

QUARTERLY REPORT  
MARCH 31, 2015



DEWAN SALMAN FIBRE LIMITED



A YOUSUF DEWAN COMPANY

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<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
FACOTRY 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 Directors of your company present un-audited Condensed Interim Financial Statements of the Company for the Nine month ended on March 31,2015 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 believes that largest unit of the country is still a viable project and after restructuring it can bring laurels to all the stake holders as done in the past.

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**

During the period under review your company remained closed. However, the polyester industry remained under pressure due to international recession but somehow managed to sustain their operation as the market got some respite in term of relatively stable raw material trends during the period under review. Moreover, the energy supply to the whole industry became less turbulent which also helped the industry to keep their capacity utilization at sustainable levels. The imported PSF quantities did not surge during the period under review which allowed the PSF local industry to increase their sales.

### **OUTLOOK**

We had reported on the debt re-profiling exercise to you in the last audited financial statements for the year ended 30<sup>th</sup>.June 2014. 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.474.109 million. (2014 Rs. 540.949 million) And loss after taxation amounted to Rs.503.278 million. (2014 Rs. 487.512 million)



## **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: April 23, 2015

## CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT MARCH 31, 2015

	UN-AUDITED MAR. 31, 2015 (Rupees in '000)	AUDITED JUNE 30, 2014
<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
	<u>7,200,000</u>	<u>7,200,000</u>
Issued, subscribed and paid-up capital	3,663,211	3,663,211
Reserves	(15,146,112)	(14,764,048)
	<u>(11,482,901)</u>	<u>(11,100,837)</u>
Surplus on revaluation of property, plant and equipment	1,961,440	2,078,225
<b>NON CURRENT LIABILITIES</b>		
Long term loans	134,845	131,675
Deferred liabilities	917,687	979,319
<b>CURRENT LIABILITIES</b>		
Trade and other payables	7,614,189	7,609,671
Short term borrowings	7,153,055	7,153,055
Overdue portion of long term loans	3,203,724	3,141,774
Overdue portion of liability against assets subject to finance lease	54,145	54,145
Provision for taxation	160,864	160,864
	<u>18,185,977</u>	<u>18,119,509</u>
Contingencies and commitments	-	-
	<u>9,717,048</u>	<u>10,207,891</u>
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	6,209,189	6,652,229
Long term investments	152,593	153,163
Long term prepayments	1,067	4,261
<b>CURRENT ASSETS</b>		
Stores and spares	970,633	970,633
Stock in trade	11,523	11,523
Trade debts	1,862,723	1,910,879
Advances - Considered good	39,641	37,544
Short term deposits and prepayments	160,553	160,553
Other receivables - Considered good	77,328	76,882
Cash and bank balances	8,798	7,224
	<u>3,131,199</u>	<u>3,175,238</u>
Non current assets held for sale	223,000	223,000
	<u>9,717,048</u>	<u>10,207,891</u>



Dewan Muhammad Yousuf Farooqui  
Chief Executive/Chairman Board of Directors



Haroon Iqbal  
Director

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31 2015

	Notes	MAR. 31, 2015 (Rupees in '000)	MAR. 31, 2014
Sales		--	--
Cost of sales (fixed costs)		474,109	540,949
Gross loss		(474,109)	(540,949)
Distribution cost		1,035	3,816
Administration expenses		26,399	31,138
		27,434	34,954
Operating loss		(501,543)	(575,903)
Finance cost		72,806	(18,828)
Other income		(10,909)	(750)
		61,897	(19,578)
(Loss) / before taxation		(563,440)	(556,325)
Taxation			
Current		-	-
Deferred		(60,162)	(68,813)
		(60,162)	(68,813)
(Loss) / after taxation		(503,278)	(487,512)
Loss per share - Basic ( Rupees )		(1.37)	(1.33)
Loss per share - Diluted ( Rupees )		(1.30)	(1.26)

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 NINE MONTHS ENDED MARCH 31 2015**

	MAR. 31, 2015	MAR. 31, 2014
	(Rupees in '000)	
Net loss after taxation	(503,278)	(487,512)
Comprehensive income transferred to equity	(503,278)	(487,512)
Net change in fair value of available-for-sale financial assets	4,429	1,875
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	176,947	196,607
Related deferred tax	(60,162)	(68,813)
	116,785	127,794
Total comprehensive loss for the period	(382,064)	(357,843)
Total comprehensive loss transferred to equity	(382,064)	(357,843)

*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 NINE MONTHS ENDED MARCH 31 2015

