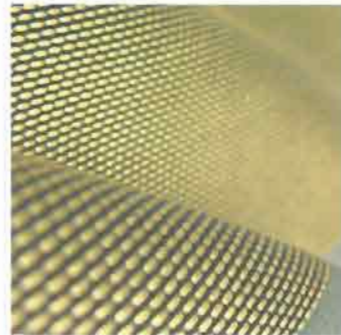


DEWAN SALMAN FIBRE LIMITED

Annual Report 2012



A YOUSUF DEWAN COMPANY

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COMPANY INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTOR : DEWAN MUHAMMAD YOUSUF FAROOQUI
CEO & CHAIRMAN BOARD OF DIRECTORS

MANSOOR-UL-HAQUE

NON-EXECUTIVE DIRECTORS

DEWAN ABDUL REHMAN FAROOQUI
MR. HAROON IQBAL
MR. ISHTIAQ AHMED
SYED MUHAMMAD ANWAR

INDEPENDENT DIRECTOR : MR. AZIZ-UL-HAQUE

AUDIT COMMITTEE : MR. HAROON IQBAL - CHAIRMAN
MR. MANSUR-UL-HAQUE - MEMBER
MR. AZIZ-UL-HAQUE - MEMBER

HUMAN RESOURCE & REMUNERATION COMMITTEE : MR. HAROON IQBAL - CHAIRMAN
DEWAN MUHAMMAD YOUSUF FAROOQUI - MEMBER
MR. MANSOOR-UL-HAQUE - MEMBER

COMPANY SECRETARY : SYED MUHAMMAD SALAHUDDIN

AUDITORS : FARUQ ALI & CO.
CHARTERED ACCOUNTANTS

FEROZE SHARIF TARIQ & CO.
CHARTERED ACCOUNTANTS

LEGAL ADVISORS : KHALID ANWER & COMPANY - ADVOCATES

TAX ADVISORS : SHARIF & COMPANY - ADVOCATES

FACTORY OFFICE : PLOT NO 1, DEWAN FAROOQUE INDUSTRIAL PARK,
HATTAR, DISTRICT HARIPUR (N.W.F.P.)

HEAD OFFICE : FINANCE & TRADE CENTRE BLOCK-A, 8TH FLOOR,
SHAHRAH-E-FAISAL, KARACHI.

REGISTERED OFFICE : DEWAN CENTRE, 58 MAIN MARGALLA ROAD F-7/2 ISLAMABAD

**SHARE REGISTRAR/
TRANSFER AGENTS** : **BMF CONSULTANTS PAKISTAN (PRIVATE) LIMITED**
ANUM ESTATE BUILDING, ROOM NO. 310 & 311,
3RD FLOOR, 49, DARUL AMAN SOCIETY,
MAIN SHAHRAH-E-FAISAL, ADJACENT TO BALOCH COLONY BRIDGE,
KARACHI, PAKISTAN.

BANKERS : AL BARAKA ISLAMIC INVESTMENT BANK LIMITED
ALLIED BANK LIMITED
ASKARI BANK LIMITED
ATLAS BANK LIMITED
BANK ALFALAH LIMITED
BANK OF KHYBER LIMITED
BANK OF PUNJAB LIMITED
CITI BANK N.A.
FAYSAL BANK LIMITED
HABIB BANK LIMITED
HABIB METROPOLITAN BANK LIMITED
HONG KONG & SHANGHAI BANKING CORPORATION
KASB BANK LIMITED
MEEZAN BANK LIMITED
MYBANK LIMITED
MCB BANK LIMITED
NATIONAL BANK OF PAKISTAN LIMITED
NIB BANK LIMITED
ROYAL BANK OF SCOTLAND
STANDARD CHARTERED BANK LIMITED (PAKISTAN)
SILK BANK LIMITED
SONERI BANK LIMITED
UNITED BANK LIMITED



THE MISSION STATEMENT

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

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

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

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

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

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

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

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

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

NOTICE OF THE TWENTY THIRD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty Third Annual General Meeting of **Dewan Salman Fibre Limited** (“*DSFL*” or “*the Company*”) will be held on **Thursday, October 25, 2012, at 12:00 noon.** at Dewan Centre, House No. 58, Margallah Road, F-7/2, Islamabad, Pakistan; to transact the following businesses upon recitation from Holy Qur'aan and other religious recitals:

1. To confirm the minutes of the preceding General Meeting of the Company held on Thursday, October 27, 2011;
2. To receive, consider, approve and adopt the annual audited financial statements of the Company for the year ended June 30, 2012, togetherwith 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



Syed Muhammad Salahuddin
Company Secretary

Dated: September 28, 2012
Place : Karachi.

NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from October 18, 2012 to October 25, 2012 (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 abovesaid address, not less than 48 hours before the meeting.
4. CDC Account holders will further have to observe the following guidelines, as laid down in Circular 01 dated January 20, 2000, issued by the Securities and Exchange Commission of Pakistan:
 - a) **For Attending Meeting:**
 - i) In case of individual, the account holder or sub-account holder, and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original National Identity Card (CNIC), or original passport at the time of attending the meeting.
 - ii) In case of corporate entity, the Board of Directors' resolution/power of attorney, alongwith the specimen signature of the nominee, shall be produced (unless it has been provided earlier) at the time of meeting.



b) For Appointing Proxies:

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

DIRECTORS' REPORT

IN THE NAME OF ALLAH; THE MOST GRACIOUS AND MERCIFUL

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

Your directors present to you the Twenty Third Report of the company together with the Audited Accounts for the year ending June 30, 2012.

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 has 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.183.757 million. There is gross loss amounting to Rs.900.982 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

We believe polyester fibre demand and supply gap created due to closure of DSFL still prevail in the market. To bridge this gap existing manufacturing suppliers have expanded their capacity. But we still believe DSFL has role to play. Its operations can be made viable. It has been reported in our Director's report of 1995-96 and again in the year 2007- 2008 various discriminatory measures of the Govt. taken against your company. Discriminatory measures of the Govt. have been contested in the court of law where the matter remained sub-juiced even now.

DSFL is the one of the largest industrial investments in Khyber Paktoon Khawa and being the largest private sector employer, its contribution to the people of the area/national economy is immense.

- 1- Due to closure of DSFL huge amount of foreign exchange is spent for the import of polyester and acrylic fibre.
- 2- DSFL directly provided jobs to more than 2700 employees of the area. During Operation DSFL paid approximately an amount of Rs. 4.530 Billions as manufacturing salaries to its employees. This comes to Rs. 270 Million per annum. Deduction of tax from employees was duly deposited in the Govt. Treasury.
- 3- Operation of DSFL contributed huge amount of money as Income Tax, Sales tax etc. It is worth mentioning that an amount of Rs. 21.585 billion was deposited in National Kitty during DSFL operation that comes approximately Rs. 1.20 billion Per annum.
- 4- Till 2007 DSFL was one of the largest manufacturing concerns of the country. DSFL paid an amount of Rs. 12.002 billion on account of mark up to banks and different financial institutions that comes approximately Rs. 700.00 million per annum.
- 5- DSFL was also source of earning of thousands of people who were indirectly associated in providing technical/ general services to company and its employees.
- 6- Residential colony of DSFL was source of providing shelter to the people of the area where all basic facilities like Electricity, gas and water was available.



- 7- Hospital of DSFL was major source of providing medical facilities to the employees/people of the area.
- 8- Quality education was provided at the DSFL Hattar School for the children of the area.
- 9- Employees and their families were also important factor for the source of earning to general shop keepers.
- 10- DSFL was major source of transportation movements to bring raw material and sell polyester / acrylic fibre. Transporters contribute huge income to the local municipality on different counts.
- 11- DSFL was source of contribution to the Gov. Sectors like Social security, Old Age Benefit Scheme and education cess.
- 12- There were many other local/provincial and national taxes where DSFL was main contributors.
- 13- In addition to above sponsors of the company were spending huge amount of money for charitable and welfare projects.

DSFL is still a name to be reckoned with in local and International Market and we are confident that with the availability of fresh working capital lines, we can bring back the glory of Dewan which was part and parcel of its name.

AUDITORS' OBSERVATION

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

- a) In Para (a) of their report they did not agree with the going concern assumption used in preparation of financial statements accordingly they have given their adverse opinion on the financial statements. The management is in process of negotiation with

the bankers and is confident that the outcome will be positive. The justifications regarding preparation of financial statements on going concern assumption are more fully explained in note 2 to the financial statement.

- b) The company has not made provision of mark-up amounting to Rs. 2.074 billion (up to June 30, 2011 Rs. 6.578 billion) on its mark-up bearing liabilities.

