,845)	162,585	147,350	(3,205)	3,687	147,832	14,753	20%
Furniture and fixtures	80,027	--	80,027	62,146	--	1,788	63,934	16,093	10%
Office equipment	136,542	--	136,542	104,920	--	3,162	108,082	28,460	10%
Leased assets									
Plant and machinery (Generator)	178,517	--	178,517	98,113	--	8,040	106,153	72,364	10%
Sub total	**18,862,051**	**(3,845)**	**18,858,206**	**13,679,778**	**(3,205)**	**457,983**	**14,134,556**	**4,723,650**	
Acrylic Unit									
Factory building	641,196	--	641,196	413,095	--	22,810	435,905	205,291	10%
Non-factory building	6,171	--	6,171	4,143	--	203	4,346	1,825	10%
Plant and machinery	4,158,750	--	4,158,750	3,062,434	--	109,632	3,172,066	986,684	10%
Vehicles	3,604	--	3,604	3,446	--	32	3,478	126	20%
Furniture and fixtures	890	--	890	678	--	21	699	191	10%
Office equipment	1,370	--	1,370	1,042	--	33	1,075	295	10%
Sub total	**4,811,981**	**--**	**4,811,981**	**3,484,838**	**--**	**132,731**	**3,617,569**	**1,194,412**	
GRAND TOTAL	**23,674,032**	**(3,845)**	**23,670,187**	**17,164,616**	**(3,205)**	**590,714**	**17,752,125**	**5,918,062**	

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

	2016			2015		
	PSF - Units	Acrylic Unit	Total	PSF - Units	Acrylic Unit	Total
	(Rupees in '000)			(Rupees in '000)		
Cost of sales	409,758	118,857	528,615	455,693	132,067	587,760
Administrative expenses	2,059	597	2,656	2,290	664	2,954
	411,817	119,454	531,271	457,983	132,731	590,714

13.3 Capital work in progress

	Note	2016	2015
		(Rupees in '000)	
Capital work in progress - At cost less impairment losses	13.3.1	142,813	142,813
13.3.1 Particulars			
Plant and machinery - Owned		56,429	56,429
Plant and machinery - Leased		86,384	86,384
		142,813	142,813

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

	2016	2015
PSF Units		
Freehold land	70,652	70,652
Leasehold land	2,269	2,269
Factory building	322,095	357,884
Non factory building	54,872	60,968
Plant and machinery	1,602,782	1,780,869
Acrylic Unit		
Factory building	66,686	74,095
Non-factory building	703	781
Plant and machinery	660,202	733,558
	2,780,261	3,081,076

14 LONG TERM INVESTMENTS

	Note	2016	2015
Investment in listed securities			
Pakistan Strategic Allocation Fund			
(2,204,000 certificates (2015: 2,204,000 certificates) of Rs.10/- each)		22,040	22,040
Accumulated unrealised gain		2,336	1,212
Investment in non-listed securities		24,376	23,252
Global Securities (Pvt) Limited			
495,000 shares (2015: 495,000 shares)			
of Rs.10/- each at a premium of Rs.40.92/- per share		25,205	25,205
Equity investment in Dewan Petroleum (Pvt) Limited			
12,000,000 shares (2015: 12,000,000 shares)			
of Rs.10/- each at a premium of Rs.8.583/- per share	14.1	223,000	223,000
Shares application money - Dewan Petroleum (Pvt.) Ltd	14.2	97,746	97,746
		320,746	320,746
Less: Transferred to non-current assets held for sale	22	(223,000)	(223,000)
		147,327	146,203

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

14.2 This represents the amounts paid against the committed investment of Rs.97.746 million to retain its proportionate shares in DPL equity under terms of a financial arrangement concluded between International Finance Corporation (IFC) and DPL. This commitment was made under authority of the special resolution passed in Extra Ordinary General Meeting held on 30 August 2006.

