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**DEWAN SALMAN FIBRE LIMITED**

**THIRD QUARTER REPORT MARCH 31, 2012**



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**DEWAN SALMAN FIBRE LIMITED**

Registrar: BMF Consultants Pakistan (Pvt) Ltd. Anum Estate, Room No. 310 & 311, 3rd floor,  
49, Darul Aman Society, Main Shahrāh-e-Faisal, Adjacent to Baloch Colony Bridge,  
Karachi - 75350, Pakistan. Ph: 021-34321533-35 Fax: 021-34321533



**A YOUSUF DEWAN COMPANY**

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## COMPANY INFORMATION

### BOARD OF DIRECTORS:

**Dewan Muhammad Yousuf Farooqui**  
President/ Chief Executive &  
Chairman Board Of Directors

**Dewan Asim Mushfique Farooqui**  
Managing Director

**Dewan Abdullah Ahmed**  
**Dewan Abdul Baqi Farooqui**  
**Haroon Iqbal**  
**Mansur Ul Haque**

### AUDIT COMMITTEE:

**Haroon Iqbal** Chairman  
**Mansur-ul-Haque** Member  
**Aziz-ul-Haque** Member

### COMPANY SECRETARY:

**Syed Muhammad Salahuddin**

### 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 No1. Dewan Farooque Industrial Park,  
Hattar, District Haripur (Kbk)

### HEAD OFFICE:

Finance & Trade Centre Block A 8Th Floor,  
Shara-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,  
3Rd Floor 49, Darul Aman Society,  
Main Shara-e-faisal, Adjacent To Baloch Colony Bridge,  
Karachi, Pakistan.

### BANKERS:

Al Baraka Islamic Investment Bank Limited  
Allied Bank Limited  
Askari Bank Limited  
Atlas Bank Limited  
Bank Alfalah Limited  
Bank Of Khyber Limited  
Bank Of Punjab Limited  
Bank Islami Pakistan Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
Hong Kong & Shangahi Banking Corporation  
Kasb Bank Limited  
Meezan Bank Limited  
Mybank Limited  
MCB Bank Limited  
National Bank Of Pakistan Limited  
Nib Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
Silk Bank Limited  
Soneri Bank Limited  
United Bank Limited

\*The Election Of The Board Of Directors Was Held On October 27,2011 As Announced In Notice Of Annual General Meeting Dated October 06,2011, However, We Are Continuing With The Previous Board Of Directors As Per The Ex-parte Order Of The Honorable High Court Of Sindh In Civil Suit Number 1288 / 2011 Dated October 26,2011, Till Final Order.

## **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 months ended on March 31,2012 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**

We made our best efforts to start the operation of the plant but due to non availability of Working Capital it was not possible to start operation of your company. 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 financial statements. The Management is fully confident that the Company will have favorable decision from the concerned courts.

### **INDUSTRY OVERVIEW**

Dewan Salman Fibre Limited's closure has benefitted the existing polyester manufacturers and they have increased their existing production capacities to the maximum. It is pertinent to mention here that existing polyester manufacturers despite of increasing their existing production capacities are unable to meet the current demand of the textile companies. The gap between demand and short fall in polyester production is met by importing polyester from abroad. It is expected that more than 100,000 Metric Tons of polyester will be imported in the year 2012. This will result in huge out flow of foreign exchange from our country.

### **OUTLOOK**

We had reported on the debt re-profiling exercise to you in the December 2011 accounts . This effort continues. And Insha-Allah we expect good progress and conclusion in the near future. The management of your company is making maximum possible efforts by pooling all its resources to make the plant operational in shortest possible time to bring back the past glory for which Dewan is known for.

