

DEWAN SALMAN FIBRE LIMITED

Quarterly Report
September 30, 2015



YD

A YOUSUF DEWAN COMPANY

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COMPANY INFORMATION

BOARD OF DIRECTORS

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

NON-EXECUTIVE DIRECTORS : DEWAN ABDUL REHMAN FAROOQUI
MR. HAROON IQBAL
MR. GHAZANFAR BABER SIDDIQI
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

FEROQZE SHARIF TARIQ & CO.
CHARTERED ACCOUNTANTS

LEGAL ADVISORS : KHALID ANWER & COMPANY ADVOCATES

TAX ADVISORS : SHARIF & COMPANY ADVOCATES

FACOTRY OFFICE : PLOT NO 1, DEWAN FAROOQUE INDUSTRIAL PARK,
HATTAR, DISTRICT HARIPUR, (KPK)

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
ANUMESTATE BUILDING, ROOM NO. 310 & 311,
3RD FLOOR, 49, DARULAMAN 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 Directors of your company present un-audited Condensed Interim Financial Statements of the Company for the 1st quarter ended on September 30, 2015 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 of your company makes their best efforts to operate the largest unit of the country.

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 from the concerned courts.

INDUSTRY OVERVIEW

PSF has seen a slight increase in demand. Even minor fluctuations in raw material prices are now stable. Moreover, Chinese companies are tough luck for the local producer. The local producers of PSF kept struggling in running their full capacities. Since, your company's operations are closed. It seems to be quite difficult to resume the operation of your company in near future.

OUTLOOK

We had reported on the debt re-profiling exercise to you in the last audited financial statements for the year ended 30th. June 2015. This effort continues. And Insha-Allah we expect good progress and conclusion in the near future.

FINANCIAL PERFORMANCE

Company recorded net sales of Rs.nil (2014-Rs.nil) during the period under review suffered gross loss of Rs.141.691 million. (2014 Rs. 159.027 million) And loss after taxation amounted to Rs. 188.774 million. (2014 Rs. 236.148 million)



ACKNOWLEDGMENT

The Board expresses the hope that its 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 Abdul Rehman Farooqui
Director

Haroon Iqbal
Director

Karachi: October 28, 2015

**CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2015**

	UN-AUDITED SEPT. 30, 2015	AUDITED JUNE 30, 2015
	(Rupees in '000)	
<u>EQUITY AND LIABILITIES</u>		
SHARE CAPITAL AND RESERVES		
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
	<u>7,200,000</u>	<u>7,200,000</u>
Issued, subscribed and paid-up capital	3,663,211	3,663,211
Reserves	<u>(15,706,462)</u>	<u>(15,551,315)</u>
	(12,043,251)	(11,888,104)
Surplus on revaluation of property, plant and equipment	1,884,586	1,920,153
NON CURRENT LIABILITIES		
Long term loans	146,383	146,383
Deferred liabilities	850,557	868,692
CURRENT LIABILITIES		
Trade and other payables	7,606,752	7,602,995
Short term borrowings	7,153,055	7,153,055
Overdue portion of long term loans	3,260,424	3,203,724
Overdue portion of liability against assets subject to finance lease	48,880	54,145
Provision for taxation	160,864	160,864
	<u>18,229,975</u>	<u>18,174,783</u>
Contingencies and commitments	<u>--</u>	<u>--</u>
	<u>9,068,250</u>	<u>9,221,907</u>
<u>ASSETS</u>		
NON CURRENT ASSETS		
Property, plant and equipment	5,928,183	6,060,875
Long term investments	144,264	146,203
CURRENT ASSETS		
Stores and spares	922,101	922,101
Trade debts	1,564,536	1,583,419
Advances - Considered good	39,216	39,186
Short term deposits and prepayments	160,553	160,553
Other receivables - Considered good	77,732	77,568
Cash and bank balances	8,665	9,002
	<u>2,772,803</u>	<u>2,791,829</u>
Non current assets held for sale	223,000	223,000
	<u>9,068,250</u>	<u>9,221,907</u>

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

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

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



Dewan Abdul Rehman Farooqui
Director



Haroon Iqbal
Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE QTR ENDED SEPTEMBER 30, 2015

Notes	SEPT 30, 2015	SEPT 30, 2014
	(Rupees in '000)	
Sales	--	--
Cost of sales (fixed costs)	141,691	159,027
Gross loss	(141,691)	(159,027)
Distribution cost	345	345
Administration expenses	7,727	10,446
	8,072	10,791
Operating loss	(149,763)	(169,818)
Finance cost	56,528	86,384
(Loss) / before taxation	(206,291)	(256,202)
Taxation		
Deferred	(17,518)	(20,054)
(Loss) / after taxation	(188,773)	(236,148)
Loss per share - Basic (Rupees)	(0.52)	(0.64)
Loss per share - Diluted (Rupees)	(0.49)	(0.61)

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Dewan Abdul Rehman Farooqui
Director