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

- c) Para (c) of the report relates to valuation and classification of investment in Dewan Petroleum (Pvt.) Ltd. using the equity method as required under International Accounting Standard 28 'Investment in associates' which the company has classified as held for sale. The auditors are of the view that since the shareholders' approval sought by the company in extra ordinary general meeting held on June 23, 2008 stands expired during the year therefore the investment should be valued using equity method. Investment has been classified as held for sale upon management's intention to sell the same within next accounting cycle in the manner to be deemed appropriate, equitable, fit and beneficial to the interests of the company, although the shareholders' approval has been expired but the management will seek further shareholder's approval before disposal of the same.
- d) Para (d) of the report relates to Trade debts amounting to Rs.3.057 billion are stagnant, not being recovered, against which a provision of Rs.500.582 million has been

DEWAN SALMAN FIBRE LIMITED

made so for .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 2.556 billion.

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

DIVIDEND

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

CODE OF CORPORATE GOVERNANCE

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

PATTERN OF SHARE HOLDING

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

VOTE OF THANKS

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

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

AUDITORS

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

CONCLUSION

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

The Attendance by each of Director was as follows:

Attendance of Directors	TOTAL
Dewan Muhammad Yousuf Farooqui	4
Dewan Asim Mushfiq Farooqui	3
Dewan Abdullah Ahmed	3
Dewan Abdul Baqi Farooqui	1
Mr. Haroon Iqbal	4
Mr. Mansur-ul-Haque	4
Mr. Aziz-ul-Haque	4
Dewan Abdul Rehman Farooqui (From May 17, 2012)	0
Mr. Ishtiaq Ahmad (From May 17, 2012)	0
Syed Muhammad Anwar (From May 17, 2012)	0

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

By and under Authority of the Board of Directors



Dewan Muhammad Yousuf Farooqui

Chief Executive/Chairman Board of Directors

Dated: September 28, 2012

Place : Karachi.



FINANCIAL HIGHLIGHTS

	Rupees in million						
	2006	2007	2008	2009	2010	2011	2012
Turnover	16,732	15,021	10,762	4,171	137	137	184
Less: Govt. Levy & Commission	10	10	16	2	-	-	-
Sales (Net)	16,722	15,011	10,746	4,169	137	137	184
Gross Profit / (loss)	1,030	272	(2,491)	(4,037)	(1,272)	(1,003)	(901)
Profit (loss) before Tax	(101)	(1,154)	(4,989)	(6,364)	(1,647)	(1,395)	(1,631)
Profit (loss) after Tax	(120)	(808)	(4,898)	(6,234)	(1,530)	(1,269)	(1,518)
Gross Assets Employed	24,743	23,546	21,473	16,219	15,343	13,984	12,478
Return on Equity	(1.40%)	(10.36%)	(169.12%)	(186.87%)	(35.49%)	(22.66%)	(21.26%)
Current assets	11,458	11,190	10,068	6,324	5,173	4,743	4,059
Shareholders Equity	8,605	7,797	2,896	(3,336)	(4,311)	(5,600)	(7,141)
Long Term Debts & Deferred Liabilities	4,654	3,831	3,142	2,543	1,951	1,667	1,626
Current Liabilities	11,485	11,917	15,435	17,012	17,703	17,918	17,993
Gross Profit Ratio	6.20%	1.81%	(23.18%)	(96.81%)	(928.47%)	(732.12%)	(489.67%)
Net Profit Ratio	(0.72%)	(5.38%)	(45.58%)	(149.51%)	(1116.79%)	(926.28%)	(825.00%)
Debt/Equity Ratio	0.54	0.49	1.08	(0.76)	0.45	(0.30)	(0.23)
Current Ratio	1.00	0.94	0.65	0.36	0.29	0.26	0.23
Earning per Share Divided (Percentage)							
-Cash	-	-	-	-	-	-	-
-Stock	-	-	-	-	-	-	-
Production Volume(Tons)	186,615	152,764	85,595	25,808	-	-	-

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2012

The statement is being presented to comply with the Code of Corporate Governance (“CCG”) contained in Regulation No 35 of listing regulation of Karachi, Lahore and Islamabad Stock Exchanges, for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the 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. At present the board includes One Independent Director, four Non-Executive Directors and two Executive Directors of the Company.
2. The condition of maximum number of seven directorships to be held by a director in listed companies as per clause ii of the CCG will be applicable after election of next Board of Directors of the Company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the board during this period.
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 (xi) of CCG, some directors are exempted from the requirement of directors' training program and rest of the Directors to be trained within specified time.
10. There was no change in the position of CFO, Company Secretary and Head of Internal Audit during the year. The Directors report for this have prepared in compliance with the requirement of the CCG and fully describes the salient matters required to be disclosed.
11. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
12. The director, CEO and executives do not hold any interest in the shares of the company other than the disclosed in the pattern of shareholding.



13. The company has complied with all the corporate and financial reporting requirements of CCG.
14. The board has formed an Audit Committee. It comprises three members, one member is executive director and two are non-executive directors including the chairman of the committee.
15. 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.
16. The board has formed an HR and Remuneration Committee. It comprises of three members of whom one is non-executive directors and the chairman of the committee is also a non-executive director.
17. 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.
18. 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.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. The closed period, prior to the announcement of interim/final results, and business decisions, which may materially effect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
21. Material / price sensitive information has been disseminated among all market participants at once through stock exchange(s).
22. We confirm that all the other material principles enshrined in the CCG have been complied with.

Dewan Muhammad Yousuf Farooqui
Chief Executive/Chairman Board of Directors

Dated: September 28, 2012
Place : Karachi.

Feroze Sharif Tariq & Co.

CHARTERED ACCOUNTANTS

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

FARUQ ALI & CO.

CHARTERED ACCOUNTANTS

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

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Dewan Salman Fibre Limited** ('the Company') to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed.

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

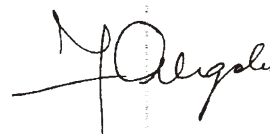
As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks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

Further, Sub-Regulation (xiii a) of Listing Regulation No. 35 requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transaction which are not executed at arm's length price recording proper justifications for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

Based on our review nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2012.



*Chartered Accountants
(Muhammad Ghalib)*



*Chartered Accountants
(Saiyed Naseem uz Zaman)*

Karachi: September 28, 2012



Feroze Sharif Tariq & Co.

CHARTERED ACCOUNTANTS

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

FARUQ ALI & CO.

CHARTERED ACCOUNTANTS

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

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **DEWAN SALMAN FIBRE LIMITED** as at June 30, 2012 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

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

- a) The financial statements of the company for the year ended June 30, 2012 reflect loss after taxation of Rs.1.518 billion and as of that date it has accumulated losses of Rs.13.602 billion which resulted in net capital deficiency of Rs.9.581 billion and its current liabilities exceeded its current assets by Rs.13.934 billion and total assets by Rs.5.515 billion. The operations of the company are closed since December 2008 due to working capital constraints. Furthermore, the company has been unable to ensure timely repayments of debts owing to financial institutions due to liquidity problems and short term finance facilities have expired and not been renewed by banks. Following course, certain lenders have gone into litigation for repayment of liabilities through attachment and sale of company's hypothecated / mortgaged properties and certain lenders have also filed winding up petitions. These conditions lead us to believe that the going concern assumption used in preparation of these financial statements is inappropriate; consequently the assets and liabilities should have been stated at their realizable and settlement amounts respectively.
- b) The company has not made provision of markup for the period amounting to Rs. 2.074 billion (up to June 30, 2011: Rs.6.578 billion) (refer note 28.1) on account of restructuring proposal offered to the lenders as described in note 2 to the financial statements. Non-provisioning of markup is based on management's hope that the restructuring proposal will be accepted by lenders in the proposed manner. In our opinion, since the proposal has not been accepted by the lenders so far and the lenders, instead of accepting the restructuring proposal, have preferred filing suits against the company, therefore the provision of markup should be made in these financial statements. Had the provision of markup been made in the financial statements, the loss after taxation for the year would have been higher by Rs.2.074 billion and markup payable would have been higher and shareholders' equity would have been lower by Rs.8.652 billion.
- c) Investment in associate Dewan Petroleum (Private) Limited is disclosed as non-current assets held for sale (refer note 23 to the financial statements) although the resolution for the permission to sale the same has been expired during prior financial year. This investment is to be shown / valued at equity method as prescribed in International Accounting Standard 28 'Investment in associates'. We are unable to quantify the effect of the same as latest audited accounts of Dewan Petroleum (Private) Limited were not made available.

