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DEWAN SALMAN FIBRE LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS	:	MR. ZAFAR ASIM
EXECUTIVE DIRECTOR	:	CEO & CHAIRMAN BOARD OF DIRECTORS MR. SALEEM-UL-HAQUE
NON-EXECUTIVE DIRECTORS	:	MR. HAFEEZ AHMED MR. MUHAMMAD IRFAN ALI MR. MUHAMMAD WAJID MR. AHSAN BILAL
INDEPENDENT DIRECTOR	:	MR. ASGHAR IQBAL
AUDIT COMMITTEE	:	MR. ASGHAR IQBAL - CHAIRMAN MR. MUHAMMAD WAJID - MEMBER MR. HAFEEZ AHMED - MEMBER
HUMAN RESOURCE & REMUNERATION COMMITTEE	:	MR. MUHAMMAD IRFAN ALI - CHAIRMAN MR. ZAFAR ASIM - MEMBER MR. AHSAN BILAL - MEMBER
CHIEF FINANCIAL OFFICER	:	MR. SALEEM-UL-HAQUE
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 LIMITED	:	BMF CONSULTANTS PAKISTAN (PRIVATE) 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 MEEZAN BANK LIMITED SUMMIT BANK LIMITED NATIONAL BANK OF PAKISTAN 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 3rd quarter ended on March 31, 2018 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

The period under review was slightly better for the polyester manufacturers both in terms of sales volumes and price. Due to devaluation of Pak rupee the PSF manufacturers had to increase their PSF price due to imported raw material.

Although the downstream spinning and weaving industry remained under pressure as the price impact was not totally absorbed by the downstream industry due to their own market dynamics. Moreover, the current political instability also played a significant role in keeping the investors on the sidelines. Your company remained closed during the period under review.

FINANCIAL PERFORMANCE

Company recorded net sales of Rs.nil (2017-Rs.nil) during the period under review suffered gross loss of Rs.547.218 million. (2017 Rs.387.501 million) And loss after taxation amounted to Rs. 794.417 million. (2017 Rs.380.941 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



Zafar Asim

Chief Executive / Chairman Board of Directors

Karachi: 25th April 2018

DEWAN SALMAN FIBRE LIMITED

**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT MARCH 31, 2018**

	UN-AUDITED MARCH, 31, 2018	AUDITED Re-Styled JUNE 30, 2017
(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	(17,234,732)	(16,681,079)
Surplus on revaluation of property, plant and equipment	3,748,553	3,989,317
	<u>(9,822,968)</u>	<u>(9,028,551)</u>
NON CURRENT LIABILITIES		
Long term loans	191,015	180,911
Deferred liabilities	1,496,851	1,603,141
CURRENT LIABILITIES		
Trade and other payables	533,572	533,228
Short term borrowings	14,196,095	14,196,095
Overdue portion of long term loans	3,491,424	3,273,024
Overdue portion of liability against assets subject to finance lease	54,145	54,145
Provision for taxation	161,769	161,769
	<u>18,437,005</u>	<u>18,218,261</u>
Contingencies and commitments	--	--
	<u>10,301,903</u>	<u>10,973,763</u>
<u>ASSETS</u>		
NON CURRENT ASSETS		
Property, plant and equipment	7,763,805	8,305,995
Long term investments	122,951	122,951
CURRENT ASSETS		
Stores and spares	786,461	813,589
Trade debts	1,144,840	1,250,625
Advances - Considered good	11,169	8,522
Short term deposits and prepayments	160,553	160,553
Other receivables - Considered good	78,403	77,943
Cash and bank balances	10,721	10,585
	<u>2,192,147</u>	<u>2,321,817</u>
Non current assets held for sale	223,000	223,000
	<u>10,301,903</u>	<u>10,973,763</u>

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



Zafar Asim
Chief Executive /
Chairman Board of Directors



Hafeez Ahmed
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

	Nine Months Ended		Quarter Ended	
	Mar 31, 2018 (Rupees in '000)	Mar 31, 2017 (Rupees in '000)	Mar 31, 2018 (Rupees in '000)	Mar 31, 2017 (Rupees in '000)
Sales	--	--	--	--
Cost of sales (fixed costs)	574,218	387,501	193,924	131,018
Gross loss	(574,218)	(387,501)	(193,924)	(131,018)
Distribution cost	1,366	1,496	455	667
Administration expenses	28,825	25,573	8,961	8,190
	30,191	27,069	9,416	8,857
Operating loss	(604,409)	(414,570)	(203,340)	(139,875)
Finance cost	227,833	12,236	104,681	1,061
Provision for doubtful debts	42,764	--	--	--
Provision for obsolescence / slow moving stocks	27,580	--	--	--
	298,177	12,236	104,681	1,061
(Loss) / before taxation	(902,586)	(426,806)	(308,021)	(138,814)
Taxation				
Deferred	(108,169)	(45,865)	(36,056)	(2,866)
(Loss) / after taxation	<u>(794,417)</u>	<u>(380,941)</u>	<u>(271,965)</u>	<u>(135,948)</u>
Loss per share - Basic (Rupees)	<u>(2.17)</u>	<u>(1.04)</u>	<u>(0.74)</u>	<u>(0.33)</u>
Loss per share - Diluted (Rupees)	<u>(2.06)</u>	<u>(0.99)</u>	<u>(0.70)</u>	<u>(0.32)</u>

