

QUARTERLY REPORT  
SEPTEMBER 30, 2014



DEWAN SALMAN FIBRE LIMITED



YD

A YOUSUF DEWAN COMPANY

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## COMPANY INFORMATION

<b>BOARD OF DIRECTORS</b>	
EXECUTIVE DIRECTOR	: DEWAN MUHAMMAD YOUSUF FAROOQUI CEO & CHAIRMAN BOARD OF DIRECTORS
NON-EXECUTIVE DIRECTORS	: DEWAN ABDUL REHMAN FAROOQUI DEWAN ABDUL BAQI FAROOQUI MR. HAROON IQBAL SYED MUHAMMAD ANWAR MR. ISHTIAQ AHMED
INDEPENDENT DIRECTOR	: MR. AZIZ-UL-HAQUE
AUDIT COMMITTEE	: MR. AZIZ-UL-HAQUE-CHAIRMAN MR. HAROON IQBAL-MEMBER DEWAN ABDUL REHMAN FAROOQUI-MEMBER
HUMAN RESOURCE & REMUNERATION COMMITTEE	: MR. HAROON IQBAL-CHAIRMAN DEWAN MUHAMMAD YOUSUF FAROOQUI-MEMBER DEWAN ABDUL REHMAN FAROOQUI-MEMBER
CHIEF FINANCIAL OFFICER	: ZAFAR ASIM
COMPANY SECRETARY	: MUHAMMAD HANIF GERMAN
AUDITORS	: FARUQ ALI & CO. CHARTERED ACCOUNTANTS
	: FERQZE 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, (KPK)
HEAD OFFICE	: FINANCE & TRADE CENTRE, BLOCK-A, 8 <sup>TH</sup> 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, 3 <sup>RD</sup> FLOOR, 49, DARUL AMAN SOCIETY, MAIN SHAHRAH-E-FAISAL, ADJACENT TO BALOCH COLONY BRIDGE, KARACHI, PAKISTAN.
BANKERS	: AL-BARAKA ISLAMIC INVESTMENT BANK LIMITED ALLIED BANK LIMITED ASKARI BANK LIMITED BANK ALFALAH LIMITED BANK OF KHYBER LIMITED BANK OF PUNJAB LIMITED FAYSAL BANK LIMITED HABIB BANK LIMITED HABIB METROPOLITAN BANK LIMITED HONG KONG & SHANGHAI BANKING CORPORATION KASB BANK LIMITED MEEZAN BANK LIMITED SUMMIT BANK LIMITED MCB BANK LIMITED NATIONAL BANK OF PAKISTAN LIMITED NIB BANK LIMITED STANDARD CHARTERED BANK LIMITED (PAKISTAN) SILK BANK LIMITED SONERI BANK LIMITED UNITED BANK LIMITED



## DIRECTOR'S REVIEW

IN THE NAME OF ALLAH; THE MOST GRACIOUS AND MERCIFUL  
IF YE GIVE THANKS, I WILL GIVE YOU MORE (HOLY QURAN)

The Board of Director of your company present un-audited Condensed Interim financial Statements of the Company for the First Quarter Ended on 30<sup>th</sup> September, 2014 in compliance with the requirements of section 245 of the Company's Ordinance 1984, as amended through Companies (amendment) Ordinance 2002 and Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan.

### Operating Performance

Despite of our best efforts during the period under review, we were unable to start the plants of your company due to unavailability of Working Capital, However, management's efforts are in progress to make the Country's largest PSF manufacturing plant operative.

The Company is successfully facing litigations with lenders as elaborated in our previous audited financial statements. The Management is fully confident that the Company will have favorable decision form the concerned courts.

### Outlook

We had reported on the debt re-profiling exercise to you in the audited accounts last year. This effort continues. And In-Shalla-Allah we expect good progress and conclusion in the near future.

### Financial Performance

Company recorded net sales of Rs.Nil (2014-2013 1<sup>st</sup> Quarter Rs. Nil) during the period under review suffered gross loss of Rs. 159.027 million. (2014-2013 1<sup>st</sup> Quarter Rs. 180.163 million) And loss before taxation amounted to Rs. 256.202 million. (2014-2013 1<sup>st</sup> Quarter Rs. 333.38 million)

## INDUSTRY OVERVIEW

The demand for PSF in the period under review remained stable while the prices did not change so much. However, your company's operation remained closed. The industry at present has more production capacity than the market demand which compelled the existing manufacturers to run at less capacity. Under such circumstances, it seems to be quite difficult to resume the operations of your company in near future.

## ACKNOWLEDGEMENT

The Board expresses the hope that it's valued shareholders, Federal and Provincial Government functionaries, banks, financial institutions and customers of Salsabil, shall continue to extend their cooperation, support and patronage as in the past.

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 and recognize that they are most valuable assets of the Company.