	Note	2016	2015
		(Rupees in '000)	
15 STORES AND SPARES			
Consumable stores		**1,009,218**	1,009,218
Packing material		**12,501**	12,501
Chemicals		**51,107**	51,107
Fuel, oil and lubricants		**12,288**	12,288
		1,085,114	1,085,114
Provision for obsolescence and slow moving items	15.1	**(217,269)**	(163,013)
		867,845	922,101

15.1 Movement in provision for obsolescence and slow moving items

	2016	2015
Opening balance	**163,013**	114,481
Provision during the year	**54,256**	48,532
Closing balance	**217,269**	163,013

	Note	2016	2015
16 STOCK IN TRADE			
Raw materials		**308,497**	308,497
Work-in-process		**103,879**	103,879
Stock in transit		**194,940**	194,940
Waste		**19,086**	19,086
		626,402	626,402
Provision for obsolescence and slow moving stocks		**(626,402)**	(626,402)
		--	--
17 TRADE DEBTS - Unsecured			
Considered good		**1,377,334**	1,583,419
Considered doubtful		**407,962**	499,163
		1,785,296	2,082,582
Less: Provision for doubtful debts	17.3	**(407,962)**	(499,163)
		1,377,334	1,583,419

17.1 Trade debts include Rs.122.499 million (2015: Rs.122.499 million) due from Dewan Khalid Textile Mills Limited (associated company).

17.2 Trade debts also include a sum of Rs.21.673 million (2015: Rs. 21.673 million) receivable from Nazir of High Court of Sindh representing receivable against sales made on account auction of the Company's stock as per order of court. All the sale proceeds are being deposited by the successful bidder directly with Nazir of High Court. The said amount will be adjusted against liability of bank under litigation upon lifting of all pledged stock.

		Note	2016	2015
			(Rupees in '000)	
17.3	**Movement in provision for doubtful debts**			
	Opening balance		499,163	470,730
	Provision during the year		98,763	28,433
	Less: written off during the year		(189,964)	--
	Closing balance		407,962	499,163
18	**ADVANCES**			
	Against expenses / employees			
	Considered good		9,385	39,186
	Considered doubtful		79,576	49,575
			88,961	88,761
	Less: Provision for doubtful advances	18.1	(79,576)	(49,575)
			9,385	39,186
18.1	**Movement in provision for doubtful advances**			
	Opening balance		49,575	49,575
	Provision during the year		30,001	--
	Closing balance		79,576	49,575
19	**SHORT TERM DEPOSITS**			
	Deposits		10,258	10,258
	Margin		150,295	150,295
			160,553	160,553
20	**OTHER RECEIVABLES - Considered good**			
	Sales tax		66,213	65,782
	Duty drawback receivable		73,872	73,872
	Duties refundable		4,691	4,691
	Insurance claim receivable		14,730	14,730
	Advance income tax		2,861	2,612
			162,367	161,687
	Less: Provision for doubtful receivable	20.1	(85,634)	(84,119)
			76,733	77,568
20.1	**Movement in provision for other receivable**			
	Opening balance		84,119	84,119
	Provision during the year		1,515	--
	Closing balance		85,634	84,119
21	**CASH AND BANK BALANCES**			
	Cash in hand		858	715
	Cash at banks			
	- Current accounts		415	1,797
	- Foreign currency accounts		6,677	6,490
			7,950	9,002
22	**NON CURRENT ASSETS HELD FOR SALE**			
	Equity investment in Dewan Petroleum (Pvt) Limited 12,000,000 shares (2015: 12,000,000 shares) of Rs.10/- each at a premium of Rs.8.583/- per share	22.1	223,000	223,000

22.1 The investment has been classified as held for sale upon management's intention to sell the same within next accounting cycle in the manner to be deemed appropriate, equitable, fit and beneficial to the interests of the Company. For the purpose special resolution was passed by the shareholders in the Extra Ordinary General Meeting of the Company held on June 23, 2008, which was expired during the financial year 2009, however the management will seek further shareholders' approval before disposal of the same.