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



Zafar Asim
Chief Executive /
Chairman Board of Directors



Hafeez Ahmed
Director

DEWAN SALMAN FIBRE LIMITED

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

	Nine Months Ended		Quarter Ended	
	Mar 31, 2018	Mar 31, 2017 Re-Styled (Rupees in '000)	Mar 31, 2018	Mar 31, 2017 Re-Styled (Rupees in '000)
Net loss after taxation	(794,417)	(380,941)	(193,924)	(131,018)
Comprehensive income transferred to equity	(794,417)	(380,941)	(193,924)	(131,018)
Net change in fair value of available-for-sale financial assets	--	6,215	--	--
Total comprehensive loss transferred to equity	(794,417)	(374,726)	(193,924)	(131,018)

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



Zafar Asim
Chief Executive /
Chairman Board of Directors



Hafeez Ahmed
Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
'FOR THE NINE MONTHS ENDED MARCH 31, 2018**

	Mar 31, 2018	Mar 31, 2017
	(Rupees in '000)	
Cash Flow from Operating Activities		
Loss before taxation	(902,586)	(426,806)
Adjustments for:		
Depreciation	542,258	358,897
Unwinding discount	10,104	9,089
Provision for gratuity	8,046	1,853
Provision for doubtful debts	42,312	--
Provision for obsolescence / slow moving stocks	28,032	--
Financial charges	217,729	3,147
cash outflow before working capital changes	<u>(54,105)</u>	<u>(53,820)</u>
Movement in Working Capital		
<i>(Increase) / decrease in current assets</i>		
Trade Debts	62,430	61,678
Advances	(2,647)	948
Other receivables	(249)	(474)
<i>Increase / (decrease) in current liabilities</i>		
Trade and other payables	343	3,842
Movement in working capital	59,877	65,994
Cash generated /(used)from operations	<u>5,772</u>	<u>12,174</u>
Payments for:		
Staff gratuity	(5,421)	(4,092)
Financial charges	(4)	(7)
Tax	(211)	(472)
	<u>(5,636)</u>	<u>(4,571)</u>
Net cash generated in operating activities	136	7,603
Cash Flow from Investing Activities	--	--
Cash Flow from Financing Activities	--	--
Net Increase/ (decrease) in cash and cash equivalents	136	7,603
Cash and cash equivalents at beginning	<u>(2,962,310)</u>	<u>(2,964,945)</u>
Cash and cash equivalents at 30 September	<u>(2,962,174)</u>	<u>(2,957,343)</u>
Note - A		
Cash and Cash Equivalents		
Cash and cash equivalents include:		
Cash and bank balances	10,721	15,552
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>(2,962,174)</u>	<u>(2,957,343)</u>

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



Zafar Asim
Chief Executive /
Chairman Board of Directors



Hafeez Ahmed
Director

DEWAN SALMAN FIBRE LIMITED

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

	Issued, subscribed and paid-up capital	General reserve	Unrealized gain/ (loss) due to change in fair value of investment	Revaluation Surplus on property plant & equipment	Accumulated loss	Total
	(Rupees in '000)					
Balance as at July 1, 2016	3,663,211	350,000	2,336	1,775,765	(16,533,060)	(10,741,748)
Comprehensive loss for the period	-	-	-	-	(380,941)	(380,941)
Net changes 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	-	-	-	(97,462)	97,462	-
Balance as at March 31, 2017 (Re-Stated)	<u>3,663,211</u>	<u>350,000</u>	<u>8,551</u>	<u>1,678,303</u>	<u>(16,816,539)</u>	<u>(11,116,474)</u>
Balance as at July 1, 2017	3,663,211	350,000	-	3,989,317	(17,031,079)	(9,028,551)
Total Comprehensive loss for the period						
Comprehensive loss for the period	-	-	-	-	(794,417)	(794,417)
Net changes in fair value of available for sale financial assets	-	-	-	-	-	-
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - Net of tax	-	-	-	(240,764)	240,764	-
Balance as at March 31, 2018	<u>3,663,211</u>	<u>350,000</u>	<u>3,748,553</u>	<u>(17,584,732)</u>	<u>(9,822,968)</u>	

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



Zafar Asim
Chief Executive /
Chairman Board of Directors



Hafeez Ahmed
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

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 This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

* International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

* Provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These interim financial Statements comprises of the Balance Sheet as at March 31, 2018 and the Profit and Loss Account, Statement of Changes in Equity and the Cash Flow Statement for the quarter ended March 31, 2018.

