

DEWAN SALMAN FIBRE LIMITED

Quarterly Report
March 31, 2016



YD | A YOUSUF DEWAN COMPANY

DEWAN SALMAN FIBRE LIMITED

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COMPANY INFORMATION

BOARD OF DIRECTORS		
EXECUTIVE DIRECTOR	:	DEWAN MUHAMMAD YOUSUF FAROOQUI CEO & CHAIRMAN BOARD OF DIRECTORS MR. ZAFAR ASIM
NON-EXECUTIVE DIRECTORS	:	DEWAN ABDUL REHMAN FAROOQUI MR. HAROON IQBAL MR. GHAZANFAR BABER SIDDIQI SYED MUHAMMAD ANWAR
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	:	MR. ZAFAR ASIM
COMPANY SECRETARY	:	MR. MUHAMMAD HANIF GERMAN
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 (K.P.K.)
HEAD OFFICE	:	FINANCE & TRADE CENTRE BLOCK-A, 7TH FLOOR, SHAHRAH-E-FAISAL, KARACHI.
REGISTERED OFFICE	:	PLOT NO. 6, STREET NO. 9, FAYYAZ MARKET, G-8/2, ISLAMABAD, PAKISTAN
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 BANK AL FALAH 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 UNITED BANK LIMITED

DEWAN SALMAN FIBRE LIMITED

DIRECTORS' 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 months ended on March 31, 2016 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

During the period under review, the Government has confirmed the provisional anti-dumping duty on the import of PSF (keeping different duty slabs brand wise) which had given some respite to the local industry to bridge their negative margins to some extent. However the downstream textile industry during the period did not show much growth but the uninterrupted gas supply to the mills situated in the Punjab region in lieu of imported LNG became helpful in reducing the cost of production which was quite encouraging for the industry. Due to that factor the local PSF sales also showed some increase, however the local yarn rates were not in accordance with the increased PSF prices.

Since your company's operations are closed, it seems to be quite difficult to resume the operations 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 (2015-Rs.nil) during the period under review suffered gross loss of Rs.423.336 million. (2015 Rs. 474.109 million) And loss after taxation amounted to Rs. 463.307 million. (2015 Rs. 503.278 million)

ACKNOWLEDGEMENT

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 Muhammad Yousuf Farooqui
Chief Executive/Chairman Board of Directors

Karachi: April 25, 2016

DEWAN SALMAN FIBRE LIMITED

**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT MARCH 31, 2016**

<u>EQUITY AND LIABILITIES</u>	Notes	UN-AUDITED MAR. 31, 2016	AUDITED JUNE 30, 2015
SHARE CAPITAL AND RESERVES			
(Rupees in '000)			
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		(15,909,113)	(15,551,315)
		(12,245,902)	(11,888,104)
Surplus on revaluation of property, plant and equipment		1,813,454	1,920,153
NON CURRENT LIABILITIES			
Long term loans		146,383	146,383
Deferred liabilities		816,738	868,692
CURRENT LIABILITIES			
Trade and other payables		7,611,297	7,602,995
Short term borrowings		7,153,055	7,153,055
Overdue portion of long term loans		3,268,824	3,203,724
Overdue portion of liability against assets subject to finance lease		33,085	54,145
Provision for taxation		160,864	160,864
		18,227,125	18,174,783
Contingencies and commitments		--	--
		8,757,797	9,221,907
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment		5,662,805	6,060,875
Long term investments		145,013	146,203
CURRENT ASSETS			
Stores and spares		922,101	922,101
Stock in trade		--	--
Trade debts		1,516,573	1,583,419
Advances - Considered good		39,366	39,186
Short term deposits and prepayments		160,553	160,553
Other receivables - Considered good		77,994	77,568
Cash and bank balances		10,393	9,002
		2,726,979	2,791,829
Non current assets held for sale		223,000	223,000
		8,757,797	9,221,907

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 NINE MONTHS ENDED MARCH 31, 2016**

Notes	March 31, 2016	March 31, 2015
	(Rupees in '000)	
Sales	—	—
Cost of sales (fixed costs)	423,336	474,109
Gross loss	(423,336)	(474,109)
Distribution cost	1,035	1,035
Administration expenses	26,579	26,399
	27,614	27,434
Operating loss	(450,951)	(501,543)
Finance cost	64,909	72,806
Other income	—	(10,909)
	64,909	61,897
(Loss) / before taxation	(515,860)	(563,440)
Taxation		
Current	—	—
Deferred	(52,553)	(60,162)
	(52,553)	(60,162)
(Loss) / after taxation	(463,307)	(503,278)
Loss per share - Basic (Rupees)	(1.26)	(1.37)
Loss per share - Diluted (Rupees)	(1.20)	(1.30)

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



Dewan Muhammad Yousuf Farooqui
Chief Executive/Chairman Board of Directors



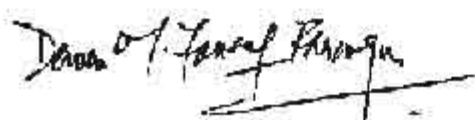
Haroon Iqbal
Director

DEWAN SALMAN FIBRE LIMITED

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2016**

	March 31, 2016	March 31, 2015
	(Rupees in '000)	
Net loss after taxation	(463,307)	(503,278)
Comprehensive income transferred to equity	(463,307)	(503,278)
Net change in fair value of available-for-sale financial assets	(1,190)	4,429
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	159,252	176,947
Related deferred tax	(52,553)	(60,162)
	106,699	116,785
Total comprehensive loss transferred to equity	(357,798)	(382,064)