23 OPERATING RESULTS

	Notes	2016 PSF Unit	2016 Acrylic Unit	2016 Total	2015 PSF Unit	2015 Acrylic Unit	2015 Total
		(Rupees in '000)			(Rupees in '000)		
Sales							
Fiber - Local		--	--	--	--	--	--
Waste		--	--	--	--	--	--
		--	--	--	--	--	--
Cost of sales	24	(444,857)	(122,609)	(567,466)	492,464	140,260	632,724
Gross loss		(444,857)	(122,609)	(567,466)	(492,464)	(140,260)	(632,724)
Distribution cost	25	(1,267)	(136)	(1,403)	1,247	133	1,380
Administrative expenses	26	(31,432)	(3,736)	(35,168)	33,517	4,003	37,520
		(32,699)	(3,872)	(36,571)	34,764	4,136	38,900
Operating loss		(477,556)	(126,481)	(604,037)	(527,228)	(144,396)	(671,624)
Finance cost	27	(79,167)	--	(79,167)	(76,501)	--	(76,501)
Provision for doubtful debts / advances / receivables		(130,279)	--	(130,279)	(251,889)	--	(251,889)
Provision for obsolescence and slow moving stocks		(54,256)	--	(54,256)	(60,055)	--	(60,055)
Other income	28	--	--	--	17,716	--	17,716
		(263,702)	--	(263,702)	(370,729)	--	(370,729)
Loss before taxation		(741,258)	(126,481)	(867,739)	(897,957)	(144,396)	(1,042,353)

24 COST OF SALES

	Notes	2016 PSF Unit	2016 Acrylic Unit	2016 Total	2015 PSF Unit	2015 Acrylic Unit	2015 Total
		(Rupees in '000)			(Rupees in '000)		
Raw material consumed							
Opening stock		98,766	209,731	308,497	98,766	209,731	308,497
Purchases		--	--	--	--	--	--
		98,766	209,731	308,497	98,766	209,731	308,497
Closing stock		(98,766)	(209,731)	(308,497)	(98,766)	(209,731)	(308,497)
Raw material consumed		--	--	--	--	--	--
Salaries, wages and benefits		23,361	2,498	25,859	22,892	2,448	25,340
Electricity, fuel and power		9,609	1,027	10,636	9,914	1,060	10,974
Storage charges of raw material		--	--	--	--	4,261	4,261
Depreciation	13.2	409,758	118,857	528,615	455,693	132,067	587,760
Repairs and maintenance		285	30	315	1,925	206	2,131
Vehicle running expenses		952	102	1,054	1,163	124	1,287
Travelling expenses		21	2	23	17	2	19
General expenses		871	93	964	860	92	952
Opening stock of work-in-process		63,011	40,868	103,879	63,011	40,868	103,879
Closing stock of work-in-process		(63,011)	(40,868)	(103,879)	(63,011)	(40,868)	(103,879)
Cost of goods manufactured		444,857	122,609	567,466	492,464	140,260	632,724
Opening stock of finished goods and waste		19,086	--	19,086	19,086	--	19,086
Closing stock of finished goods and waste		(19,086)	--	(19,086)	(19,086)	--	(19,086)
		444,857	122,609	567,466	492,464	140,260	632,724

25 DISTRIBUTION COST

	2016 PSF Unit	2016 Acrylic Unit	2016 Total	2015 PSF Unit	2015 Acrylic Unit	2015 Total
	(Rupees in '000)			(Rupees in '000)		
Salaries and benefits	1,267	136	1,403	1,247	133	1,380