### **FINANCIAL PERFORMANCE**

Company recorded net sales of Rs.183.756 million (2011-Rs.136.534 million) during the period under review suffered gross loss of Rs. 708.954 million.( 2011 Rs.748.882 million) And loss after taxation amounted to Rs.1,033.978 million. (2011 Rs.738.311 million)

## **DIRECTOR S REVIEW**

### **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)**

For and on behalf of the Board of Directors

Karachi: April 30, 2012



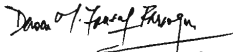
**Dewan Mohammad Yousuf Farooqui**  
President / Chief Executive

## Interim Condensed Balance Sheet - (Un-audited)


### As At March 31, 2012

	Note	(Un-audited) MAR 31, 2012	(Audited) June 30, 2011
------(Rupees in '000)-----			
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized Capital		6,300,000	6,300,000
630,000,000 (June 2011: 630,000,000)		900,000	900,000
90,000,000 (June 2011: 90,000,000)		<u>7,200,000</u>	<u>7,200,000</u>
Issued, subscribed and paid-up capital		3,663,211	3,663,211
Reserves		<u>(12,786,767)</u>	<u>(11,914,652)</u>
		(9,123,556)	(8,251,441)
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND NON CURRENT LIABILITIES</b>		2,493,156	2,650,928
Long term loans		344,638	328,564
Deferred liabilities		1,287,007	1,337,972
<b>CURRENT LIABILITIES</b>		<u>7,570,764</u>	<u>7,563,436</u>
Trade and other payables		7,204,268	7,216,655
Short term borrowings		2,972,724	2,875,074
Current and overdue portions of:		103,132	103,132
Long term loan		160,864	160,864
Liability against assets subject to finance lease		18,011,752	17,919,161
Provision for taxation		--	--
Contingencies and commitments	5	<u>13,012,997</u>	<u>13,985,185</u>
<b><u>ASSETS</u></b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment		8,237,574	8,847,278
Long-Term Investments		148,471	144,121
Long-Term Deposits Leased		9,788	9,788
Long-Term Prepayments		13,842	17,037
<b>CURRENT ASSETS</b>			
Stores and Spares		1,037,396	1,030,468
Stock-in-Trade		304,253	488,011
Trade Debts - Considered good		2,643,468	2,827,167
Advances - considered good		73,559	67,997
Short term deposits and prepayments		153,250	159,770
Other Receivables- Considered good		160,578	160,065
Cash and Bank Balances		<u>7,818</u>	<u>10,482</u>
		4,380,322	4,743,960
Non current assets held for sale		<u>223,000</u>	<u>223,000</u>
		<u>13,012,997</u>	<u>13,985,184</u>

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



**Dewan Mohammad Yousuf Farooqui**  
President / Chief Executive

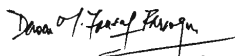


**Mansur-ul-Haque**  
Director

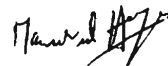
## Interim Condensed Profit & Loss Account (Un-audited) For The Nine Month Ended March 31, 2012

	MAR 31, 2012	MAR 31, 2011
------(Rupees in '000)-----		
Sales	183,756	136,534
Sales discount and commission	--	--
Net sales	<u>183,756</u>	<u>136,534</u>
Cost of sales	892,710	885,416
Gross loss	<u>(708,954)</u>	<u>(748,882)</u>
Distribution cost	9,679	10,997
Administration expenses	55,391	61,376
	<u>65,070</u>	<u>72,373</u>
Operating loss	<u>(774,024)</u>	<u>(821,255)</u>
Finance cost	98,325	14,012
Provision For doubtful debt	247,319	--
(Reversal)/Impairment in value of investement	--	--
Other income	(875)	(2,563)
	<u>344,769</u>	<u>11,449</u>
(Loss) / before taxation	<u>(1,118,793)</u>	<u>(832,704)</u>
Taxation		
Current	--	--
Deferred	(84,815)	(94,393)
	<u>(84,815)</u>	<u>(94,393)</u>
(Loss) / after taxation	<u><u>(1,033,978)</u></u>	<u><u>(738,311)</u></u>
Loss per share - Basic ( Rupees )	<u>(2.82)</u>	<u>(2.02)</u>
Loss per share - Diluted ( Rupees )	<u>(2.69)</u>	<u>(1.93)</u>