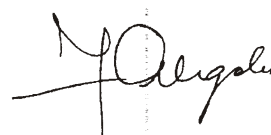
DEWAN SALMAN FIBRE LIMITED

- d) Trade debts amounting to Rs.3.057 billion are stagnant, not being recovered, against which a provision of Rs.500.582 million has been made so far. Since these trade debts are doubtful of recovery therefore the provision should be made there against. Had the provision been made, loss for the year would have been further higher by 2.556 billion.
- e) In our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- f) in our opinion:
- i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
- ii) the expenditure incurred during the year was for the purpose of the company's business; and
- iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- g) in our opinion and to the best of our information and according to the explanations given to us, because of significance of matters discussed in para (a), further coupled with the effects of matter discussed in Para (b) to (d) above, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof do not conform with approved accounting standards as applicable in Pakistan, and, do not give the information required by the Companies Ordinance, 1984, in the manner so required and respectively do not give a true and fair view of the state of the company's affairs as at June 30, 2012 and of the Loss, comprehensive loss, its cash flows and changes in equity for the year then ended; and
- h) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.



*Chartered Accountants
(Muhammad Ghalib)*

Karachi: September 28, 2012



*Chartered Accountants
(Saiyed Naseem uz Zaman)*



BALANCE SHEET AS AT JUNE 30, 2012

	Notes	2012	2011 (Restated)
(Rupees in '000)			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Capital			
630,000,000 (2011: 630,000,000) Ordinary shares of Rs. 10 each		6,300,000	6,300,000
90,000,000 (2011: 90,000,000) Preference shares of Rs. 10 each		900,000	900,000
		<u>7,200,000</u>	<u>7,200,000</u>
Issued, subscribed and paid-up capital	4	3,663,211	3,663,211
Reserves	5	<u>(13,244,527)</u>	<u>(11,940,867)</u>
		(9,581,316)	(8,277,656)
Surplus on revaluation of property, plant and equipment	6	2,440,566	2,650,928
NON CURRENT LIABILITIES			
Long term loans	7	357,879	328,564
Deferred liabilities	8	1,267,694	1,337,972
CURRENT LIABILITIES			
Trade and other payables	9	7,562,988	7,589,650
Short term borrowings	10	7,153,055	7,216,655
Overdue portion of long term loans	7	3,046,224	2,875,074
Overdue portion of liability against assets subject to finance lease	11	69,724	103,132
Provision for taxation		160,864	160,864
		17,992,855	17,945,375
Contingencies and Commitments	12	--	--
		<u>12,477,678</u>	<u>13,985,183</u>

DEWAN SALMAN FIBRE LIMITED

ASSETS	Notes	2012	2011 (Restated)
NON CURRENT ASSETS		(Rupees in '000)	
Property, plant and equipment	13	8,034,341	8,847,278
Long term investments	14	148,332	144,121
Long term prepayments	15	12,778	17,037
CURRENT ASSETS			
Stores and spares	16	1,037,396	1,030,468
Stock in trade	17	176,743	488,010
Trade debts	18	2,555,987	2,827,167
Advances - Considered good	19	36,873	67,997
Short term deposits and prepayments	20	162,330	169,558
Other receivables - Considered good	21	75,643	160,065
Cash and bank balances	22	14,255	10,482
		4,059,227	4,753,747
Non current assets held for sale	23	223,000	223,000
		<u>12,477,678</u>	<u>13,985,183</u>

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



Dewan Muhammad Yousuf Farooqui
Chief Executive/Chairman Board of Directors



Mansur-ul-Haque
Director



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2012

	Notes	2012 (Rupees in '000)	2011 (Restated) (Rupees in '000)
Sales	24	183,757	136,534
Cost of sales	25	1,084,739	1,142,881
Gross loss		(900,982)	(1,006,347)
Distribution cost	26	12,684	14,253
Administration expenses	27	70,488	83,965
		83,172	98,218
Operating loss		(984,154)	(1,104,565)
Finance cost	28	170,746	13,246
Provision for doubtful debts / advances / receivables		349,657	61,660
Provision for obsolescence / slow moving stocks		127,823	220,970
Other (income)	29	(875)	(2,563)
		647,351	293,313
Loss before taxation		(1,631,505)	(1,397,878)
Taxation			
Current		--	--
Deferred		(113,272)	(125,858)
		(113,272)	(125,858)
Loss after taxation		(1,518,233)	(1,272,020)
Loss per share - Basic (Rupees)	30.1	(4.14)	(3.47)
Loss per share - Diluted (Rupees)	30.2	(3.94)	(3.32)

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

Dewan Muhammad Yousuf Farooqui
Chief Executive/Chairman Board of Directors

Mansur-ul-Haque
Director

STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2012

	2012	2011 (Restated)
	(Rupees in '000)	
Net loss after taxation	(1,518,233)	(1,272,020)
Comprehensive loss transferred to equity	<u>(1,518,233)</u>	<u>(1,272,020)</u>
Net change in fair value of available-for-sale financial assets	4,211	2,948
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	323,634	359,593
Related deferred tax	<u>(113,272)</u>	<u>(125,858)</u>
	210,362	233,735
Total comprehensive loss for the year	<u>(1,303,660)</u>	<u>(1,035,337)</u>
Component of comprehensive income not reflected in equity	--	--
Total comprehensive loss transferred to equity	<u><u>(1,303,660)</u></u>	<u><u>(1,035,337)</u></u>

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



Dewan Muhammad Yousuf Farooqui
Chief Executive/Chairman Board of Directors



Mansur-ul-Haque
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2012

	2012	2011 (Restated)
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(1,631,505)	(1,397,878)
Adjustments for non cash and other items:		
Depreciation	812,937	904,335
Amortization of prepayments	4,259	4,259
Provision for gratuity	44,473	45,173
Provision for doubtful debts / advances / receivables	349,657	61,660
Provision for obsolescence / slow moving stocks	127,823	220,970
Financial charges	170,746	13,246
Cash flow before working capital changes	(121,610)	(148,235)
Movement in working capital	195,036	57,078
	(Note – A)	
Cash generated from / (used in) operations	73,426	(91,157)
Payments for:		
Staff gratuity	(1,479)	(70)
Financial charges	(130)	(1,695)
Taxation	(885)	--
	(2,494)	(1,765)
Net cash inflow / (outflow) from operating activities	70,932	(92,922)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	--	(55)
Net cash (used in) investing activities	--	(55)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term loans - Net	29,849	93,717
Short term borrowings - Net	(51,212)	--
Liabilities against assets subject to finance lease - Net	(33,408)	--
Repayment of redeemable capital	--	(41)
Net cash (outflow) / inflow from financing activities	(54,771)	93,676
Net increase in cash and cash equivalents	16,161	699
Cash and cash equivalents as at 1st July	(2,974,801)	(2,975,500)
Cash and cash equivalents as at 30th June	(2,958,640)	(2,974,801)
	(Note – B)	

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

DEWAN SALMAN FIBRE LIMITED

Note - A

2012 2011
(Rupees in '000)

Movement in Working Capital

(Increase) / decrease in current assets

Stores and spares	(6,928)	--
Stock-in-trade	183,444	125,165
Trade debts	23,861	--
Advances	(1,825)	(4,569)
Short term deposits and prepayments	7,228	21,226
Other receivables	(132)	4,670

Increase / (decrease) in current liabilities

Trade and other payables	(10,612)	(89,414)
--------------------------	----------	----------

	195,036	57,078
--	---------	--------

Note - B

Cash and Cash Equivalents

Cash and cash equivalents include:

Cash and bank balances	14,255	10,482
Short term finances:		
- Short term running finances	2,970,019	2,970,019
- Book overdraft	2,876	15,264
	(2,972,895)	(2,985,283)
	(2,958,640)	(2,974,801)

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



Dewan Muhammad Yousuf Farooqui
Chief Executive/Chairman Board of Directors



Mansur-ul-Haque
Director



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2012

	Issued, subscribed and paid-up capital	General Reserve	Unrealized gain due to changes in fair value of investments		Accumulated Loss	Total
Amount in Rs. '000'						
Balance as July 01, 2010 - As reported	3,663,211	350,000	--		(11,232,178)	(7,218,967)
Effect of prior period error	--	--	--		(23,352)	(23,352)
Balance as on July 01, 2010 - Restated	3,663,211	350,000	--		(11,255,530)	(7,242,319)
Total comprehensive (loss) for the year						
Loss for the year - restated	--	--	--		(1,272,020)	(1,272,020)
Net change in fair value of available-for-sale financial assets	--	--	2,948		--	2,948
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - net of tax	--	--	--		233,735	233,735
	--	--	2,948		(1,038,285)	(1,035,337)
Balance as at June 30, 2011 - Restated	3,663,211	350,000	2,948		(12,293,815)	(8,277,656)
Total comprehensive (loss) for the year						
Loss for the year	--	--	--		(1,518,233)	(1,518,233)
Net change in fair value of available-for-sale financial assets	--	--	4,211			4,211
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - net of tax	--	--	--		210,362	210,362
Total comprehensive (loss) for the year	--	--	4,211		(1,307,871)	(1,303,660)
Balance as at June 30, 2012	3,663,211	350,000	7,159		(13,601,686)	(9,581,316)