26 ADMINISTRATIVE EXPENSES

	Notes	2016 PSF Unit	2016 Acrylic Unit	2016 Total	2015 PSF Unit	2015 Acrylic Unit	2015 Total
		(Rupees in '000)			(Rupees in '000)		
Salaries and benefits		19,542	2,090	21,632	20,418	2,183	22,601
Entertainment		21	2	23	13	1	14
Communication		184	20	204	218	23	241
Depreciation	13.2	2,059	597	2,656	2,290	664	2,954
Vehicle running expenses		884	94	978	1,091	117	1,208
Legal and professional		3,249	347	3,596	3,270	350	3,620
Printing and stationary		697	74	771	635	68	703
Repair and maintenance		214	23	237	248	27	275
Traveling expenses		292	31	323	205	22	227
Auditors' remuneration	26.1	1,220	130	1,350	1,220	130	1,350
General expenses		3,070	328	3,398	3,909	418	4,327
		31,432	3,736	35,168	33,517	4,003	37,520

26.1 Auditors' remuneration

	2016 Feroze Sharif Tariq & Co.	2016 Faruq Ali & Co.	2016 Total	2015 Feroze Sharif Tariq & Co.	2015 Faruq Ali & Co.	2015 Total
	(Rupees in '000)			(Rupees in '000)		
Annual audit fee	500	500	1,000	500	500	1,000
Fee for half yearly review	100	100	200	100	100	200
Other certifications	50	50	100	50	50	100
Out of pocket	25	25	50	25	25	50
	675	675	1,350	675	675	1,350

27 FINANCE COST

	2016 PSF Unit	2016 Acrylic Unit	2016 Total	2015 PSF Unit	2015 Acrylic Unit	2015 Total
	(Rupees in '000)			(Rupees in '000)		
Bank charges	4	--	4	19	--	19
Unwinding of discount	16,351	--	16,351	14,708	--	14,708
Exchange loss - net	62,812	--	62,812	61,774	--	61,774
	79,167	--	79,167	76,501	--	76,501

27.1 Company has not made the provision of markup amounting to Rs.1.648 billion (Upto 30 June 2015: Rs.14.357 billion) keeping in view of the financial restructuring proposed to the lenders as disclosed in note 2. Management is hopeful that the restructuring proposal will be accepted by the lenders. Had the provision been made the loss for the year would have been increased by Rs.1.648 billion and accrued markup would have been increased and shareholders' equity would have been decreased by Rs.16.005 billion. The said non-provisioning is departure from the requirements of IAS-23 'Borrowing Costs".

28 OTHER INCOME

	2016	2015
	(Rupees in '000)	
Income from financial assets		
Dividend income	--	746
Gain on sale of investment	--	11,503
Income from non financial assets		
Gain on sale of fixed assets	--	1,434
Reversal of impairment	--	4,033
	--	17,716

	2016	2015
	(Rupees in '000)	
29 TAXATION		
Current year tax	--	--
Deferred tax		
Rate adjustment	21,234	23,592
Current deferred tax	69,112	79,950
	90,346	103,542

29.1 Relationship between income tax expense and accounting loss		
Accounting loss as per profit and loss account	(867,739)	(1,042,353)
Applicable tax rate	32%	33%
Tax on accounting profit	(277,676)	(343,976)
Tax effect of accelerated tax depreciation	95,503	284,292
Tax effect on unwinding of discount	5,232	--
Tax effect of expenses that are not deductible in determining taxable income charged to profit and loss account	79,260	(107,246)
Tax effect on carry forward losses	188,027	270,472
Tax (refundable) under normal rules	90,346	103,542
Minimum tax payable under Income Tax Ordinance, 2001	--	--

30 LOSS PER SHARE - Basic and diluted		
30.1 Basic loss per share		
Loss after taxation attributable to ordinary shareholders	(777,393)	(938,811)
Weighted average number of ordinary shares outstanding during the year	366,321,083	366,321,083
Loss per share - Basic	(2.12)	(2.56)

30.2 Diluted loss per share

Effect of convertible C loan shares is not included in diluted earnings per share calculation since the effect is anti-dilutive, resulting in a decrease in diluted loss per share.

