

Half Yearly Report

December 31, 2016



DEWAN SALMAN FIBER LIMITED

 YD | A YIVSIL DEWAN COMPANY

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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	:	MR. HAROON IQBAL MR. GHAZANFAR BABER SIDDIQI SYED MUHAMMAD ANWAR MR. MUHAMMAD BAQAR JAFFERI
INDEPENDENT DIRECTOR	:	MR. AZIZ-UL-HAQUE
AUDIT COMMITTEE	:	MR. AZIZ-UL-HAQUE - CHAIRMAN MR. HAROON IQBAL - MEMBER SYED MUHAMMAD ANWAR - MEMBER
HUMAN RESOURCE & REMUNERATION COMMITTEE	:	MR. HAROON IQBAL - CHAIRMAN DEWAN MUHAMMAD YOUSUF FAROOQUI - MEMBER SYED MUHAMMAD ANWAR - 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 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 UNITED BANK 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 half year ended on December 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, your company remained closed. However, the polyester industry has performed relatively better in terms of sales volumes while the PSF prices also remained high due to increased raw material cost. High raw cotton prices also supported the PSF prices to surge. The capacity utilization of the whole industry remained at the sustainable levels during the period under review. The downstream industry has also experienced some improvement as the blended yarn prices increased in lieu of higher PSF prices which turned to be a sigh of relief for the spinning industry to keep their operations running. The energy supply to the whole industry became less turbulent which also helped the industry to keep their capacity utilizations at sustainable levels.

The imported PSF quantities showed little dip during the period under review which allowed the PSF local industry to increase their sales.

FINANCIAL PERFORMANCE

Company recorded net sales of Rs.nil (2015-Rs.nil) during the period under review suffered gross loss of Rs.256.483 million. (2015 Rs. 283.444 million) And loss after taxation amounted to Rs. 239.261 million. (2015 Rs. 340.579 million)

AIDITOR'S OBSERVATION

- a) In Para (a) of their review report they did not agree with the going concern assumption used in preparation of interim condensed financial statements accordingly they have given their adverse opinion on the interim condensed financial statements. However, the management is in process of negotiation with the bankers and is confident that the outcome will be positive. The justification regarding preparation of interim condensed financial statements on going concern assumption are more fully explained in note 2 to the interim condensed financial statements.
- b) The company has not made provision of mark up for the period amounting Rs. 0.807 Billion on its markup bearing liabilities. The management has approached its bankers/financial institutions for restructuring of its obligations. The management is confident that the company's restructuring proposals will be accepted by the financial institutions. Therefore the company has not made any provision for mark-up.

- c) Para (c) of the report relates to valuation and classification of investment in Dewan petroleum (pvt) Limited using the equity method as required under International Accounting Standards 28 Investment in Associates which the company has classified as held for sale. The management's intention to sell this investment within next accounting cycle in the manner to be deemed appropriate, equitable, fit and beneficial to the interests of the company, which will enable to resume operation of the company. For the purpose special resolution was passed in 2008 has been expired, however the management will seek further shareholders, approval before disposal of the same.
- d) Trade debts amounting to Rs. 1.752 billion are stagnant, not being recovered, against which a provision of Rs.0.408 billion has been made so far. Since these trade debts are doubtful of recovery therefore the provision should be made there against. Had provision been made, loss for the period would have been further higher by Rs.1.344 billion. Management of your company taking utmost efforts to recover these debts, we believe that there will be positive response from debtors and will take our position accordingly.
- e) Para (e) of the report relates to the revaluation of the assets of the company as per the requirements of International Accounting Standard – 16 'Property, Plant and Equipment'. Previously the revaluation was carried out in the year 2010. As you are aware that your company is not in operation since December 2008, the revaluation of fixed assets was not carried out subsequent to the year 2010. However, the management of the company is pushing hard towards the revival of the company and the moment your company is operational, the required revaluation will be done in no time.
- f) Para (f) reports that there is no physical count of inventories as at 30 June 2016 as the management did not carry out the same. As stated above that the operations of your company are closed. And there is no movement in the inventory. Therefore, the net value of inventory Rs.867.845 million has remained stagnant. However, the management of your company is keeping strict control and security of the inventories.

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



Haroon Iqbal
Director

Karachi: February 25, 2017

Feroze Sharif Tariq & Co.