Haroon Iqbal
Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QTR ENDED SEPTEMBER 30, 2015

	SEPT 30, 2015 (Rupees in '000)	SEPT 30, 2014
Net loss after taxation	(188,773)	(236,148)
Comprehensive income transferred to equity	<u>(188,773)</u>	<u>(236,148)</u>
Net change in fair value of available-for-sale financial assets	(1,940)	3,217
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	53,084	58,982
Related deferred tax	(17,518)	(20,054)
	35,566	38,928
Total comprehensive loss for the period	<u>(155,147)</u>	<u>(194,003)</u>
Total comprehensive loss transferred to equity	<u><u>(155,147)</u></u>	<u><u>(194,003)</u></u>

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

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

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Dewan Abdul Rehman Farooqui
Director



Haroon Iqbal
Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE QTR ENDED SEPTEMBER 30, 2015

	SEPT 30, 2015	SEPT 30, 2014
	(Rupees in '000)	
Cash Flow from Operating Activities		
Loss before taxation	(206,291)	(256,202)
Adjustments for:		
Depreciation	132,689	147,679
Unwinding discount	--	3,677
Amortization of prepayments	--	1,064
Provision for gratuity	752	2,207
Financial charges	55,475	82,004
cash outflow before working capital changes	<u>(17,375)</u>	<u>(19,571)</u>
Movement in working capital	(Note – A) 22,521	20,386
Cash generated /(used)from operations	5,146	815
Payments for:		
Staff gratuity	(144)	--
Financial charges	(1)	(10)
Tax	(74)	(50)
	<u>(219)</u>	<u>(60)</u>
Net cash generated in operating activities	4,927	755
Cash Flow from Investing Activities		
Sale proceed of investment	--	--
Dividend incom received	--	--
	<u>--</u>	<u>--</u>
Cash Flow from Financing Activities		
Long term loans -net	--	--
Liabilities against assets subject to finance lease - Net	(5,265)	--
Net cash outflow from financing activities	<u>(5,265)</u>	<u>--</u>
Net Increase/ (decrease) in cash and cash equivalents	(338)	755
Cash and cash equivalents at beginning	<u>(2,963,893)</u>	<u>(2,964,715)</u>
Cash and cash equivalents at 30 September (Note – B)	<u><u>(2,964,231)</u></u>	<u><u>(2,963,960)</u></u>

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE QTR ENDED SEPTEMBER 30, 2015

Note - A

SEPT 30, SEPT 30,
2015 2014
(Rupees in '000)

Movement in Working Capital*(Increase) / decrease in current assets*

Trade Debts	18,884	22,294
Advances	(30)	(32)
Other receivables	(90)	(56)
<i>Increase / (decrease) in current liabilities</i>		
Trade and other payables	3,757	(1,820)
	<u>22,521</u>	<u>20,386</u>

Note - B**Cash and Cash Equivalents**

Cash and cash equivalents include:

Cash and bank balances	8,665	8,935
Short term finances:		
-Short term running finances	(2,970,019)	(2,970,019)
-Book Overdraft	(2,876)	(2,876)
	(2,972,896)	(2,972,895)
	<u>(2,964,231)</u>	<u>(2,963,960)</u>

*The annexed notes form an integral part of this interim condensed financial information.***Statement Under Section 241 (2) of the Companies Ordinance, 1984**

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



Dewan Abdul Rehman Farooqui
Director



Haroon Iqbal
Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QTR ENDED SEPTEMBER 30, 2015

	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, 2014	3,663,211	350,000	11,990	(15,126,038)	(11,100,837)
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
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>
Balance as at July 1, 2015	3,663,211	350,000	1,212	(15,902,527)	(11,888,104)
Total Comprehensive loss for the period					
Comprehensive loss for the period	--	--	--	(188,773)	(188,773)
Net changes in fair value of available for sale financial assets	--	--	(1,940)	--	(1,940)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment- Net of Tax	--	--	--	35,566	35,566
Balance as at September 30, 2015	<u>3,663,211</u>	<u>350,000</u>	<u>(728)</u>	<u>(16,055,734)</u>	<u>(12,043,251)</u>

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

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

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



Dewan Abdul Rehman Farooqui
Director



Haroon Iqbal
Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QTR ENDED SEPTEMBER 30, 2015**

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 nine months period ended September 30, 2015 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, 2015 and the Profit and Loss Account, Statement of Changes in Equity and the Cash Flow Statement for the quarter ended September 30, 2015.

2.3 These comparative Balance Sheet presented in these condensed interim financial statements as September 30, 2015 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 1st quarter ended September 30, 2015. The comparative profit and loss for the quarter ended September 30, 2014 is also included in these condensed interim financial statement.

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, 2015, except as described below:



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 period ended June 30, 2015.

6 DATE OF AUTHORIZATION FOR ISSUE

These financial statement have been authorized for issue on 28 October 2015 by the board of Directors of the company.

7 GENERAL

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

Dewan Abdul Rehman Farooqui
Director

Haroon Iqbal
Director