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

Dewan Muhammad Yousuf Farooqui
Chief Executive/Chairman Board of Directors

Mansur-ul-Haque
Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

1 THE COMPANY AND ITS OPERATION

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

2 GOING CONCERN ASSUMPTION

The financial statements for the year ended June 30, 2012 reflect loss after taxation of Rs. 1.518 billion (2011: Rs.1.272 billion) and as of that date it has accumulated losses of Rs.13.602 billion (2011: Rs.12.294 billion) which have resulted in net capital deficiency of Rs.9.581 billion (2011: Rs.8.278 billion) and its current liabilities exceeded its current assets by Rs.13.934 billion (2011: Rs.13.192 billion) and total assets by Rs.5.515 billion (2011: Rs.3.960 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

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 28.1 to the financial statements, for which the management concludes that provisioning of markup (note 28.1) would conflict with the objective of financial statements. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984 provision of and directives issued under the Companies Ordinance, 1984. In case requirement differ, the provisions of and directives of the Companies Ordinance, 1984 shall prevail.

Standard and interpretations that become effective during the year

The following standards, amendments and interpretations to approved accounting standards have been published and are mandatory for the Company's accounting period beginning on or after July 1, 2011:

	Effective for period beginning on or after
IAS 1 - Presentation of Items of Other Comprehensive Income	January 01, 2011
IAS 24 - Related Party Disclosures	January 01, 2011
IAS 34 - Interim Financial Reporting	January 01, 2011
IFRS 7 - Financial Instruments: Disclosures	January 01, 2011
IFRS 7 - Financial Instruments: Disclosures	July 01, 2011

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

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

	Effective for period beginning on or after
IAS 1 - Presentation of Items of Other Comprehensive Income	July 01, 2012
IAS 19 - Employee Benefits (Revised)	January 01, 2013
IAS 28 - Investment in associates and joint Ventures	January 01, 2013
IAS 32 - Financial Instruments: Presentation	January 01, 2014
IFRS 7 - Financial Instruments: Disclosures	January 01, 2013
IFRS 9 - Financial Instruments	January 01, 2013
IFRS 12 - Disclosure of interests in other entities	January 01, 2013
IFRS 13 - Fair Value Measurement	July 01, 2012
IFRIC 20 - Stripping cost in the production phase of a surface mining	January 01, 2013

3.3 Staff retirement benefits

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

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

3.4 Taxation

Current

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

Deferred

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

3.5 Trade and other payables

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

3.6 Property, plant and equipment and depreciation

Owned:

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

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

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

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

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

Leased:

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

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

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



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

3.7 Borrowing costs

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

3.8 Investments

Available for sale:

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

3.9 Stores and spares

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

3.10 Stock in trade

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

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

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

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

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

3.11 Trade debts

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

3.12 Foreign currency translation

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

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

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

3.13 Transactions with related parties

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

3.14 Revenue recognition

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

3.15 Provisions

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

3.16 Cash and cash equivalent

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

3.17 Financial instruments

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

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

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

3.18 Non current assets held for sale

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

3.19 Impairment

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

4 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			2012	2011
			(Rupees in '000)	
2012	2011			
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
<u>366,321,083</u>	<u>366,321,083</u>		<u>3,663,211</u>	<u>3,663,211</u>

4.1 156,433,140 (2011: 156,433,140) shares were held by associated companies.



	2012	2011 (Restated)
	(Rupees in '000)	
5 RESERVES		
Revenue reserves:		
General Reserves	350,000	350,000
Unrealized gain due to changes in fair value of investments	7,159	2,948
Accumulated loss	<u>(13,601,686)</u>	<u>(12,293,815)</u>
	<u>(13,244,527)</u>	<u>(11,940,867)</u>
6 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
Opening balance	2,650,928	2,884,663
Less : Transferred to un-appropriated profit in respect of incremental depreciation for the year - Net of tax	(210,362)	(233,735)
Balance as on 30 June	<u>2,440,566</u>	<u>2,650,928</u>

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

Land

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

Building

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

Plant and Machinery

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

The revaluation carried out during the year has resulted in increase in surplus and corresponding carrying amounts of property, plant and equipment by Rs.756.148 million.

DEWAN SALMAN FIBRE LIMITED

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	366,866	524,800	157,934
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
	8,620,552	9,376,700	756,148

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

7 LONG TERM LOANS

Financier	Installments payable	Repayment Period	Mark-up rate	Note	2012 (Rupees in '000)	2011 (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	58,333	58,333
International Finance Corporation (IFC) FCY-LOAN	Half Yearly	2005-2011	6.9% p.a.	7.2	1,601,400	1,462,850
International Finance Corporation (IFC) FCY-LOAN	Annual	2010	5% p.a.	7.3	376,800	344,200
Saudi Pak Industrial & Agricultural Investment Co. (Pvt.) Ltd.	Quarterly	2009	3% over six months KIBOR	7.4	49,000	49,000
National Bank of Pakistan	Quarterly	2011	2% over three months KIBOR	7.5	500,000	500,000
Allied Bank Limited	Monthly	2010	3.25% over three months KIBOR	7.6	460,691	460,691
From Related parties						
Director - Unsecured, interest free					357,879	328,564
					3,404,103	3,203,638
Less: Overdue portion - Shown under current liabilities					3,046,224	2,875,074
					357,879	328,564



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

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".

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

	Note	2012	2011
(Rupees in '000)			
8 DEFERRED LIABILITIES			
Deferred liability for staff gratuity	8.1	248,249	205,255
Deferred taxation	8.2	1,019,445	1,132,717
		<u>1,267,694</u>	<u>1,337,972</u>
8.1 Provision for staff gratuity			
Movement in balance			
Opening Balance		205,255	160,152
Less: payments during the year		1,479	70
		<u>203,776</u>	<u>160,082</u>
Add: provision for the year		44,473	45,173
		<u>248,249</u>	<u>205,255</u>

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	2012	2011
	(Rupees in '000)	
Balance sheet reconciliation		
Present value of defined benefit obligations	247,173	204,179
Less: Payable to outgoing members	8,980	8,980
Less: Unrecognised Actuarial Loss	(7,904)	(7,904)
	248,249	205,255
Charge for the year		
Service Cost	25,794	26,084
Interest Cost	18,679	19,089
	44,473	45,173
Allocation of charge for the year		
Cost of sales	35,578	36,138
Distribution cost	2,223	2,258
Administrative expenses	6,672	6,777
	44,473	45,173
Principal actuarial assumption		
Expected rate of increase in salaries	11% p.a.	11% p.a.
Discount factor used	12% p.a.	12% p.a.
Average expected remaining working life times of employees	13 years	13 years

8.2 Deferred taxation

Liability / (asset) balances arising in respect of:		
- Accelerated tax depreciation allowance	558,343	790,645
- Finance lease transactions	10,339	2,506
- Certain provisions/ liabilities	(482,966)	(300,800)
- Carried forward losses and available tax credits	(4,404,438)	(4,413,198)
	(4,318,722)	(3,920,847)
Deferred tax (asset)		
Deferred tax asset not recognized	4,318,722	3,920,847
	--	--
Deferred tax liability in respect of:		
- Revaluation net of related depreciation	1,019,445	1,132,717
	1,019,445	1,132,717



	Note	2012	2011 (Restated)
(Rupees in '000)			
9	TRADE AND OTHER PAYABLES		
Trade creditors	9.1	5,523,033	5,573,567
Markup accrued		1,813,578	1,813,578
Accrued expenses		198,384	174,933
Unclaimed TFCs redemption warrants		2,228	2,228
Others	9.2	25,765	25,344
		7,562,988	7,589,650

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

9.2 Others include Rs.20.943 million (2011: Rs.20.943 million) payable to Dewan Farooq Motors Limited (an associated company).