CHARTERED ACCOUNTANTS

Partners : **FEROZE QAISER FCA**

Ali Husain FCA

Mohammad Tariq FCA, ACMA

4 / N / 4, BLOCK-6, P.E.C.H.S. SOCIETY
KARACHI-75400

FARUQ ALI & CO.

CHARTERED ACCOUNTANTS

222-A, Karachi Memon Cooperative
Housing Society, Justice Inamullah Road,
Near Hill Park, Karachi-74800.
Email: faac@cyber.net.pk

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of Dewan Salman Fibre Limited as at 31 December 2016, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "condensed interim financial information") for the six months' period then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures for the quarters ended 31 December 2016 and 31 December 2015 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion thereon.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Bases for adverse conclusion

- a) The condensed interim financial information of the company for the period ended 31 December 2016 reflects loss after taxation of Rs.0.239 billion and as of that date it has accumulated losses of Rs.16.706 billion which resulted in net capital deficiency of Rs.12.685 billion and its current liabilities exceeded its current assets by Rs.15.743 billion and total assets by Rs.10.076 billion. The operations of the Company are closed since December 2008 due to working capital constraints. Furthermore, the company has been unable to ensure timely repayments of debts owing to financial institutions due to liquidity problems and short term finance facilities have expired and not been renewed by banks. Following course, lenders have gone into litigation for repayment of liabilities through attachment and sale of company's hypothecated / mortgaged properties and certain lenders have also filed winding up petitions. These conditions lead us to believe that the going concern assumption used in preparation of this condensed interim financial information is inappropriate; consequently the assets and liabilities should have been stated at their realizable and settlement amounts respectively.

Feroze Sharif Tariq & Co.

CHARTERED ACCOUNTANTS

Partners : **FEROZE QAISER FCA**

Ali Husain FCA

Mohammad Tariq FCA, ACMA

4 / N / 4, BLOCK-6, P.E.C.H.S. SOCIETY
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FARUQ ALI & CO.

CHARTERED ACCOUNTANTS

222-A, Karachi Memon Cooperative
Housing Society, Justice Inamullah Road,
Near Hill Park, Karachi-74800.
Email: faac@cyber.net.pk

- b) The Company has not made provision of markup for the period amounting to Rs.0.807 billion (up to June 30, 2016: Rs.16.005 billion) (refer note 10) on account of restructuring proposal offered to the lenders as described in note 2 to the condensed interim financial information. Non-provisioning of markup is based on management's hope that the restructuring proposal will be accepted by lenders in the proposed manner. In our opinion, since the proposal has not been accepted by the lenders so far and the lenders, instead of accepting the restructuring proposal, have preferred filing suits against the company, therefore the provision of markup should be made in this condensed interim financial information. Had the provision of markup been made in the condensed interim financial information, the loss after taxation for the period would have been higher by Rs.0.807 billion and markup payable would have been higher and shareholders' equity would have been lower by Rs.16.812 billion.
- c) Investment in associate Dewan Petroleum (Private) Limited is disclosed as non-current assets held for sale (refer note 9 to the condensed interim financial information) although the resolution for the permission to sale the same has been expired during financial year ended 30 June 2008. This investment is to be shown / valued at equity method as prescribed in International Accounting Standard – 28 'Investment in associates'. We are unable to quantify the effect of the same as latest audited accounts of Dewan Petroleum (Private) Limited were not made available.
- d) Trade debts amounting to Rs.1.752 billion are stagnant, not being recovered, against which a provision of Rs.0.408 billion has been made so far. Since these trade debts are doubtful of recovery therefore the provision should be made there against. Had the provision been made, loss for the year would have been further higher by Rs.1.344 billion.
- e) The revaluation of certain classes of operating fixed assets of the company was carried out during the year ended 30 June 2010. As per requirements of International Accounting Standard – 16 'Property, Plant and Equipment', revaluation is required to be carried out with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date, whereas no revaluation has been conducted since then. The carrying amounts of said classes of operating fixed assets may not reflect their fair values as at balance sheet date. In the absence of further revaluation, we are unable to quantify the effect that such a revaluation would have on the said assets.
- f) We, in our audit report on annual financial statements mentioned that we did not observe counting of physical inventories as at 30 June 2016 as the management did not carry out the same. We were unable to satisfy ourselves by alternative means concerning the inventory quantities held at 30 June 2016 which were stated in the balance sheet as of June 30, 2016 at net value of Rs.867.845 million. The net carrying amount of same as of 31 December 2016 is Rs.867.845 million.

