

Press Release

SEC Orders Investigation into Affairs of M/s Dawood Fibre Mills

Islamabad – January 5, 2005: The Securities and Exchange Commission of Pakistan (SEC) has ordered investigation into the affairs of a public listed company, M/s Dawood Fibre Mills Limited, to determine the causes of huge losses and drastic reduction in its sales.

The stocks of the Company, which increased from Rs. 11 million to Rs. 154 million, were also not certified by the Company's auditors raising doubt about its existence and, prima facie, indicating that books of accounts did not reflect a true and fair view of the state of Company's affairs.

Performance of the Company was observed to have immensely deteriorated as accumulated losses of the Company, as on September 30, 2003, rose to Rs.614.107 million against its paid up capital of Rs.119.43 million, resulting into negative equity of Rs.494.677 million. The Company was highly indebted as its long-term loans stood at Rs.674.253 million.

The auditors have also qualified their report on serious issues like drastic reduction in sales of the Company, the stock in trade being valued and certified by Chief Executive of the Company and failure of the Company to pay installment of restructured loan, which may lead to termination of the rescheduling agreement – all these issues raise doubt about the Company's ability to continue as a going concern. The record of the Company maintained with the SEC revealed that it has not shown any signs of improvement in its operational results over the last few years and has not paid any dividend to its shareholders since its listing in the year 1992.

The SEC has appointed a firm of auditors to investigate the affairs of the Company and submit report along with supporting documents to the SEC in the first week of March 2005.