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



**Dewan Mohammad Yousuf Farooqui**  
President / Chief Executive



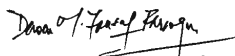
**Mansur-ul-Haqui**  
Director

## Interim Condensed Cash Flow Statement (Un-audited)

### For The Nine Month Ended March 31, 2012

	MAR 31, 2012	MAR 31, 2011
------(Rupees in '000)-----		
<b>Cash Flow from Operating Activities</b>		
Loss before taxation	(1,118,793)	(832,704)
Adjustments for:		
Depreciation	609,703	678,249
Amortization of prepayments	3,195	3,195
Provision for doubtful debt	247,319	--
Provision for gratuity	33,530	33,880
Financial charges	98,325	14,012
	<u>(126,721)</u>	<u>(103,368)</u>
Movement in working capital	( Note – A ) 120,983	<u>87,058</u>
Cash generated / used from operations	5,738	(16,310)
Payments for:		
Staff gratuity	(30)	(73)
Financial charges	(118)	(1,498)
Tax	(464)	--
	<u>(612)</u>	<u>(1,571)</u>
Net cash used/generated in operating activities	(6,350)	(17,881)
<b>Cash Flow from Investing Activities</b>		
Payment for capital expenditure	--	(55)
Long term Deposit Transferred To Short Term	--	9,788
Net cash used in investing activities	--	9,733
<b>Cash Flow from Financing Activities</b>		
Long term loans -net	16,074	6,742
Net cash outflow from financing activities	16,074	6,742
<b>Net Increase/ (decrease) in cash and cash equivalents</b>	9,724	(1,406)
<b>Cash and cash equivalents at beginning</b>	(2,974,801)	(2,975,500)
<b>Cash and cash equivalents at 31 March</b>	( Note – B ) <u>(20,965,077)</u>	<u>(2,976,906)</u>

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



**Dewan Mohammad Yousuf Farooqui**  
President / Chief Executive




**Mansur-ul-Haque**  
Director



## Interim Condensed Cash Flow Statement (Un-audited) For The Nine Month Ended March 31, 2012

<b>Note - A</b>	<b>MAR 31, 2012</b>	<b>MAR 31, 2011</b>
	----- <b>(Rupees in '000)</b> -----	
<b>Movement in Working Capital</b>		
<i>(Increase) / decrease in current assets</i>		
Stock-in-trade & stores	176,830	138,650
Trade Debts	(63,620)	(72)
Advances	(5,562)	(3,688)
Short term deposits and prepayments	6,520	(8,891)
Other receivables	(513)	4,918
<i>Increase / (decrease) in current liabilities</i>		
Trade and other payables	7,328	(43,859)
	<u>120,983</u>	<u>87,058</u>
<b>Note - B</b>		
<b>Cash and Cash Equivalents</b>		
Cash and cash equivalents include:		
Cash and bank balances	7,818	4,483
Short term finances:		
-Short term running finances	(2,970,019)	(2,971,676)
-Book Overdraft	(2,876)	(9,713)
	<u>(2,972,895)</u>	<u>(2,981,389)</u>
	<u>(2,965,077)</u>	<u>(2,976,906)</u>

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

  
**Dewan Mohammad Yousuf Farooqui**  
 President / Chief Executive

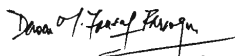
  
**Mansur-ul-Haque**  
 Director

## Condensed Interim Statement Of Changes In Equity (Un-audited)

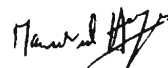
### For The Nine Month Ended March 31, 2012

	Issued Subscribed and Paid up Capital	General reserve	Unrealized gain / (Loss) due to change in fair value of Investments	Accumulated Loss	Total
------(Rupees in '000)-----					
Balance as at July 1, 2010	3,663,211	350,000	--	(11,232,178)	(7,218,967)
Comprehensive loss for the period	--	--	2,948	(1,035,422)	(1,032,472)
Balance as at June 30, 2011	<b>3,663,211</b>	<b>350,000</b>	<b>2,948</b>	<b>(12,267,600)</b>	<b>(8,251,441)</b>
Balance as at July 1, 2011	3,663,211	350,000	2,948	(12,267,600)	(8,251,441)
Comprehensive loss for the period	--	--	4,349	(876,464)	(872,115)
Balance as at March 31, 2012	<b>3,663,211</b>	<b>350,000</b>	<b>7,297</b>	<b>(13,144,064)</b>	<b>(9,123,556)</b>