Adverse conclusion

Our review indicates that, because of the significance of the matters discussed in paragraph (a) coupled with financial impact of matter discussed in paragraph (b) to (f) above, this condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.



Chartered Accountants
(Muhammad Ghalib)



Chartered Accountants
(Muhammad Faisal Nini)

Karachi : February 25, 2017

**CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2016**

	Notes	(Un-audited)	(Audited)
		31 December 2016	30 June 2016
----- (Rupees in '000) -----			
<u>EQUITY AND LIABILITIES</u>			
SHARE CAPITAL AND RESERVES			
Authorized capital			
630,000,000 (June 2016: 630,000,000) Ordinary shares of Rs. 10/- each		6,300,000	6,300,000
90,000,000 (June 2016: 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 share capital		3,663,211	3,663,211
Reserves		(16,347,840)	(16,180,724)
		<u>(12,684,629)</u>	<u>(12,517,513)</u>
Surplus on revaluation of property, plant and equipment		1,709,835	1,775,765
NON-CURRENT LIABILITIES			
Long term loans		171,823	162,734
Deferred liabilities		726,916	774,896
CURRENT LIABILITIES			
Trade and other payables		528,723	526,020
Short term borrowings		14,196,096	14,196,096
Overdue portion of long term loans		3,270,924	3,266,724
Overdue portion of lease liabilities	5	54,145	54,145
Provision for taxation		160,864	160,864
		<u>18,210,752</u>	<u>18,203,849</u>
Contingencies and commitments	6	--	--
		<u>8,134,697</u>	<u>8,399,731</u>
<u>ASSETS</u>			
NON-CURRENT ASSETS			
Property, plant and equipment	7	5,290,681	5,529,604
Long term investments	8	153,542	147,327
CURRENT ASSETS			
Stores and spares		867,845	867,845
Trade debts - Unsecured		1,344,279	1,377,334
Advances		9,530	9,385
Short term deposits		160,553	160,553
Other receivables - Considered good		76,939	76,733
Cash and bank balances		8,328	7,950
		<u>2,467,474</u>	<u>2,499,800</u>
Non-current assets held-for-sale	9	223,000	223,000
		<u>8,134,697</u>	<u>8,399,731</u>

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



Dewan Muhammad Yousuf Farooqui
Chief Executive / Chairman Board of Directors



Haroon Iqbal
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

		31 December 2016	31 December 2015
	Notes	----- (Rupees in '000) -----	
Sales		--	--
Cost of sales (fixed costs)		(256,483)	(283,444)
Gross loss		(256,483)	(283,444)
Distribution cost		(829)	(690)
Administration expenses		(17,383)	(17,336)
		(18,212)	(18,026)
Operating loss		(274,695)	(301,470)
Finance cost	10	(13,297)	(73,083)
Loss before taxation		(287,992)	(374,553)
Taxation			
Current		--	--
Deferred		48,731	33,974
		48,731	33,974
Loss after taxation		(239,261)	(340,579)
Loss per share - Basic and diluted	(Rupees)	(0.65)	(0.93)

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



Dewan Muhammad Yousuf Farooqui
Chief Executive / Chairman Board of Directors



Haroon Iqbal
Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	31 December 2016	31 December 2015
	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(287,992)	(374,553)
Adjustments for non-cash and other items:		
Depreciation	238,923	265,637
Provision for gratuity	3,101	2,376
Finance cost	13,297	73,276
	<u>(32,671)</u>	<u>(33,264)</u>
Movement in working capital (Note A)	35,407	36,386
Cash (used in) / generated from operations	2,736	3,122
Payments for:		
Staff gratuity	(2,350)	(489)
Finance cost	(8)	(2)
Taxes	--	(144)
	<u>(2,358)</u>	<u>(635)</u>
Net cash flows from operating activities	378	2,487
CASH FLOW FROM INVESTING ACTIVITIES	--	--
CASH FLOW FROM FINANCING ACTIVITIES	--	--
Net increase in cash and cash equivalents	378	2,487
Cash and cash equivalents at beginning	<u>(2,964,945)</u>	<u>(2,963,893)</u>
Cash and cash equivalents at 31 December (Note B)	<u><u>(2,964,567)</u></u>	<u><u>(2,961,406)</u></u>
Note - A		
Movement in working capital		
<i>(Increase) / decrease in current assets</i>		
Trade debts	33,055	29,248
Advances	(145)	(130)
Other receivables	(206)	(175)
<i>Increase / (decrease) in current liabilities</i>		
Trade and other payables	2,703	7,443
	<u>35,407</u>	<u>36,386</u>
Note - B		
Cash and cash equivalents		
Cash and cash equivalents include:		
Cash and bank balances	8,328	11,489
Short term finances:		
- Short term running finances	(2,970,019)	(2,970,019)
- Book overdraft	(2,876)	(2,876)
	<u>(2,972,895)</u>	<u>(2,972,895)</u>
	<u><u>(2,964,567)</u></u>	<u><u>(2,961,406)</u></u>