10 SHORT TERM BORROWINGS

From banks and financial institutions - Secured			
- Morabaha Finance		621,530	621,530
- Short Term Loans		3,558,630	3,609,842
Short Term Running Finance - Secured		2,970,019	2,970,019
Temporary book overdraft - Unsecured		2,876	15,264
		7,153,055	7,216,655

- The facilities for various loans and finances under mark-up arrangements available from various banks amount to Rs.8.766 billion (2011: Rs.8.766 billion) and carry mark up ranging from 1% to 4% over one to six months KIBOR. (2011: 1% to 4%). These facilities are secured by hypothecation of the Company's stock-in-trade and book debts and are generally for a period of one year renewable at the end of the period. These facilities have not been renewed by the banks, however, the renewal would take place at the finalization of the financial restructuring process.

11 OVERDUE PORTION OF LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE

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

12 CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

(a) In respect of liabilities towards banks / financial institutions disclosed in note 7, 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. 22.340 billion, out of total suits amount four of the banks having suit to the extent of Rs. 2.435 billion has also filed winding up petition u/s 305 of the Companies Ordinance, 1984. Since the company is in dispute with banks / financial institutions therefore the estimated financial effect of litigations is not being disclosed, as it may have adverse affect on company's position in the suits.

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

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

(c) Guarantees given by the commercial banks on behalf of the company amounted to Rs.78.30 million (2011: Rs.78.30 million).

	Note	2012 (Rupees in '000)	2011
13 PROPERTY PLANT AND EQUIPMENT			
Operating fixed assets	13.1	7,891,528	8,704,465
Capital work in progress	13.3	142,813	142,813
		<u>8,034,341</u>	<u>8,847,278</u>



13.1 Operating fixed assets

Particulars	Cost / Revaluation			Rate	Depreciation			Book Value
	As at	Addition /	As at		As at	Charge for	As at	As at
	01 July	Transfers /	30 June		01 July	the period	30 June	30 June
	2011	(deletion)	2012	2011	/ Adjustment	2012	2012	
	(Rupees in '000)				(Rupees in '000)			
PSF - Units								
Freehold land	88,950	--	88,950	--	--	--	--	88,950
Leasehold land	524,800	--	524,800	--	--	--	--	524,800
Islamabad office	140,383	--	140,383	10%	90,812	4,957	95,769	44,614
Factory building	1,800,324	--	1,800,324	10%	990,971	80,935	1,071,906	728,418
Non factory building	973,029	--	973,029	10%	593,646	37,938	631,584	341,445
Tank terminal	16,453	--	16,453	10%	14,150	230	14,380	2,073
Plant and machinery	14,750,117	--	14,750,117	10%	9,937,151	481,297	10,418,448	4,331,669
Vehicles	170,727	--	170,727	20%	132,377	7,670	140,047	30,680
Furniture and fixtures	80,027	--	80,027	10%	55,498	2,453	57,951	22,076
Office equipment	136,542	--	136,542	10%	93,164	4,338	97,502	39,040
Leased Assets								
Plant and machinery (Generator)	178,517	--	178,517	10%	68,224	11,029	79,253	99,264
2012	18,859,869	--	18,859,869		11,975,993	630,847	12,606,840	6,253,029
Acrylic Unit								
Factory building	641,196	--	641,196	10%	328,299	31,290	359,589	281,607
Non-factory building	6,171	--	6,171	10%	3,390	278	3,668	2,503
Plant and machinery	4,158,750	--	4,158,750	10%	2,654,887	150,386	2,805,273	1,353,477
Vehicles	3,604	--	3,604	20%	3,296	62	3,358	246
Furniture and fixtures	890	--	890	10%	599	29	628	262
Office equipment	1,370	--	1,370	10%	921	45	966	404
2012	4,811,981	--	4,811,981		2,991,392	182,090	3,173,482	1,638,499
TOTAL – 2012	23,671,850	--	23,671,850		14,967,385	812,937	15,780,322	7,891,528

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

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

	2012			PSF - 2011		
	PSF - Units	Acrylic Unit	Total	Units	Acrylic Unit	Total
	(Rupees in '000)			(Rupees in '000)		
Cost of sales	627,693	181,180	808,873	698,495	201,318	899,813
Administrative expenses	3,154	910	4,064	3,510	1,012	4,522
	<u>630,847</u>	<u>182,090</u>	<u>812,937</u>	<u>702,005</u>	<u>202,330</u>	<u>904,335</u>

13.3 Capital work in progress

	2012	2011
	(Rupees in '000)	
Capital work in progress	<u>142,813</u>	<u>142,813</u>
Plant and machinery		
- Owned	56,429	56,429
- Leased	86,384	86,384
	<u>142,813</u>	<u>142,813</u>

13.4 Had there been no revaluation the carrying amounts of revalued assets as at June 30, 2012 would have been as follows :

PSF Units		
Freehold land	64,173	64,173
Leasehold land	2,268	2,268
Factory building	470,606	522,896
Non-factory building	103,953	115,503
Plant and machinery	2,442,894	2,714,326
Acrylic Unit		
Factory building	101,640	112,934
Non-factory building	1,072	1,191
Plant and machinery	1,006,252	1,118,058
	<u>4,192,858</u>	<u>4,651,349</u>

14 LONG TERM INVESTMENTS	Note	2012	2011
(Rupees in '000)			
Investment in listed securities			
Meezan Balance Fund (500,000 certificates of Rs.10/- each)		5,000	5,000
Pakistan Strategic Allocation Fund (2,311,276 certificates (2011: 2,204,000 certificates) of Rs.10/- each)		22,040	22,040
		27,040	27,040
Accumulated impairment		(1,659)	(5,870)
		<u>25,381</u>	<u>21,170</u>
Investment in non-listed securities			
Global Securities (Pvt) Limited 495,000 shares of Rs. 10/- each at a premium of Rs.40.92/- per share		25,205	25,205
Equity investment in Dewan Petroleum (Pvt) Limited 12,000,000 (2011: 12,000,000) shares of Rs.10/- each at a premium of Rs.8.583/- per share	14.1	223,000	223,000
Shares application money - Dewan Petroleum (Pvt.) Ltd	14.2	97,746	97,746
		320,746	320,746
Less: Transferred to non-current assets held for sale	23	(223,000)	(223,000)
		<u>148,332</u>	<u>144,121</u>

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

14.2 This represents the amounts paid against the committed investment of Rs.97.746 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 August 30, 2006.

15 LONG TERM PREPAYMENTS	12,778	17,037
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15.1 The company has entered in to a long term terminal services agreement with Engro Vopak Terminal Limited (EVTL) to receive Acrylonitrile (ACN), basic raw material for Unit III from ships, store this chemical and make it available for delivery to the company. The company has constructed the dedicated facilities on behalf of EVTL to be exclusively used for providing services to the company. This represents all cost and expenses incurred for constructing dedicated facilities by the company and will be considered advance payment of fixed price element for dedicated facilities for 15 years by the company to EVTL. The charge applicable to the current year has been taken to the Profit and Loss Account.

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	2012	2011
	(Rupees in '000)	
16 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	5,360
	1,085,114	1,078,186
Less: Provision for obsolescence and slow moving items	(47,718)	(47,718)
	1,037,396	1,030,468
17 STOCK IN TRADE		
Raw materials	308,497	308,497
Work-in-process	103,879	103,879
Finished goods	--	183,444
Stock in transit	194,940	194,940
Waste	19,086	19,086
	626,402	809,846
Less: Provision for obsolescence and slow moving stocks	(449,659)	(321,836)
	176,743	488,010
17.1	During the period under review, auction of company's pledged stock was held as per order of Honorable High Court of Sindh and accordingly entire stock of finished goods has been sold through Nazir of High Court and proceeds has been paid directly to the lenders.	
18 TRADE DEBTS		
Considered good	2,555,987	2,827,167
Considered doubtful	500,582	253,263
	3,056,569	3,080,430
Less: Provision for doubtful debts	(500,582)	(253,263)
	2,555,987	2,827,167
18.1	Trade debts include Rs.122.499 million (2011: Rs.122.499 million) due from Dewan Khalid Textile Mills Limited (associated company).	
18.2	Trade debts also include a sum of Rs. 21.673 million (2011: Rs. 45.533 million) receivable from Nazir of High Court of Sindh representing receivable against sales made on account auction of company's stock as per order of court. All the sale proceeds are being deposited by the successful bidder directly with Nazir of High Court. The said amount will be adjusted against liability of bank under litigation upon lifting of all pledged stock.	
19 ADVANCES - Considered good		
Against expenses		
Considered good	36,873	67,997
Considered doubtful	49,575	16,626
	86,448	84,623
Less: Provision for doubtful advances	(49,575)	(16,626)
	36,873	67,997