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



**Dewan Mohammad Yousuf Farooqui**  
President / Chief Executive

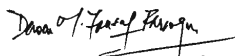


**Mansur-ul-Haque**  
Director

## Interim Condensed Statement Of Comprehensive Income - (Un-audited) For The Nine Months Ended March 31, 2012

	MAR 31, 2012	MAR 31, 2011
------(Rupees in '000)-----		
Net loss after taxation	(1,033,978)	(738,311)
Comprehensive income transferred to equity	(1,033,978)	(738,311)
Net change in fair value of available-for-sale financial assets	4,349	2,868
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	242,329	269,694
Related deferred tax	(84,815)	(94,393)
	157,514	175,301
Total comprehensive loss for the period	(872,115)	(560,142)
Total comprehensive loss transferred to equity	<b>(872,115)</b>	<b>(560,142)</b>

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



**Dewan Mohammad Yousuf Farooqui**  
President / Chief Executive



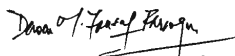
**Mansur-ul-Haque**  
Director

## Interim Condensed Operating Results - (Un-audited)

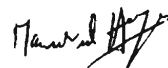
### For The Quarter Ended March 31, 2012

	Qtr Ended MAR 31, 2012	Qtr Ended MAR 31, 2011
------(Rupees in '000)-----		
Sales	15,083	5,316
Sales Discount and Commission	--	--
Net Sales	15,083	5,316
Cost of Sales	273,557	256,743
Gross Loss	(258,474)	(251,427)
Distribution Cost	3,166	3,439
Administration Expenses	16,879	16,472
Less Amortization of Negative Goodwill	--	--
	20,045	19,911
Operating Loss	(278,519)	(271,338)
Finance Cost	19,459	212
Other income	--	(275)
	19,459	(63)
Loss before taxation	(297,978)	(271,275)
Taxation		
Current	--	--
Deferred	(28,179)	(31,464)
	(28,179)	(31,464)
Loss after taxation	(269,799)	(239,811)
Loss per share - Basic (Rupees)	(0.74)	(0.65)
Loss per share - Diluted (Rupees)	(0.70)	0.63

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



**Dewan Mohammad Yousuf Farooqui**  
President / Chief Executive



**Mansur-ul-Haque**  
Director

## **Notes To The Interim Condensed Financial Information (Un-audited) For The Nine Months Ended March 31, 2012**

### **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

### **2 BASIS OF PREPARATION**

- 2.1** These condensed interim financial statements of the company are for the nine months period ended March 31, 2012 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 Exchanges.
- 2.2** These interim financial Statements comprises of the Balance Sheet as at March 31, 2012 and the profit and loss account, Statement of Changes in Equity and the cash flow statement for the nine months period ended March 31, 2012.
- 2.3** These comparative Balance sheet presented in these condensed interim financial Statements as March 31, 2012 has been extracted from the annual audited financial Statements of the company for the year ended June 30, 2011 whereas 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 31,2011. The comparative profit and loss for the quarter ended March 31,2011 is also included in these condensed interim financial statement.

### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- 3.1** The accounting policies adopted in the preparation of this 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, 2011.
- 3.2** The preparation of interim condensed financial information in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors,including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.The estimates and judgment applied by management in preparation of these interim condensed financial information is same as those applied in preparation of annual financial statements of the company for the year ended June 30,2011.

### **4 SHORT TERM BORROWINGS**

The Short term borrowings has not been renewed by the Bank as of Balance sheet date.

## 5 CONTINGENCIES AND COMMITMENTS

In addition to the contingencies and commitments as reported in the annual financial statements for the year ended June 30, 2011 three lender have further filed suits against the company for recovery of their liabilities through attachment and sale of company's hypothecated properties. The additional suits amount is RS.2.546 billion. The company's stance in these additional cases is same as disclosed in annual financial statements for the year ended June 30, 2011.

## 6 DATE OF AUTHORIZATION FOR ISSUE

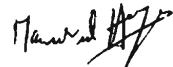
These financial statement have been authorized for issue on April 30, 2012 by the Board of Directors of the Company.

## 7 GENERAL

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



**Dewan Mohammad Yousuf Farooqui**  
President / Chief Executive



**Mansur-ul-Haque**  
Director