The annexed notes form an integral part of this condensed interim 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 HALF YEAR ENDED DECEMBER 31, 2016**

	Issued, subscribed and paid-up capital	General Reserve	Unrealized gain due to changes in fair value of investments	Accumulated Loss	Total
	(Rupees in '000)				
Balance as at 1 July 2015	3,663,211	350,000	1,212	(15,902,527)	(11,888,104)
Total comprehensive (loss) for the period					
Loss for the period	--	--	--	(340,579)	(340,579)
Net change in fair value of available-for-sale financial assets	--	--	(1,256)	--	(1,256)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - Net of tax	--	--	--	72,194	72,194
	--	--	(1,256)	(268,385)	(269,641)
Balance as at 31 December 2015	3,663,211	350,000	(44)	(16,170,912)	(12,157,745)
Balance as at 1 July 2016	3,663,211	350,000	2,336	(16,533,060)	(12,517,513)
Total comprehensive (loss) for the period					
Loss for the period	--	--	--	(239,261)	(239,261)
Net change in fair value of available-for-sale financial assets	--	--	6,215	--	6,215
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - Net of tax	--	--	--	65,930	65,930
	--	--	6,215	(173,331)	(167,116)
Balance as at 31 December 2016	3,663,211	350,000	8,551	(16,706,391)	(12,684,629)

The annexed notes form an integral part of this condensed interim 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 HALF YEAR ENDED DECEMBER 31, 2016**

	31 December 2016	31 December 2015
	----- (Rupees in '000) -----	
Net loss after taxation	(239,261)	(340,579)
Net change in fair value of available-for-sale financial assets	6,215	(1,256)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	95,551	106,168
Related deferred tax	(29,621)	(33,974)
	65,930	72,194
Total comprehensive loss transferred to equity	<u>(167,116)</u>	<u>(269,641)</u>

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



Dewan Muhammad Yousuf Farooqui
Chief Executive / Chairman Board of Directors



Haroon Iqbal
Director

3.2 The figures of the condensed interim profit and loss account for the quarters ended 31 December 2016 and 2015 have not been reviewed by the auditors of the company as they have reviewed the cumulative figures for the half year ended 31 December 2016 and 2015. The condensed interim financial information does not include all the information and disclosure required in the annual financial statements, and should be read in conjunction with the company's annual financial statements for the year ended 30 June 2016.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, significant accounting estimates and judgments adopted and applied in the preparation of the condensed interim financial information are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 30 June 2016.

5 OVERDUE PORTION OF LEASE LIABILITIES

Principal terms and condition of the outstanding lease liabilities have remained the same as disclosed in the financial statements of the Company for the year ended 30 June 2016.

6 CONTINGENCIES AND COMMITMENTS

The status of contingencies and commitments are same as reported in the annual financial statements for the year ended 30 June 2016.

	(Un-audited) Dec. 31, 2016	(Audited) June 30, 2016
	(Rupees in '000)	
7 PROPERTY PLANT AND EQUIPMENT		
Operating fixed assets	5,147,868	5,386,791
Capital work in progress	142,813	142,813
	<u>5,290,681</u>	<u>5,529,604</u>
8 LONG TERM INVESTMENTS		
<i>Investment in listed securities</i>		
Pakistan Strategic Allocation Fund (2,204,000 certificates (June 2016: 2,204,000 certificates) of Rs.10/- each)	22,040	22,040
Accumulated unrealised gain	8,551	2,336
	30,591	24,376
<i>Investment in non-listed securities</i>		
Global Securities (Pvt) Limited 495,000 shares (June 2016: 495,000 shares) of Rs.10/- each at a premium of Rs.40.92/- per share	25,205	25,205
Equity investment in Dewan Petroleum (Pvt) Limited 12,000,000 shares (June 2016: 12,000,000 shares) of Rs.10/- each at a premium of Rs.8.583/- per share	223,000	223,000
Shares application money - Dewan Petroleum (Pvt.) Ltd	97,746	97,746
	320,746	320,746
Less: Transferred to non-current assets held-for-sale	(223,000)	(223,000)
	<u>153,542</u>	<u>147,327</u>