	Note	2012 (Rupees in '000)	2011 (Rupees in '000)
20			
SHORT TERM DEPOSITS AND PREPAYMENTS			
Deposits		11,548	11,548
Margin		150,295	157,695
Prepayments		487	315
		<u>162,330</u>	<u>169,558</u>
		2012	2011
			(Restated)
			(Rupees in '000)
21			
OTHER RECEIVABLES - Considered good			
Sales tax		64,830	64,698
Duty drawback receivable		73,872	73,872
Duties refundable		4,691	4,691
Insurance claim receivable		14,730	14,730
Advance income tax		1,639	754
Others	21.1	--	16,050
		<u>159,762</u>	<u>174,795</u>
Less: Provision for doubtful receivable		<u>(84,119)</u>	<u>(14,730)</u>
		<u>75,643</u>	<u>160,065</u>
21.1			
Others include Rs.Nil (2011: Rs. 16.050 million) receivable from Dewan Petroleum (Pvt.) Limited.			
		2012	2011
			(Rupees in '000)
22			
CASH AND BANK BALANCES			
Cash in hand		442	485
Cash at bank:			
- Current account		7,790	4,512
- Foreign currency deposits		6,023	5,485
		<u>14,255</u>	<u>10,482</u>
23			
NON CURRENT ASSETS HELD FOR SALE			
Equity investment in Dewan Petroleum (Pvt) Limited			
- 12,000,000 shares of Rs.10/- each at a premium of Rs.8.583/- per share		<u>223,000</u>	<u>223,000</u>

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

24 OPERATING RESULTS

Note	Amount in Rs. '000'					
	PSF Unit	Acrylic Unit	2012 Total	PSF Unit	Acrylic Unit	2011 Total
	(Restated)					
Sales						
Fiber - Local	160,343	23,208	183,551	121,989	9,229	131,218
Waste	--	206	206	1,378	3,938	5,316
	<u>160,343</u>	<u>23,414</u>	<u>183,757</u>	<u>123,367</u>	<u>13,167</u>	<u>136,534</u>
Cost of sales	25	855,567	229,172	1,084,739	898,205	244,676
Gross loss		(695,224)	(205,758)	(900,982)	(774,838)	(231,509)
		<u>(695,224)</u>	<u>(205,758)</u>	<u>(900,982)</u>	<u>(774,838)</u>	<u>(231,509)</u>
Distribution cost	26	11,459	1,225	12,684	12,878	1,375
Administrative Expenses	27	63,160	7,328	70,488	74,750	9,215
		<u>74,619</u>	<u>8,553</u>	<u>83,172</u>	<u>87,628</u>	<u>10,590</u>
Operating loss		<u>(769,843)</u>	<u>(214,311)</u>	<u>(984,154)</u>	<u>(862,466)</u>	<u>(242,099)</u>
Finance cost	28	170,746	--	170,746	13,246	--
Provision for doubtful debts / advances / receivables		349,657	--	349,657	61,660	--
Provision for obsolescence / slow moving stocks		127,823	--	127,823	220,970	--
Other (income)	29	(875)	--	(875)	(2,563)	--
		<u>647,351</u>	<u>--</u>	<u>647,351</u>	<u>293,313</u>	<u>--</u>
Loss before taxation		<u>(1,417,194)</u>	<u>(214,311)</u>	<u>(1,631,505)</u>	<u>(1,155,779)</u>	<u>(1,397,878)</u>

25 COST OF SALES

Note	Amount in Rs. '000'					
	PSF Unit	Acrylic Unit	2012 Total	PSF Unit	Acrylic Unit	2011 Total
	(Restated)					
Raw material consumed						
Opening stock	98,766	209,731	308,497	98,766	209,731	308,497
Purchases	--	--	--	--	--	--
	<u>98,766</u>	<u>209,731</u>	<u>308,497</u>	<u>98,766</u>	<u>209,731</u>	<u>308,497</u>
Closing stock	(98,766)	(209,731)	(308,497)	(98,766)	(209,731)	(308,497)
	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Salaries, wages and benefits	65,447	6,998	72,445	59,643	6,415	66,058
Electricity, fuel and power	8,729	933	9,662	25,769	2,756	28,525
Storage charges of raw material	--	4,259	4,259	--	4,259	4,259
Depreciation	13.2	627,693	181,180	808,873	698,495	201,318
Repairs and maintenance		1,838	197	2,035	2,233	237
Vehicle running expenses		1,794	192	1,986	1,573	168
Traveling expenses		--	--	--	723	77
Rent, rates and taxes		575	61	636	1,103	119
General expenses		1,264	135	1,399	1,317	141
Opening stock of work-in-process		63,011	40,868	103,879	63,011	40,868
Closing stock of work-in-process		(63,011)	(40,868)	(103,879)	(63,011)	(40,868)
Cost of goods manufactured		<u>707,340</u>	<u>193,955</u>	<u>901,295</u>	<u>790,856</u>	<u>215,490</u>
Opening stock of finished goods and waste		167,313	35,217	202,530	274,662	64,403
Closing stock of finished goods and waste		(19,086)	--	(19,086)	(167,313)	(35,217)
		<u>855,567</u>	<u>229,172</u>	<u>1,084,739</u>	<u>898,205</u>	<u>244,676</u>
		<u>1,142,881</u>				<u>1,142,881</u>



26 DISTRIBUTION COST

	2012			2011		
	PSF Unit	Acrylic Unit	Total	PSF Unit	Acrylic Unit	Total
	Amount in Rs. '000'					
	(Restated)					
Salaries and benefits	11,459	1,225	12,684	12,853	1,372	14,225
Advertisement	--	--	--	25	3	28
	<u>11,459</u>	<u>1,225</u>	<u>12,684</u>	<u>12,878</u>	<u>1,375</u>	<u>14,253</u>

27 ADMINISTRATIVE EXPENSES

	Note	2012			2011		
		PSF Unit	Acrylic Unit	Total	PSF Unit	Acrylic Unit	Total
		Amount in Rs. '000'					
		(Restated)					
Salaries and benefits		38,685	4,137	42,822	44,787	4,780	49,567
Entertainment		186	20	206	106	11	117
Communication		1,611	172	1,783	1,376	147	1,523
Depreciation	13.2	3,154	910	4,064	3,510	1,012	4,522
Vehicle running expenses		1,636	175	1,811	4,370	466	4,836
Fee and subscription		3,142	336	3,478	2,161	229	2,390
Legal and professional		8,505	910	9,415	13,153	1,404	14,557
Printing and stationary		500	54	554	569	61	630
Electricity, fuel and power		126	14	140	35	4	39
Repair and maintenance		250	27	277	855	91	946
Rent, rates and taxes		2,525	270	2,795	1,665	177	1,842
Traveling expenses		533	57	590	60	6	66
Auditors' remuneration	27.1	1,220	130	1,350	675	675	1,350
General expenses		1,087	116	1,203	1,428	152	1,580
		<u>63,160</u>	<u>7,328</u>	<u>70,488</u>	<u>74,750</u>	<u>9,215</u>	<u>83,965</u>

27.1 Auditor's remuneration

	2012			2011		
	Feroze Sharif Tariq & Co.	Faruq Ali & Co.	Total	Feroze Sharif Tariq & Co.	Faruq Ali & Co.	Total
	Amount in Rs. '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
	<u>675</u>	<u>675</u>	<u>1,350</u>	<u>675</u>	<u>675</u>	<u>1,350</u>

DEWAN SALMAN FIBRE LIMITED

28 FINANCE COST

	Amount in Rs. '000'					
	PSF Unit	Acrylic Unit	2012 Total	PSF Unit	Acrylic Unit	2011 Total
Bank charges	130	--	130	1,695	--	1,695
Exchange loss	170,616	--	170,616	11,551	--	11,551
	<u>170,746</u>	<u>--</u>	<u>170,746</u>	<u>13,246</u>	<u>--</u>	<u>13,246</u>

28.1 Company has not made the provision of markup amounting to Rs.2.074 billion (Upto June 30, 2011: Rs.6.578 billion) keeping in view of the financial restructuring proposed to the lenders as disclosed in note 2. Management is hopeful that the restructuring proposal will be accepted by the lenders. Had the provision been made the loss for the year would have been higher by Rs. 2.074 billion and accrued markup would have been higher and shareholders' equity would have been lower by Rs.8.652 billion The said non provisioning is departure from the requirements of IAS-23 'Borrowing Costs'.