	MAR. 31, 2015	MAR. 31, 2014
	(Rupees in '000)	
<b>Cash Flow from Operating Activities</b>		
Loss before taxation	(563,440)	(556,325)
Adjustments for:		
Depreciation	443,038	492,874
Amortization of prepayments	3,194	3,194
Other Income	(10,909)	--
Provision for gratuity	6,621	25,624
Unwinding discount	11,031	--
Financial charges	61,775	(18,828)
cash outflow before working capital changes	(48,690)	(53,461)
Movement in working capital (Note - A)	44,620	48,104
Cash generated /(used) from operations	(4,070)	(5,357)
Payments for:		
Staff gratuity	(2,185)	(209)
Financial charges	(13)	(15)
Tax	(212)	(131)
	(2,410)	(355)
Net cash generated in operating activities	(6,480)	(5,712)
<b>Cash Flow from Investing Activities</b>		
Sale proceed of investment	8,054	--
	8,054	--
<b>Cash Flow from Financing Activities</b>		
Long term loans -net	--	15,611
Net cash outflow from financing activities	--	15,611
<b>Net Increase/ (decrease) in cash and cash equivalents</b>	1,574	9,899
<b>Cash and cash equivalents at beginning</b>	(2,965,671)	(2,964,715)
<b>Cash and cash equivalents at 30 September</b> (Note - B)	(2,964,097)	(2,954,816)
<b>Note - A</b>		
<b>Movement in Working Capital</b>		
<i>(Increase) / decrease in current assets</i>		
Trade Debts	47,777	27,728
Advances	(2,097)	(1,436)
Other receivables	(240)	(385)
<i>Increase / (decrease) in current liabilities</i>		
Trade and other payables	(820)	22,197
	44,620	48,104
<b>Note - B</b>		
<b>Cash and Cash Equivalents</b>		
Cash and cash equivalents include:		
Cash and bank balances	8,798	18,079
Short term finances:		
-Short term running finances	(2,970,019)	(2,970,019)
-Book Overdraft	(2,876)	(2,876)
	(2,972,895)	(2,972,895)
	(2,964,097)	(2,954,816)

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 NINE MONTHS ENDED MARCH 31 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, 2013	3,663,211	350,000	17,396	(14,307,523)	(10,276,916)
Comprehensive loss for the period	--	--	--	(1,006,484)	(1,006,484)
Net changes in fair value of available for sale financial assets	--	--	(5,406)	--	(5,406)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment- Net of Tax	--	--	--	173,014	173,014
Remeasurement of defined benefit liability	--	--	--	14,955	14,955
Balance as at June 30, 2014	3,663,211	350,000	11,990	(15,126,038)	(11,100,837)
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	--	--	--	(503,278)	(503,278)
Net changes in fair value of available for sale financial assets	--	--	4,429	--	4,429
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment- Net of Tax	--	--	--	116,785	116,785
Remeasurement of defined benefit liability	--	--	--	--	--
Balance as at March 31, 2015	3,663,211	350,000	16,419	(15,512,531)	(11,482,901)

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 NINE MONTHS ENDED MARCH 31 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 March 31, 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 March 31, 2015 and the Profit and Loss Account, Statement of Changes in Equity and the Cash Flow Statement for the nine months period ended March 31, 2015.

2.3 These comparative Balance Sheet presented in these condensed interim financial statements as March 31, 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 nine months period ended March 31, 2014. The comparative profit and loss for the quarter ended March 31, 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, 2014, except as described below:

IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendment that requires an entity to recognise actuarial gains and losses (renamed as remeasurements) immediately in other comprehensive income. Actuarial gains and losses will no longer be deferred using the corridor approach or recognised in profit or loss. Past service costs will be recognised in the period of a plan amendment and will no longer be spread over a future-service period.

Consequent to the application of amended IAS 19, the Company's policies for staff retirement benefits in respect of remeasurements and past service costs stand amended as 'past service costs and amounts arising as a result of remeasurements are recognized in balance sheet immediately with a charge or credit to other comprehensive income in the periods in which they occur.

The interim condensed financial information for the ninth month ended March 31, 2015 reflects loss after taxation of Rs.0.503 billion (June 2014: Rs. 1.006 billion) and as of that date it has accumulated losses of Rs.15.513 billion (June 2014: Rs.15.126 billion) which have resulted in net capital deficiency of Rs.11.483 billion (June 2014: Rs.11.101 billion) and its current liabilities exceeded its current assets by Rs.18.186 billion (June 2014: Rs.14.944 billion) and total assets by Rs.8.469 billion (June 2014: 7.912 billion).

#### 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 half yearly financial statements for the period ended December 31,2014.

#### 6 DATE OF AUTHORIZATION FOR ISSUE

These financial statement have been authorized for issue on April 23, 2015 by the board of Directors of the company.

#### 7 GENERAL

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



Dewan Muhammad Yousuf Farooqui  
Chief Executive/Chairman Board of Directors



Haroon Iqbal  
Director



## CONDENSED INTERIM OPERATING RESULTS (UNAUDITED) FOR THE QUARTER ENDED MARCH 31, 2014

	Notes	MAR. 31, 2015 (Rupees in '000)	MAR. 31, 2014
Sales		-	-
Cost of sales (fixed costs)		154,253	179,517
Gross loss		(154,253)	(179,517)
Distribution cost		345	1,126
Administration expenses		6,266	9,967
		6,611	11,093
Operating loss		(160,864)	(190,610)
Finance cost		(61,491)	(115,177)
Other income		957	(750)
		(60,534)	(115,927)
(Loss) / before taxation		(100,330)	(74,683)
Taxation			
Current		-	-
Deferred		(20,054)	(22,939)
		(20,054)	(22,939)
(Loss) / after taxation		(80,276)	(51,744)
Loss per share - Basic ( Rupees )		(0.22)	(0.14)
Loss per share - Diluted ( Rupees )		(0.21)	(0.13)

*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

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Karachi - 75350, Pakistan. Ph: 021-34321533-35 Fax: 021-34321533