31 CASH AND CASH EQUIVALENTS		
Cash and bank balances	7,950	9,002
Short term finances:		
Short term running finances	2,970,019	2,970,019
Book overdraft	2,876	2,876
	(2,972,895)	(2,972,895)
	(2,964,945)	(2,963,893)

32 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

- Credit risk
- Liquidity risk
- Market risk

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

32.1 Credit risk

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

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

	2016	2015
	(Rupees in '000)	
Long term investments	**147,327**	146,203
Trade debts	**1,377,334**	1,583,419
Short term deposits	**160,553**	160,553
Advances	**9,385**	39,186
Other receivables	**76,733**	77,568
Cash at banks (excluding cash in hand)	**7,092**	8,287
	1,778,424	2,015,216

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

32.2 Liquidity risk

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

	Carrying Amounts	Contractual Cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
2016			(Rupees in '000)			
Financial liabilities						
Long term loans	3,429,458	3,780,084	3,400,439	--	--	379,645
Lease liabilities	9,366	9,366	9,366	--	--	--
Trade and other payables	7,569,061	7,569,061	7,569,061	--	--	--
Short term borrowings	7,153,055	7,685,410	7,685,410	--	--	--
	18,160,940	19,043,922	18,664,277	--	--	379,645

	Carrying Amounts	Contractual Cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
2015			(Rupees in '000)			
Financial liabilities						
Long term loans	3,350,107	3,715,019	3,335,374	--	--	379,645
Lease liabilities	54,145	54,145	54,145	--	--	--
Trade and other payables	7,602,995	7,602,995	7,602,995		--	--
Short term borrowings	7,153,055	7,685,410	7,685,410	--	--	--
	18,160,302	19,057,569	18,677,924	--	--	379,645

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

32.3 Market risk

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

32.3.1 Currency risk

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

	2016	2015
	(Rupees in '000)	
Assets / (liabilities)		
Loans	**(2,198,700)**	(2,135,700)
Bank balances	**6,677**	6,490
	(2,192,023)	(2,129,210)
The following significant exchange rate has been applied:		
USD to PKR (Reporting date rate in Rupees)	**104.70**	101.70
USD to PKR (Average rate in Rupees)	**103.64**	100.60

Sensitivity analysis

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

	2016	2015
Effect on loss	**219,202**	212,921

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

32.3.2 Interest rate risk

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

	2016	2015
Fixed rate instruments at carrying amounts:		
Financial liabilities		
Long term loans	**2,198,700**	2,135,700
Variable rate instruments at carrying amounts:		
Financial liabilities		
Loans	**1,068,024**	1,068,024
Lease liabilities	**9,366**	54,145
Short term borrowings	**7,150,179**	7,150,179
	8,227,569	8,272,348

Fair value sensitivity analysis for fixed rate instruments:

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

Cash flow sensitivity analysis for variable rate instruments:

Since the company has not made provision for markup on its variable rate instruments therefore cash flow sensitivity analysis is not being given.

32.4 Fair value of the financial instruments

The carrying amounts of financial assets and financial liabilities approximate their fair value as assets and liabilities are either short term or are repriced frequently. The fair value is determined on the basis of non observable market data. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms' length transaction.

Fair value hierarchy

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

	Level 1	Level 2	Level 3
	(Rupees in '000)		
2016			
Available-for-sale	24,376	--	345,951
2015			
Available-for-sale	23,252	--	345,951

32.5 Capital risk management

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

33 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

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

	Chief Executive		Director		Executive		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	(Rupees in '000)							
Managerial remuneration	3,960	3,960	3,218	2,376	2,241	4,929	9,419	11,265
Retirement benefits	--	--	454	--	323	1,474	777	1,474
House rent allowance	1,740	1,740	1,448,036	1,044	1,008	2,220	1,450,784	5,004
Utilities	300	300	322	180	224	293	846	773
Medical	--	--	--	--	--	--	--	--
Conveyance	--	--	4	--	14	14	18	14
	6,000	6,000	1,452,034	3,600	3,810	8,930	1,461,844	18,530
Number of persons	1	1	1	1	4	4	6	6

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

34 TRANSACTION WITH RELATED PARTIES

The related parties comprise associated undertakings, directors and key management personnel. Remuneration and benefits to chief executive directors and key management personnel under terms of their employment are disclosed in note 33 to the financial statements. During the year, no transaction with related parties other than disclosed in note 33.