29 OTHER (INCOME)

Dividend income

2012 **2011**
(Rupees in '000)

(875)	(2,563)
-------	---------

30 LOSS PER SHARE - Basic and diluted

30.1 Basic loss per share

Net loss for the year

2012 **2011**
(Rupees in '000)
(Restated)

(1,518,233)	(1,272,020)
-------------	-------------

Number of shares

Average ordinary shares in issue during the year

366,321,083	366,321,083
-------------	-------------

Rupees

Loss per share - Basic

(4.14)	(3.47)
--------	--------

(Restated)

(Rupees in '000)

30.2 Diluted loss per share

Net loss for the year

Dilutive effect - Net of tax

(1,518,233)	(1,272,020)
-------------	-------------

--	--
<u>(1,518,233)</u>	<u>(1,272,020)</u>



	Number of shares	
Average ordinary shares in issue during the year	366,321,083	366,321,083
Dilutive effect	<u>18,840,000</u>	<u>17,210,000</u>
	<u><u>385,161,083</u></u>	<u><u>383,531,083</u></u>
	(Restated)	
	Rupees	
Loss per share - Diluted	<u>(3.94)</u>	<u>(3.32)</u>

31 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

- Credit risk
- Liquidity risk
- Market risk

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

31.1 Credit risk

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

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

	2012	2011
	(Rupees in '000)	
Trade debts	2,555,987	2,827,167
Deposits, loans and other receivables	237,486	329,308
Bank balance	13,813	9,997
	<u><u>2,807,286</u></u>	<u><u>3,166,472</u></u>

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

31.2 Liquidity risk

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The Company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements. At present the company is facing liquidity problems and have been unable to make timely repayment of its liabilities resulting in overdue, 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:

31 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

	Carrying Amounts	Contractual Cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
(Rupees in '000)						
2012						
Financial Liabilities						
Loans	3,404,103	3,706,842	3,348,963	--	--	357,879
Lease liabilities	69,724	78,513	78,513	--	--	--
Trade and other payables	7,562,988	7,562,988	7,562,988	--	--	--
Short term borrowings	7,153,055	8,214,857	8,214,857	--	--	--
	<u>18,189,870</u>	<u>19,563,199</u>	<u>19,205,320</u>	<u>--</u>	<u>--</u>	<u>357,879</u>

	Carrying Amounts	Contractual Cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
(Rupees in '000)						
2011						
Financial Liabilities						
Loans	3,203,638	3,350,610	3,022,046	--	--	328,564
Lease liabilities	103,132	111,921	111,921	--	--	--
Trade and other payables	7,589,650	7,589,650	7,589,650	--	--	--
Short term borrowings	7,216,655	7,740,490	7,740,490	--	--	--
	<u>18,113,075</u>	<u>18,792,671</u>	<u>18,464,107</u>	<u>--</u>	<u>--</u>	<u>328,564</u>

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

31.3 Market Risk

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

31.3.1 Currency risk

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

	2012 (Rupees in '000)	2011 (Rupees in '000)
<i>Assets / (liabilities)</i>		
Loan	(1,978,200)	(1,807,050)
Bank balances	6,023	5,485
	<u>(1,972,177)</u>	<u>(1,801,565)</u>
The following significant exchange rate has been applied:		
USD to PKR (Reporting date rate in Rupees)	94.20	86.05
USD to PKR (Average rate in Rupees)	89.64	85.60



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.

	2012	2011
	(Rupees in '000)	
Effect on loss / profit	<u>197,218</u>	<u>180,157</u>

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

31.3.2 Interest rate risk

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

Fixed rate instruments at carrying amounts:

Financial Assets		
Balance with banks	<u>6,023</u>	<u>5,485</u>
Financial liabilities		
Long term loans	<u>1,978,200</u>	<u>1,807,050</u>

Variable rate instruments at carrying amounts:

Financial liabilities		
Loans	1,068,024	1,068,024
Lease liabilities	69,724	103,132
Short term borrowings	7,150,179	7,201,391
Trade payables (overdue letter of credits)	<u>5,557,000</u>	<u>5,557,000</u>
	<u>13,844,927</u>	<u>13,929,547</u>

Fair value sensitivity analysis for fixed rate instruments:

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

Cash flow sensitivity analysis for variable rate instruments:

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

31.4 Fair value of the financial instruments

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

31.5 Capital risk management

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

32 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

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

	Amount in Rs. '000'							
	Chief Executive		Director		Executive		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Managerial remuneration	3,960	3,960	2,376	2,376	23,715	23,781	30,051	30,117
Retirement benefits	--	--	--	--	3,552	3,372	3,552	3,372
House rent allowance	1,740	1,740	1,044	1,044	10,672	10,701	13,456	13,485
Utilities	300	300	180	180	2,371	2,378	2,851	2,858
Conveyance	--	--	--	--	115	112	115	112
	6,000	6,000	3,600	3,600	40,425	40,344	50,025	49,944
Number of Persons	1	1	1	1	32	31	34	33

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

33 TRANSACTION WITH RELATED PARTIES

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

	2012	2011
	(Rupees in '000)	
Director:		
Long term loan received	29,315	93,717

34 INFORMATION ABOUT BUSINESS SEGMENTS

- 34.1** For management purposes, the activities of the Company are organized into business segments based on their products and has two reportable operating segments. The PSF segment mainly relates to production and sale of Polyester Staple Fibre. ASF segment includes production and sale of Acrylic Staple Fibre. The operations of the company are closed since December 2008.
- 34.2** The transaction relating to sales and collection of sales are recorded on the basis of actual sale of PSF and ASF. Conversion costs, distribution cost and administrative expenses are allocated on the basis of production capacity of PSF And ASF Unit respectively.
- 34.3** All non current assets of the company as of June 30, 2012 are located in Pakistan.
- 34.4** All sales have been made to customers based in Pakistan. Sales amounting to Rs.183.757 million comprising 100% of entity revenues are made to one customer being the successful bidder of the auction of company's stocks.



	2012	2011
	(Rupees in '000)	
35 TAXATION		
35.1 Relationship between income tax expense and accounting profit		
Accounting loss as per profit and loss account	(1,631,505)	(1,397,878)
Applicable tax rate	<u>35%</u>	<u>35%</u>
Tax on accounting profit	(571,027)	(489,257)
Tax effect of accelerated tax depreciation	134,622	141,828
Tax effect of expenses that are not deductible in determining taxable income charged to profit and loss account	137,122	37,367
Tax (refundable) under normal rules	<u>(299,283)</u>	<u>(310,062)</u>
Minimum tax payable under Income Tax Ordinance, 2001	<u>--</u>	<u>--</u>

36 PLANT CAPACITY AND PRODUCTION

	2012		2011	
	Annual (tons)	Production (tons)	Annual (tons)	Production (tons)
PSF Units	240,900	--	240,900	--
Acrylic Unit	25,760	--	25,760	--
Total	<u>266,660</u>	<u>--</u>	<u>266,660</u>	<u>--</u>

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

37 CORRESPONDING FIGURES

The corresponding figures have been reclassified, restated and rearranged wherever necessary to facilitate comparison, significant reclassifications were as follows:

Land rent and maintenance charges amounting to Rs.26.214 million relating to prior years remained unrecorded, out of which Rs.2.862 million pertains to financial year ended June 30, 2011 and Rs.23.352 million pertains upto financial year ended June 30, 2010. Which has now been recorded retrospectively by restating the comparatives and opening balances of retained earnings.

Impacts on profit after taxation, earnings per shares for the year ended June 30, 2011 and shareholders' equity as of that date due to aforementioned reclassification / restatement of land rent and maintenance charges are as follows:

DEWAN SALMAN FIBRE LIMITED

Loss after taxation:

Loss after taxation for the year ended June 30, 2011 - As reported	(1,269,158)
Net impact of restatements	<u>(2,862)</u>
Loss after taxation for the year ended June 30, 2011 - As restated	<u><u>(1,272,020)</u></u>

Loss per share:

Basic loss per share

Loss per share for the year ended June 30, 2011 - As reported	<u>(3.46)</u>
Loss per share for the year ended June 30, 2011 - As restated	<u><u>(3.47)</u></u>

Diluted loss per share

Loss per share for the year ended June 30, 2011 - As reported	<u>(3.31)</u>
Loss per share for the year ended June 30, 2011 - As restated	<u><u>(3.32)</u></u>

Shareholders' equity

Shareholders' equity as on June 30, 2011 - As reported	(8,251,442)
Net impact of restatements	<u>(26,214)</u>
Shareholders' equity as on June 30, 2011 - As restated	<u><u>(8,277,656)</u></u>

38 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on September 28, 2012 in accordance with the resolution by the Board of Directors of the Company.