9 NON-CURRENT ASSETS HELD-FOR-SALE

This represent equity investment in Dewan Petroleum (Pvt.) Limited representing 12 million ordinary shares of Rs. 10/- each. The investment has been classified as held for sale upon management's intention to sell the same within next accounting cycle in the manner to be deemed appropriate, equitable, fit and beneficial to the interests of the company, which will enable to resume operations of the company. For the purpose special resolution was passed by the shareholders in the Extra Ordinary General Meeting of the Company held on 23 June 2008, which was expired during the preceding financial year, however the management will seek further shareholders' approval before disposal of the same.

10 FINANCE COST

The Company has not made the provision of mark-up amounting to Rs. 0.807 billion (Upto 30 June 2016: Rs.16.005 billion) keeping in view of the financial restructuring proposed to the lenders as disclosed in note 2. Management is hopeful that the restructuring proposal will be accepted by the lenders. Had the provision been made the loss for the period would have been higher by Rs.0.807 billion and accrued mark-up would have been higher and shareholders' equity would have been lower by Rs.16.812 billion. The said non provisioning is departure from the requirements of IAS-23 'Borrowing Costs'.

11 TRANSACTIONS WITH RELATED PARTIES

There were no transactions with related parties during the period under consideration.

12 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 "Interim Financial Reporting", balance sheet has been compared with the balances of annual financial statements, whereas profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity have been compared with the balances of comparable period of immediately preceding financial year.

The corresponding figures have been reclassified, restated and rearranged wherever necessary to facilitate comparison. significant reclassification was payable to banks in respect of overdue letter of credits and related liabilities has been reclassified from trade creditors to short term borrowing as the same is payable to banks.

13 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information have been authorized for issue on 25 February 2017 by the Board of Directors of the Company.

14 GENERAL

The figures 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 RESULT (UN-AUDITED)
FOR THE QUARTER ENDED DECEMBER 31, 2016**

	Qtr Ended 31 December 2016	Qtr Ended 31 December 2015
	----- (Rupees in '000) -----	
Sales	--	--
Cost of sales	(129,509)	(141,753)
Gross loss	(129,509)	(141,753)
Distribution cost	(415)	(345)
Administration expenses	(9,156)	(9,609)
	(9,571)	(9,954)
Operating loss	(139,080)	(151,707)
Finance cost	(14,350)	(16,555)
Loss before taxation	(153,430)	(168,262)
Taxation		
Current	--	--
Deferred	33,443	16,457
	33,443	16,457
Loss after taxation	(119,987)	(151,805)
Loss per share - Basic and diluted (Rupees)	(0.33)	(0.41)

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



Dewan Muhammad Yousuf Farooqui
Chief Executive / Chairman Board of Directors



Haroon Iqbal
Director

ڈائریکٹر کا جائزہ

کمپنی کے بورڈ آف ڈائریکٹرز کی طرف سے مالی سال 2016-2017 کی دوسری سہ ماہی یعنی کہ 31 دسمبر 2016 کے لیے غیر آڈٹڈ ملخص عبوری مالیاتی رپورٹس حاضر خدمت ہیں۔ جو کمپنیز آرڈیننس 1984 کی دفعہ 245 (ترمیم شدہ 2002) اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کارپوریٹ گورننس کے ضابطے کے تحت پیش کیے جا رہے ہیں۔

کارکردگی

زیر جائزہ مدت کے دوران پوری کوششوں کے باوجود، ہم ورکنگ کیپٹل کی عدم دستیابی کی وجہ سے آپ کی کمپنی کے پلانٹس فعال کرنے کے قابل نہیں تھے۔ تاہم، آپ کی کمپنی کی انتظامیہ نے ملک کے سب سے بڑے پونٹ کے آپریٹرز کو پھر سے بحال کرنے کے لیے کوشاں ہے۔