35 INFORMATION ABOUT BUSINESS SEGMENTS

35.1 For management purposes, the activities of the Company are organized into business segments based on their products and has two reportable operating segments. The PSF segment mainly relates to production and sale of Polyester Staple Fibre. ASF segment includes production and sale of Acrylic Staple Fibre. The operations of the Company are closed since December 2008.

35.2 The transaction relating to sales and collection of sales are recorded on the basis of actual sale of PSF and ASF. Conversion costs, distribution cost and administrative expenses are allocated on the basis of production capacity of PSF And ASF Unit respectively.

35.3 All non current assets of the Company as of 30 June 2016 are located in Pakistan.

36 PLANT CAPACITY AND PRODUCTION

	2016		2015	
	Annual (tons)	Production (tons)	Annual (tons)	Production (tons)
PSF Units	240,900	--	240,900	--
Acrylic Unit	25,760	--	25,760	--
	266,660	--	266,660	--

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

37 NUMBER OF EMPLOYEES

	2016	2015
	(Rupees in '000)	
Number of employees at June 30		
Regular	58	67
Contractual	79	78
Average number of employees during the year		
Regular	62	75
Contractual	74	74

38 CORRESPONDING FIGURES

The corresponding figures have been reclassified, restated and rearranged wherever necessary to facilitate comparison, significant restatements / reclassification in these financial statements as under.

39 DATE OF AUTHORIZATION FOR ISSUE

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

40 FUNCTIONAL AND PRESENTATION CURRENCY

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

Statement Under Section 241 (2) of the Companies Ordinance, 1984

The Chief Executive of the company is presently out of the country, therefore these financial statements have been signed by two Directors of the company duly authorized by the Board of Directors.

Haroon Iqbal
Director

Syed Muhammad Anwar
Director

PATTERN OF SHAREHOLDING
THE CODE OF CORPORATE GOVERNANCE
AS AT JUNE 30, 2016

Srl #	Categories of Shareholders	Number of Shareholders	Number of Shares held	% of Shareholding
1.	**Associated Companies**	3	156,433,140	42.70%
2.	**NIT and ICP**	9	3,294,751	0.90%
3.	**Directors, CEO, their Spouses & Minor Children**	12	14,150,752	3.86%
4.	**Executives**	-	-	0.00%
5.	**Public Sector Companies & Corporations**	127	45,160,379	12.33%
6.	**Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Modarbas & Mutual Funds**	75	2,617,979	0.71%
7.	**Individuals**	20,198	144,664,082	39.49%
	TOTAL	**20,424**	**366,321,083**	**100.00%**