39 FUNCTIONAL AND PRESENTATION CURRENCY

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



Dewan Muhammad Yousuf Farooqui
Chief Executive/Chairman Board of Directors



Mansur-ul-Haque
Director



PATTERN OF SHAREHOLDING THE CODE OF CORPORATE GOVERNANCE AS AT JUNE 30, 2012

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	5	9,401,428	2.57%
3.	Directors, CEO, their Spouses & Minor Children	11	13,900,752	3.79%
4.	Executives	-	-	0.00%
5.	Public Sector Companies & Corporations	118	45,676,034	12.47%
6.	Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Modarbas & Mutual Funds	127	7,806,740	2.13%
7.	Individuals	21,209	133,102,990	36.34%
TOTAL		21,473	366,321,084	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	National Bank of Pakistan, Trustee Department NI(U)T Fund	1	5,959,723	1.63%
2.2	National Bank of Pakistan	1	3,289,182	0.90%
2.3	National Investment Trust Limited	1	148,511	0.04%
2.4	Investment Corporation of Pakistan	1	2,401	0.00%
2.5	National Bank of Pakistan, Trustee Department	1	1,611	0.00%
		5	9,401,428	2.57%
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	1	244,672	0.07%
3.3	Mr. Haroon Iqbal	1	500	0.00%
3.4	Mr. Mansoor ul Haq	1	500	0.00%
3.5	Mr. Aziz ul Haque	1	500	0.00%
3.6	Mr. Ishtiaq Ahmed	1	500	0.00%
3.7	Syed Muhammad Anwar	1	500	0.00%
		7	12,770,988	3.49%
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	0.11%
Minor Children of Directors and CEO				
3.9	Miss Yumna Yousuf	1	248,297	0.07%
3.10	Mr. Khizer Salman	1	347,618	0.09%
		2	595,915	0.07%

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	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.

DEWAN SALMAN FIBRE LIMITED

FORM 34

THE COMPANIES ORDINANCE, 1984

(Section 236(1) and 464)

PATTERN OF SHAREHOLDING

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

3	0	0	6	2	0	1	2
---	---	---	---	---	---	---	---

4.	Number of Shareholders	Shareholdings				Total Shares held
	5,888	1	-	100	Shares	157,981
	8,019	101	-	500	Shares	1,874,021
	1,614	501	-	1,000	Shares	1,370,049
	3,229	1,001	-	5,000	Shares	9,085,490
	1,004	5,001	-	10,000	Shares	8,052,207
	384	10,001	-	15,000	Shares	4,946,778
	289	15,001	-	20,000	Shares	5,347,708
	180	20,001	-	25,000	Shares	4,224,410
	125	25,001	-	30,000	Shares	3,546,580
	81	30,001	-	35,000	Shares	2,697,223
	68	35,001	-	40,000	Shares	2,613,306
	46	40,001	-	45,000	Shares	1,986,395
	100	45,001	-	50,000	Shares	4,940,020
	36	50,001	-	55,000	Shares	1,902,004
	23	55,001	-	60,000	Shares	1,354,594
	22	60,001	-	65,000	Shares	1,396,084
	24	65,001	-	70,000	Shares	1,649,475
	19	70,001	-	75,000	Shares	1,418,292
	17	75,001	-	80,000	Shares	1,347,849
	17	80,001	-	85,000	Shares	1,393,631
	15	85,001	-	90,000	Shares	1,331,837
	7	90,001	-	95,000	Shares	646,356
	66	95,001	-	100,000	Shares	6,594,203
	13	100,001	-	105,000	Shares	1,333,896
	10	105,001	-	110,000	Shares	1,091,079
	4	110,001	-	115,000	Shares	452,000
	4	115,001	-	120,000	Shares	475,231
	3	120,001	-	125,000	Shares	375,000
	7	125,001	-	130,000	Shares	904,882
	5	130,001	-	135,000	Shares	665,001
	3	135,001	-	140,000	Shares	415,895
	5	140,001	-	145,000	Shares	716,750
	11	145,001	-	150,000	Shares	1,647,493
	1	150,001	-	160,000	Shares	160,000
	1	160,000	-	165,000	Shares	165,000
	2	165,001	-	170,000	Shares	333,440
	3	170,001	-	175,000	Shares	522,500
	9	175,001	-	180,000	Shares	1,604,798
	1	180,001	-	185,000	Shares	185,000
	2	185,001	-	190,000	Shares	379,802
	1	190,001	-	195,000	Shares	195,000
	14	195,001	-	200,000	Shares	2,797,135
	5	200,001	-	205,000	Shares	1,012,772
	4	205,001	-	210,000	Shares	831,703
	2	210,001	-	215,000	Shares	428,268
	2	215,001	-	225,000	Shares	439,774
	3	225,001	-	230,000	Shares	686,000
	3	230,001	-	235,000	Shares	701,261
	1	235,001	-	240,000	Shares	240,000
	8	245,001	-	250,000	Shares	1,984,455



4.	Number of Shareholders	Shareholdings			Total Shares held
	1	250,001	-	260,000	Shares 259,992
	2	260,001	-	280,000	Shares 560,000
	1	280,001	-	290,000	Shares 290,000
	5	290,001	-	300,000	Shares 1,494,019
	2	300,001	-	310,000	Shares 616,000
	1	310,001	-	320,000	Shares 317,886
	2	320,001	-	330,000	Shares 660,000
	1	330,001	-	335,000	Shares 331,997
	1	335,001	-	340,000	Shares 336,843
	2	340,001	-	350,000	Shares 697,618
	2	350,001	-	360,000	Shares 706,982
	2	375,001	-	385,000	Shares 769,734
	3	385,001	-	400,000	Shares 1,189,937
	1	400,001	-	405,000	Shares 400,001
	2	405,001	-	410,000	Shares 820,000
	1	410,001	-	415,000	Shares 415,000
	1	415,001	-	455,000	Shares 445,004
	1	455,001	-	470,000	Shares 466,500
	1	470,001	-	480,000	Shares 477,850
	5	480,001	-	500,000	Shares 2,500,000
	1	500,001	-	520,000	Shares 519,551
	6	520,001	-	600,000	Shares 3,449,626
	1	600,001	-	660,000	Shares 659,493
	1	660,001	-	700,000	Shares 700,000
	1	700,001	-	790,000	Shares 702,378
	1	790,001	-	800,001	Shares 800,000
	1	800,001	-	825,000	Shares 824,444
	1	825,001	-	860,000	Shares 855,650
	2	860,001	-	900,000	Shares 1,799,541
	3	900,001	-	1,000,000	Shares 3,000,000
	1	1,000,001	-	1,200,000	Shares 1,110,766
	1	1,200,001	-	1,585,000	Shares 1,582,800
	1	1,585,001	-	2,290,000	Shares 2,109,634
	1	2,290,001	-	2,350,000	Shares 2,350,000
	2	2,350,001	-	2,590,000	Shares 5,150,682
	1	2,590,001	-	2,605,000	Shares 2,600,133
	1	2,605,001	-	3,050,000	Shares 3,004,965
	1	3,050,001	-	3,070,000	Shares 3,061,955
	1	3,070,001	-	3,290,000	Shares 3,289,182
	1	3,290,001	-	3,520,000	Shares 3,517,802
	1	3,520,001	-	5,590,000	Shares 5,589,998
	1	5,590,001	-	5,960,000	Shares 5,959,723
	1	5,960,001	-	12,525,000	Shares 12,523,816
	1	12,525,001	-	19,865,000	Shares 19,864,518
	1	19,865,001	-	32,280,000	Shares 32,279,849
	1	32,280,001	-	40,350,000	Shares 40,349,814
	1	40,350,001	-	104,290,000	Shares 104,288,773
	21,473	TOTAL			366,321,084

5.	Categories of Shareholders	Shares held	Percentage
5.1	Directors, Chief Executive Officer, their spouses and minor children	13,900,752	3.79%
5.2	Associated Companies, undertakings and related parties	156,433,140	42.70%
5.3	NIT and ICP	9,401,428	2.57%
5.4	Banks, Development Financial Institutions, Non-Banking Finance Companies	3,473,230	0.95%
5.5	Insurance Companies	2,146,559	0.59%
5.6	Modarabas and Mutual Funds	2,186,951	0.60%
5.7	Shareholders holding 5%	196,782,954	53.72%
5.8	General Public		
	a. Local	132,385,448	36.14%
	b. Foreign	717,542	0.20%
5.9	Others (Joint Stock Companies, Brokrage Houses, Employees Funds & Trustees)	45,676,034	12.47%

FORM OF PROXY

23RD 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 23rd Annual General Meeting of the Company to be held on Thursday October 25, 2012 at 12:00 noon at Dewan Centre, House No. 58, Margallah Road, F-7/2, Islamabad, Pakistan

Signed this _____ day of _____ 2012.

Affix
Revenue
Stamp
Rs. 5/-

Signature _____

Witness: _____

Signature

Name: _____

Address: _____

Witness: _____

Signature

Name: _____

Address: _____