## CONCLUSION

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

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

*By and under Authority of the Board of Directors*



**Dewan Muhammad Yousuf Farooqui**  
Chief Executive/Chairman Board of Directors

Karachi: October 28, 2014

## CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT SEPTEMBER 30, 2014

	UN-AUDITED SEP. 30, 2014	AUDITED JUNE 30, 2014
	(Rupees in '000)	
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorized capital		
630,000,000 (2013: 630,000,000) Ordinary shares of Rs. 10/- each	6,300,000	6,300,000
90,000,000 (2013: 90,000,000) Preference shares of Rs. 10/- each	900,000	900,000
	7,200,000	7,200,000
Issued, subscribed and paid-up capital	3,663,211	3,663,211
Reserves	(14,958,051)	(14,764,048)
	(11,294,840)	(11,100,837)
Surplus on revaluation of property, plant and equipment	2,039,297	2,078,225
<b>NON CURRENT LIABILITIES</b>		
Long term loans	135,352	131,675
Deferred liabilities	961,472	979,319
<b>CURRENT LIABILITIES</b>		
Trade and other payables	7,607,850	7,609,671
Short term borrowings	7,153,055	7,153,055
Overdue portion of long term loans	3,224,723	3,141,774
Overdue portion of liability against assets subject to finance lease	54,145	54,145
Provision for taxation	160,864	160,864
	18,200,637	18,119,509
<b>Contingencies and commitments</b>	--	--
	10,041,918	10,207,891
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	6,504,547	6,652,226
Long term investments	156,381	153,163
Long term prepayments	3,197	4,261
<b>CURRENT ASSETS</b>		
Stores and spares	970,633	970,633
Stock in trade	11,523	11,523
Trade debts	1,888,584	1,910,879
Advances - Considered good	37,576	37,544
Short term deposits and prepayments	160,553	160,553
Other receivables - Considered good	76,989	76,882
Cash and bank balances	8,935	7,224
	3,154,793	3,175,238
Non current assets held for sale	223,000	223,000
	10,041,918	10,207,891

The annexed notes form an integral part of this interim condensed financial information.



**Dewan Muhammad Yousuf Farooqui**  
Chief Executive/Chairman Board of Directors



**Haroon Iqbal**  
Director

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	Notes	SEP. 30, 2014	SEP. 30, 2013
(Rupees in '000)			
Sales		--	--
Cost of sales (fixed costs)		159,027	180,163
Gross loss		(159,027)	(180,163)
Distribution cost		345	1,357
Administration expenses		10,446	11,661
		10,791	13,018
Operating loss		(169,818)	(193,181)
Finance cost		86,384	140,196
Other income		--	--
		86,384	140,196
(Loss) / before taxation		(256,202)	(333,377)
Taxation			
Deferred		(20,054)	(22,938)
(Loss) / after taxation		(236,148)	(310,439)
Loss per share - Basic	( Rupees )	(0.64)	(0.85)
Loss per share - Diluted	( Rupees )	(0.61)	(0.80)

*The annexed notes form an integral part of this interim condensed financial information.*



**Dewan Muhammad Yousuf Farooqui**  
Chief Executive/Chairman Board of Directors



**Haroon Iqbal**  
Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	SEP. 30, 2014	SEP. 30, 2013
	(Rupees in '000)	
Net loss after taxation	(236,148)	(310,439)
Comprehensive income transferred to equity	(236,148)	(310,439)
Net change in fair value of available-for-sale financial assets	3,217	(3,705)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	58,982	65,536
Related deferred tax	(20,054)	(22,938)
	38,928	42,598
Total comprehensive loss for the period	(194,003)	(217,546)
Total comprehensive loss transferred to equity	(194,003)	(217,546)

*The annexed notes form an integral part of this interim condensed financial information.*



Dewan Muhammad Yousuf Farooqui  
Chief Executive/Chairman Board of Directors



Haroon Iqbal  
Director





**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

	SEP. 30, 2014	SEP. 30, 2013
<b>Cash Flow from Operating Activities</b>	<b>(Rupees in '000)</b>	
Loss before taxation	(256,202)	(333,377)
Adjustments for:		
Depreciation	147,679	164,291
Amortization of prepayments	1,064	1,065
Amortization of loans	--	--
Unwinding discount	3,677	--
Provision for gratuity	2,207	8,516
Financial charges	82,004	140,704
cash outflow before working capital changes	(19,570)	(18,801)
 Movement in working capital (Note – A)	 20,386	 17,956
 Cash generated /(used) from operations	 815	 (845)
Payments for:		
Financial charges	(10)	(4)
Tax	(50)	(47)
	(60)	(51)
Net cash generated in operating activities	755	(896)
 <b>Cash Flow from Financing Activities</b>		
Long term loans -net	--	900
Net cash outflow from financing activities	--	900
 <b>Net Increase/ (decrease) in cash and cash equivalents</b>	 755	 4
Cash and cash equivalents at beginning	(2,964,715)	(2,964,715)
Cash and cash equivalents at 30 September (Note – B)	(2,963,960)	(2,964,711)