جیسا کہ ہمارے گزشتہ آڈٹ مالیاتی رپورٹس میں وضاحت کی گئی ہے کہ کمپنی کو قرض دہندہ کے ساتھ مقدموں کا سامنا ہے، جنہیں مینجمنٹ خوش اسلوبی سے نمٹا رہی ہے اور کامل یقین رکھتی ہے کہ معزز عدالتوں کا فیصلہ آپ کی کمپنی کے حق میں ہوگا۔

صنعت کا مجموعی جائزہ

زیر جائزہ مدت کے دوران، آپ کی کمپنی بند رہی تاہم، پالیسٹرو صنعت نے فروخت کے اعداد و شمار کے لحاظ سے نسبتاً بہتر کارکردگی کا مظاہرہ کیا ہے جبکہ پی ایس ایف کی قیمتیں خام مال کی لاگت میں اضافہ کی وجہ سے بدستور اونچی سطح پر برقرار ہیں۔ اعلیٰ خام کپاس کی قیمتوں میں اضافہ بھی پی ایس ایف کی قیمتوں میں چڑھائی کا باعث بنا اور عمومی طور پر پوری صنعت کی پیداواری صلاحیت زیر جائزہ مدت کے دوران پائیدار سطح پر رہی۔

مرکب سوت کی کتابی کی صنعت چلانے والوں نے بھی پی ایس ایف کی چڑھی ہوئی قیمتوں کی وجہ سے سکون کا سانس لیا۔ جبکہ توانائی مہیا کرنے والے اداروں کی بلا تعطل رسد نے بھی صنعت کو پائیدار سطح پر رکھنے میں مدد کی۔

درآمدی پی ایس ایف کی مانگ بھی زیر جائزہ مدت کے دوران محدود یا کم سطح پر رہی، جس کا پھر پورا فائدہ مقامی صنعت نے حاصل کیا۔

مالیاتی کارکردگی

زیر جائزہ مدت کے دوران کمپنی کی مجموعی فروخت صفر رہی (2015: صفر)، کمپنی کا مجموعی نقصان 256.486 ملین روپے (2015: 283.444 ملین روپے) رہا۔ جبکہ ٹیکس کی کٹوتی کے بعد نقصان 239.261 ملین روپے (2015: 340.579 ملین روپے) رہا۔

آڈیٹر کے مشاہدے

(ا) پیرا (اے) میں رپورٹ کرتے ہیں کہ وہ گوبینگ کنسرن کے مفروضے پر ملخص عبوری مالیاتی رپورٹس کی تیاری پر راضی نہیں، اور اپنی منفی رائے رکھتے ہیں جبکہ کمپنی کے مطابق مینجمنٹ بینکاروں سے مسلسل مذاکرات کے عمل میں ہیں اور پر امید ہیں کہ نتیجہ مثبت ہوگا۔ ملخص عبوری مالیاتی رپورٹس کی گوبینگ کنسرن کے مفروضے پر تیاری کی مزید تاویل اس مالیاتی رپورٹ کے پیرا نمبر 2 میں دی گئی جاسکتی ہے۔

ب) زیر جائزہ مدت میں کمپنی نے بینکوں کو واجب الادا رقم پر مارک اپ کا تخمینہ نہیں لگایا جو کہ 0.807 ملین روپے بنتا ہے۔ کمپنی کی مینجمنٹ بینکوں/مالیاتی اداروں سے رابطے میں ہے تاکہ قرضوں کی واپسی کی نئی شرائط پر غور کیا جاسکے۔ انتظامیہ کو یقین ہے کہ کمپنی کی قرضوں سے متعلق گزارشات کو مالیاتی اداروں کی طرف سے قبول کیا جائے گا۔ لہذا کمپنی نے مارک اپ کے حوالے سے کوئی تخمینہ نہیں لگایا۔

(ج) پیرا (ج) کے مطابق کمپنی کی دیوان پر ولیم میں سرمایہ کاری کی درجہ بندی فروخت کے لیے رکھ چھوڑے اثاثہ جات کے خانے میں کی ہے جبکہ انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز کی شق 28 کے مطابق اس کا تخمینہ کو یعنی محقق کے ذریعہ کیا جانا تھا کمپنی اس سرمایہ کاری کو اگلے مالیاتی سال میں فروخت کرنے کا ارادہ رکھتی تھی تاکہ حاصل ہونے والی رقم کمپنی کے آپریشن دوبارہ شروع کرنے میں مددگار ثابت ہوں۔ اس مقصد کے لیے 2008 میں ایک خصوصی قرارداد منظور کی گئی تھی جو کہ مذکورہ سال میں ہی اپنی معیاد پوری کر چکی۔ چنانچہ اس سرمایہ کاری کو فروخت کرنے کے لیے بوقت ضرورت تھیں یا فنڈنگ سے دوبارہ منظوری لی جائے گی۔