DETAILS OF CATAGORIES OF SHAREHOLDERS

Srl #	Names	Number of Shareholders	Number of Shares held	% of Shareholding
1.	**Associated Companies**			
1.1	Dewan Textile Mills Limited	1	104,288,773	28.47%
1.2	Dewan Khalid Textile Mills Limited	1	32,279,849	8.81%
1.3	Dewan Mushtaq Textile Mills Limited	1	19,864,518	5.42%
		3	**156,433,140**	**42.70%**
2.	**NIT and ICP**			
2.1	Investment Corporation of Pakistan	1	100	0.00%
2.2	National Bank of Pakistan	4	2,747,298	0.75%
2.3	National Bank of Pakistan, Trustee Department	1	1,111	0.00%
2.4	NATIONAL BANK OF PAKISTAN TRUSTEE WING	1	500	0.00%
2.5	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	1	18,501	0.01%
2.6	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	1	527,241	0.14%
		9	**3,294,751**	**0.90%**
3.	**Directors, CEO, their Spouses & Minor Children**			
	Directors and CEO			
3.1	Dewan Muhammad Yousuf Farooqui	1	12,523,816	3.42%
3.2	Dewan Abdul Rehman Farooqui	2	494,672	0.14%
3.3	Mr. Haroon Iqbal	1	500	0.00%
3.4	Mr. Aziz ul Haque	1	500	0.00%
3.5	Syed Muhammad Anwar	1	500	0.00%
3.6	Mr. Ghazanfar Babar Siddiqui	1	500	0.00%
3.7	Mr. Zafar Asim	1	500	0.00%
		8	**13,020,988**	**3.55%**
	Spouses of Directors and CEO			
3.8	Mrs. Heena Yousuf	1	384,867	0.11%
3.9	Mrs. Samina Rehman	1	148,982	0.04%
		2	**533,849**	**0.15%**
	Minor Children of Directors and CEO			
3.10	Miss Yumna Yousuf	1	248,297	0.07%
3.11	Mr. Khizer Salman	1	347,618	0.09%
		2	**595,915**	**0.16%**

SHAREHOLDERS HOLDING 5% OR MORE OF THE VOTING SHARES/ INTERESTS IN THE COMPANY				
Srl #	**Names**	**Number of Shareholders**	**Number of Shares held**	**% of Shareholding**
1	M/s Dewan Textile Mills Limited	1	104,288,773	28.47%
2	Mitsubishi Corporation	1	40,349,814	11.01%
3	Dewan Khalid Textile Mills Limited	1	32,279,849	8.81%
4	Dewan Mushtaq Textile Mills Limited	1	19,864,518	5.42%

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

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

THE COMPANIES ORDINANCE, 1984
(Section 236(1) and 464)

FORM 34

PATTERN OF SHAREHOLDING

1. Incorporation Number **0020315**

2. Name of the Company **DEWAN SALMAN FIBRE LIMITED**

3. Pattern of holding of the shares held by the Shareholders as at **30 06 2016**

4.

Number of Shareholders	Shareholdings				Total Shares held
5,806	1	-	100	Shares	151,916
7,669	101	-	500	Shares	1,799,315
1,464	501	-	1,000	Shares	1,251,210
2,812	1,001	-	5,000	Shares	8,001,853
1,001	5,001	-	10,000	Shares	8,154,057
330	10,001	-	15,000	Shares	4,272,213
280	15,001	-	20,000	Shares	5,174,161
302	20,001	-	30,000	Shares	7,767,821
131	30,001	-	40,000	Shares	4,732,446
138	40,001	-	50,000	Shares	6,608,621
63	50,001	-	60,000	Shares	3,482,254
47	60,001	-	70,000	Shares	3,132,432
46	70,001	-	80,000	Shares	3,518,140
33	80,001	-	90,000	Shares	2,866,381
75	90,001	-	100,000	Shares	7,422,315
23	100,001	-	120,000	Shares	2,538,881
18	120,001	-	140,000	Shares	2,319,638
26	140,001	-	160,000	Shares	3,929,314
11	160,001	-	180,000	Shares	1,881,500
25	180,001	-	200,000	Shares	4,916,721
10	200,001	-	220,000	Shares	2,104,703
7	220,001	-	240,000	Shares	1,632,397
15	240,001	-	260,000	Shares	3,780,461
7	260,001	-	280,000	Shares	1,888,280
14	280,001	-	300,000	Shares	4,159,863
8	300,001	-	340,000	Shares	2,631,170
5	340,001	-	360,000	Shares	1,751,618
6	360,001	-	400,000	Shares	2,360,734
2	400,001	-	420,000	Shares	824,000
2	420,001	-	460,000	Shares	910,007
3	460,001	-	480,000	Shares	1,419,350
6	480,001	-	500,000	Shares	2,990,500
3	500,001	-	530,000	Shares	1,549,241
2	530,001	-	600,000	Shares	1,111,000