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, 2016**

	March 31, 2016	March 31, 2015
	(Rupees in '000)	
Cash Flow from Operating Activities		
Loss before taxation	(515,860)	(563,440)
Adjustments for:		
Depreciation	398,068	443,038
Unwinding discount	--	11,031
Amortization of prepayments	--	3,194
Other Income	--	(10,909)
Provision for gratuity	2,257	6,621
Financial charges	64,909	61,775
cash outflow before working capital changes	(50,626)	(48,690)
Movement in working capital (Note A)	74,719	44,620
Cash generated /(used) from operations	24,093	(4,070)
Payments for:		
Staff gratuity	(1,463)	(2,185)
Financial charges	(3)	(13)
Tax	(176)	(212)
	(1,642)	(2,410)
Net cash generated in operating activities	22,451	(6,480)
Cash Flow from Investing Activities		
Sale proceed of investment	--	8,054
	--	8,054
Cash Flow from Financing Activities		
Liabilities against assets subject to finance lease - Net	(21,060)	--
Net cash outflow from financing activities	(21,060)	--
Net Increase/ (decrease) in cash and cash equivalents	1,391	1,574
Cash and cash equivalents at beginning	(2,963,893)	(2,965,671)
Cash and cash equivalents at 30 September (Note B)	(2,962,502)	(2,964,097)
Note - A		
Movement in Working Capital (Increase) / decrease in current assets		
Trade Debts	66,846	47,777
Advances	(180)	(2,097)
Other receivables	(249)	(240)
Increase / (decrease) in current liabilities		
Trade and other payables	8,302	(820)
	74,719	44,620
Note - B		
Cash and Cash Equivalents		
Cash and cash equivalents include:		
Cash and bank balances	10,393	8,798
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)
	(2,962,502)	(2,964,097)

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



Dewan Muhammad Yousuf Farooqui
Chief Executive/Chairman Board of Directors



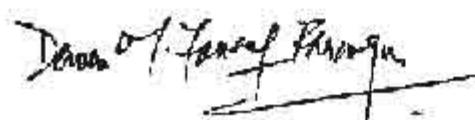
Haroon Iqbal
Director

DEWAN SALMAN FIBRE LIMITED

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2016**

	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	--	--	--	(938,811)	(938,811)
Net changes in fair value of available for sale financial assets	--	--	(10,778)	--	(10,778)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment- Net of Tax	--	--	--	158,072	158,072
Remeasurement of defined benefit liability	--	--	--	4,250	4,250
Balance as at June 30, 2015	<u>3,663,211</u>	<u>350,000</u>	<u>1,212</u>	<u>(15,902,527)</u>	<u>(11,888,104)</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	--	--	--	(463,307)	(463,307)
Net changes in fair value of available for sale financial assets	--	--	(1,190)	--	(1,190)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment- Net of Tax	--	--	--	106,699	106,699
Remeasurement of defined benefit liability	--	--	--	--	--
Balance as at December 31, 2015	<u>3,663,211</u>	<u>350,000</u>	<u>22</u>	<u>(16,259,135)</u>	<u>(12,245,902)</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 NINE MONTHS ENDED MARCH 31, 2016**

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, 2016 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, 2016 and the Profit and Loss Account, Statement of Changes in Equity and the Cash Flow Statement for the nine months period ended March 31, 2016.

2.3 These comparative Balance Sheet presented in these condensed interim financial statements as March 31, 2016 has been extracted from the annual audited financial statements of the company for the year ended June 30, 2015 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, 2015. The comparative profit and loss for the quarter ended March 31, 2015 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:

DEWAN SALMAN FIBRE LIMITED

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 nine months ended March 31, 2016 reflect loss after taxation of Rs. 0.463 billion (June 2015: Rs 0.938 billion) and as of that date it has accumulated losses of Rs. 16.629 billion (June 2015: Rs.15.902 billion) which have resulted in net capital deficiency of Rs. 12.245 billion (June 2015: Rs. 11.889 billion) and its current Liabilities exceeded its current assets by Rs. 15.500 billion (June 2015: Rs 15.383 billion) and total assets by Rs. 9.469 billion (June 2015: Rs 8.953 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, 2015.

6 **DATE OF AUTHORIZATION FOR ISSUE**

These financial statement have been authorized for issue on April 25, 2016 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

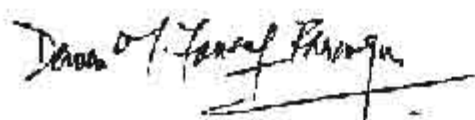


Haroon Iqbal
Director

**CONDENSED INTERIM OPERATING RESULTS (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2016**

	Notes	March 31, 2016 (Rupees in '000)	March 31, 2015
Sales		--	--
Cost of sales		139,892	154,253
Gross loss		(139,892)	(154,253)
Distribution cost		345	345
Administration expenses		9,243	6,266
		9,588	6,611
Operating loss		(149,480)	(160,864)
		--	--
Finance cost		8,174	61,491
Other income		--	(957)
		8,174	60,534
Loss before taxation		(157,654)	(221,398)
Taxation			
Current		--	--
Deferred		(18,579)	(20,054)
		(18,579)	(20,054)
Loss after taxation		(139,075)	(201,344)
Loss per share - Basic (Rupees)		(0.38)	(0.55)
Loss per share - Diluted (Rupees)		(0.36)	(0.52)

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 - 75300, Pakistan. Ph: 021-34331533-35 Fax: 021-34321533