(د) آڈٹ رپورٹ یہ بھی واضح کرتی ہے۔ کہ گاہکوں کو دیا گیا تجارتی قرض 1.752 بلین روپے جس پر 0.408 بلین روپے کے مارک اپ کا تخمینہ لگایا گیا ہے ابھی تک واپس نہیں لیے گئے اور جمود کا شکار ہیں چونکہ ان قرضوں کی واپسی مشکوک ہے اس لیے نقصان کا تخمینہ لگانا ضروری ہے۔ اس بات کو مد نظر رکھتے ہوئے کمپنی نے مزید 1.344 بلین روپے نقصان کا تخمینہ لگایا ہے۔ آپ کی کمپنی کی انتظامیہ ان قرضوں کی وصولی کے لیے اپنی انتہائی کوشش کر رہی ہے۔ ہمیں قرضداروں سے مثبت رویے اور جلد از جلد قرضوں کی وصولی کی امید ہے۔

(ح) آڈیٹرز رپورٹ بین الاقوامی اکاؤنٹنگ اسٹینڈرڈز 16 پر اپرٹی، پلانٹ، ایکویپمنٹ کی نئی قدر و قیمت کی شق کی بھی نشاندہی کرتی ہے کمپنی نے سال 2010 میں آخری بار پر اپرٹی، پلانٹ، ایکویپمنٹ کی نئی قدر و قیمت کا تخمینہ لگایا تھا۔ جیسا کہ آپ کو معلوم ہے۔ کہ کمپنی آپریشن دسمبر 2008 سے منجمد ہیں۔ حالانکہ بینجمنٹ کمپنی کی بحالی کے لیے اپنی بھرپور توانائی استعمال کر رہی ہے۔ جیسے ہی کمپنی آپریشن بحال ہو سکے پر اپرٹی، پلانٹ، ایکویپمنٹ کی نئی قدر و قیمت کا تخمینہ وقت ضائع کیے بغیر لگایا جائے گا۔

(ف) پیرا (ف) کے مطابق 30 جون 2016 سے بینک انونٹری کا بنفٹ نفیس جائزہ نہیں لیا گیا۔ جیسا کہ پہلے بھی ذکر کیا گیا ہے کہ آپ کی کمپنی کے آپریشن بند ہیں اور انونٹری کے شمار میں کوئی تبدیلی نہیں آئی ہے۔ اس لیے انونٹری کی قیمت 867.845 بلین روپے پر منجمد ہے۔ تاہم، آپ کی کمپنی کی انتظامیہ انونٹری کی سخت نگرانی کر رہی ہے اور ابھی تک صورتحال مکمل کنٹرول میں ہے۔

اعتراف

(Salsabil) بورڈ کو قابل قدر حصص یا فنڈنگ، وفاقی اور صوبائی حکومت کے کارکنوں، بینکوں، مالیاتی اداروں اور سلسبیل کے گاہکوں سے امید ہے کہ، ماضی کی طرح ان کا تعاون، حمایت اور سرپرستی جاری رہے گی۔

بورڈ اپنی کمپنی کے ایگزیکٹوز، عملے کے ارکان کی طرف سے پیش کی گئی گراں قدر خدمات، وفاداری اور قابل ستائش کوششوں کو نہ صرف سراہتا ہے بلکہ وہ انہیں کمپنی کا سب سے قیمتی اثاثہ سمجھتا ہے۔

اختتام

آخر میں ہم اللہ جل جلالہ کے حضور یہ دعا مانگتے ہیں کہ رسول اللہ حضرت محمد صلی اللہ علیہ وسلم کے صدقے میں اپنے رحم و کرم اور برکتیں ہم پر نازل فرمائیں۔ ہمیں صراطِ مستقیم پر چلنے کی توفیق عطا فرمائیں۔ ہماری قوم اور ملک میں خوشحالی، امن، ہم آہنگی، تمام امت مسلمہ میں حقیقی اسلامی روح، بھائی چارگی اور اتحاد عطا فرمائیں، آمین، حمد آمین۔