Number of Shareholders	Shareholdings				Total Shares held
2	600,001	-	640,000	Shares	1,218,000
2	640,001	-	700,000	Shares	1,293,000
2	700,001	-	730,000	Shares	1,431,000
3	730,001	-	780,000	Shares	2,300,022
2	780,001	-	800,000	Shares	1,589,500
1	800,001	-	850,000	Shares	812,000
1	850,001	-	900,000	Shares	887,500
4	900,001	-	1,000,000	Shares	3,975,000
1	1,000,001	-	1,100,000	Shares	1,100,000
1	1,100,001	-	1,200,000	Shares	1,200,000
1	1,200,001	-	1,800,000	Shares	1,471,661
1	1,800,001	-	1,900,000	Shares	1,900,000
1	1,900,001	-	2,110,000	Shares	2,109,634
2	2,110,001	-	2,600,000	Shares	5,183,818
1	2,600,001	-	2,750,000	Shares	2,740,202
1	2,750,001	-	3,000,000	Shares	2,850,000
1	3,000,001	-	3,100,000	Shares	3,004,965
1	3,100,001	-	3,500,000	Shares	3,323,500
1	3,500,001	-	5,590,000	Shares	5,589,998
1	5,590,001	-	13,000,000	Shares	12,523,816
1	13,000,001	-	20,000,000	Shares	19,864,518
1	20,000,001	-	35,000,000	Shares	32,279,849
1	35,000,001	-	45,000,000	Shares	40,349,814
1	45,000,001	-	104,300,000	Shares	104,288,773
20,424	**TOTAL**				**366,321,083**

5.	Categories of Shareholders	Shares held	Percentage
5.1	Directors, Chief Executive Officer, their spouses and minor children	14,150,752	3.86%
5.2	Associated Companies, undertakings and related parties	156,433,140	42.70%
5.3	NIT and ICP	3,294,751	0.90%
5.4	Banks, Development Financial Institutions, Non-Banking Finance Companies	433,383	0.12%
5.5	Insurance Companies	2,124,634	0.58%
5.6	Modarabas and Mutual Funds	59,962	0.02%
5.7	Shareholders holding 5%	196,782,954	53.72%
5.8	General Public		
	a. Local	143,944,817	39.29%
	b. Foreign	719,265	0.20%
5.9	Others (Joint Stock Companies, Brokrage Houses, Employees Funds & Trustees)	45,160,379	12.33%

FORM OF PROXY
27TH ANNUAL GENERAL MEETING

IMPORTANT

This form of Proxy duly completed must be deposited at our Shares Registrar Transfer Agent **BMF Consultants Pakistan (Private) Ltd.** Anum Estate Building, Room No. 310 & 311, 3rd Floor, 49, Darul Aman Society, Main Shahrah-e-Faisal, Adjacent Baloch Colony Bridge, Karachi-75350, Pakistan. Not later than 48 hours before the time of holding the meeting A Proxy should also be a member of the Company.

I/We____ of

____ being a member

of **DEWAN SALMAN FIBRE LIMITED** and holder of________________________

____________________________Ordinary shares as per Registered Folio No./CDC

Participant's ID and Account No ______________________________ hereby appoint

____ of

____ who is also

member of **DEWAN SALMAN FIBRE LIMITED** vide Registered Folio No./CDC Participant's ID

and Account No.____

my/our proxy to vote for me/our behalf at the 27th Annual General Meeting of the Company to be held

Friday, October 28, 2016, at 12:00 noon at Plot No. 6, Street No. 9, Fayyaz Market, G-8/2,

Islamabad, Pakistan.

Signed this ________________________ day of ____________________2016.

Affix
Revenue
Stamp
Rs. 5/-

Signature ________________________

Witness: ____________________	Witness: ____________________
Signature	**Signature**
Name: ____________________	Name: ____________________
Address: ____________________	Address: ____________________
____________________	____________________