*The annexed notes form an integral part of this interim condensed financial information.*

**Dewan Muhammad Yousuf Farooqui**  
Chief Executive/Chairman Board of Directors

**Haroon Iqbal**  
Director

## CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2014

<u>Note - A</u>	SEP. 30, 2014	SEP. 30, 2013
	(Rupees in '000)	
<b>Movement in Working Capital</b>		
<i>(Increase) / decrease in current assets</i>		
Trade Debts	22,294	10,067
Advances	(32)	(889)
Other receivables	(56)	(114)
<i>Increase / (decrease) in current liabilities</i>		
Trade and other payables	(1,821)	8,892
	20,386	17,956

**Note - B****Cash and Cash Equivalents**

Cash and cash equivalents include:

Cash and bank balances	8,935	8,184
Short term finances:		
-Short term running finances	(2,970,019)	(2,970,019)
-Book Overdraft	(2,876)	(2,876)
	(2,972,895)	(2,972,895)
	(2,963,960)	(2,964,711)

*The annexed notes form an integral part of this interim condensed financial information.*



**Dewan Muhammad Yousuf Farooqui**  
Chief Executive/Chairman Board of Directors



**Haroon Iqbal**  
Director

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	Issued, subscribed and paid-up capital	General reserve	Unrealized gain/ (loss) due to change in fair value of investment	Accumulated loss	Total
	(Rupees in '000)				
Balance as at July 1, 2013	3,663,211	350,000	17,396	(14,307,523)	(10,276,916)
Comprehensive loss for the period	--	--	--	(310,439)	(310,439)
Net changes in fair value of available for sale financial assets	--	--	3,705	--	3,705
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment- Net of Tax	--	--	--	42,598	42,598
Remeasurement of defined benefit liability	--	--	--	--	--
Balance as at September 30, 2013	<u>3,663,211</u>	<u>350,000</u>	<u>21,101</u>	<u>(14,575,364)</u>	<u>(10,541,052)</u>
Balance as at July 1, 2014	3,663,211	350,000	11,990	(15,126,038)	(11,100,837)
<b>Total Comprehensive loss for the period</b>					
Comprehensive loss for the period	--	--	--	(236,148)	(236,148)
Net changes in fair value of available for sale financial assets	--	--	3,217	--	3,217
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment- Net of Tax	--	--	--	38,928	38,928
Remeasurement of defined benefit liability	--	--	--	--	--
Balance as at September 30, 2014	<u>3,663,211</u>	<u>350,000</u>	<u>15,207</u>	<u>(15,323,258)</u>	<u>(11,294,840)</u>

The annexed notes form an integral part of this interim condensed financial information.



**Dewan Muhammad Yousuf Farooqui**  
Chief Executive/Chairman Board of Directors



**Haroon Iqbal**  
Director

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2014

### 1 THE COMPANY AND ITS OPERATIONS

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 BASIS OF PREPARATION

2.1 These condensed interim financial statements of the company are for the quarter ended September 30, 2014 have been prepared in accordance with the requirements of International Accounting Standard 34 (IAS 34) "Interim Financial Reporting" and being submitted to the shareholders under section 245 of the Companies Ordinance 1984 and listing regulations of the Karachi, Lahore and Islamabad Stock Exchange.

2.2 These interim financial Statements comprises of the Balance Sheet as at September 30, 2014 and the Profit and Loss Account, Statement of Changes in Equity and the Cash Flow Statement for the quarter ended September 30, 2014.

2.3 These comparative Balance Sheet presented in these condensed interim financial statements as September 30, 2014 has been extracted from the annual audited financial statements of the company for the year ended June 30, 2014 where as the items of comparative profit and loss account, statement of changes in equity, cash flow statement and statement of comprehensive income are for the quarter ended September 30, 2013.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies, significant accounting estimates and judgments adopted and applied in the preparation of the interim condensed financial information are consistent with those followed in the preparation of the company's annual financial statements for the year ended June 30, 2014.

### 4 SHORT TERM BORROWINGS

The short term borrowings has not been renewed by the bank as of balance sheet date.



**5 CONTINGENCIES AND COMMITMENTS**

The status of contingencies and commitments are same as reported in the yearly financial statements for the year ended September 30, 2014.

**6 DATE OF AUTHORIZATION FOR ISSUE**

These financial statement have been authorized for issue on October 27, 2014 by the board of Directors of the company.

**7 DATE OF AUTHORIZATION FOR ISSUE**

The figure have been rounded off to the nearest thousand rupees.

**Dewan Muhammad Yousuf Farooqui**  
Chief Executive/Chairman Board of Directors

**Haroon Iqbal**  
Director

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