2.3 These comparative Balance Sheet presented in these condensed interim financial statements as March 31, 2018 has been extracted from the annual audited financial statements of the company for the year ended June 30, 2017 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 quarter ended March 31, 2017.

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, 2017.

3.2 Change in accounting policy for revaluation surplus on property, plant and equipment

Previously, the Company's accounting policy for surplus on revaluation of property, plant and equipment was in accordance with the provisions of section

DEWAN SALMAN FIBRE LIMITED

235 of the repealed Companies Ordinance 1984. Further, the revaluation of property, plant and equipment was shown as a separate item below equity, in accordance with the presentation requirement of the repealed Companies Ordinance 1984.

However, in the Companies Act 2017 the above mentioned specific accounting and presentation requirements of surplus on revaluation of property, plant and equipment have not been carried forward. This change has impacted the accounting policy of the company related to surplus on revaluation of property, plant and equipment, and now the Company is following the accounting treatment and presentation of surplus on revaluation of property, plant and equipment, prescribed in IAS-16 'Property, plant and equipment' as follows:

Any revaluation increase arising on the revaluation of property, plant and equipment is recognised in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of property, plant and equipment is charged to profit or loss to the extent that it exceeds the balance, if any, held in the Revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The revaluation surplus to the extent of incremental depreciation charged (net of deferred tax) is transferred to accumulated loss.

The change in accounting policy has been applied retrospectively, and comparative figures have been restated. Had the policy not been changed, the shareholders' equity would have been lower by Rs.3.748 billion (2017:Rs.3.989 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 yearly financial statements for the year ended March 31, 2018.

6 DATE OF AUTHORIZATION FOR ISSUE

These financial statement have been authorized for issue on 25th April 2018 by the board of Directors of the company.

7 GENERAL

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



Zafar Asim

Chief Executive /
Chairman Board of Directors



Hafeez Ahmed

Director

ڈائریکٹر کا جائزہ

کمپنی کے بورڈ آف ڈائریکٹرز کی طرف سے مالی سال 2017-2018 کی تیسری سہ ماہی یعنی کہ 31 مارچ 2018 کے لیے غیر آڈٹ ٹھنص عبوری مالیاتی رپورٹس حاضر خدمت ہیں۔ جو کہ گینیز 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 کمپنیل کی عدم دستیابی کی وجہ سے آپ کی کمپنی کے پائٹس فعال کرنے کے قابل نہیں تھے۔ تاہم، آپ کی کمپنی کی انتظامیہ بلک کے سب سے بڑے پونٹ کے آپریٹنگ کو پھر سے بحال کرنے کے لیے کوشاں ہے۔

جیسا کہ ہمارے گزشتہ آڈیٹ رپورٹس میں وضاحت کی گئی تھی کہ کمپنی کو قرض دہندہ کے ساتھ مقدموں کا سامنا ہے، جنہیں مینجمنٹ خوش اسلوبی سے نبھانے لگی ہے اور کامل یقین رکھتی ہے کہ معزز عدالتوں کا فیصلہ آگے کمپنی کے حق میں ہوگا۔

صنعت کا مجموعی جائزہ

زیر جائزہ مدت پالیسیٹر صنعتکاروں کے لئے قیمت اور فروخت کے حجم کے اعتبار سے بہتر تھی۔ تاہم پاکستانی کرنسی کی قدر میں گرائی اور خام مال کی برآمدگی کی وجہ سے پی ایس ایف کے صنعتکاروں کو پی ایس ایف کی قیمتوں میں اضافہ کرنا پڑا۔ چنانچہ کتناہی اور بنائی کی صنعت بھی دباؤ کا شکار ہیں، مذکورہ صنعت چڑھے ہوئے بازار کے اعتبار سے قیمتوں میں اضافے کا اثر قبول نہیں کر سکی، مزید برآں حالیہ سیاسی عدم استحکام نے بھی سرمایہ کاروں کو پی ایس ایف کی صنعت سے دور رکھے ہیں، ہم کردار ادا کیا۔ زیر جائزہ مدت کے دوران آپ کی کمپنی بند رہی۔

مالیاتی کارکردگی

زیر جائزہ مدت کے دوران کمپنی کی مجموعی فروخت مفر رہی (2017: مفر)، کمپنی کا مجموعی نقصان 574.218 ملین روپے (2017: 387.501 ملین روپے) رہا۔ جبکہ گیس کی کٹوتی کے بعد نقصان 794.417 ملین روپے (2017: 380.941 ملین روپے) رہا۔

اعتراف

سلسیل بورڈ قابل قدر حصص یافتگان، وفاقی اور صوبائی حکومت کے کارکنوں، بینکوں، مالیاتی اداروں اور سلسیل کے گاہکوں سے امید کرتی ہے کہ، باطنی 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 گرانقدر خدمات، وفاداری اور قابل ستائش کوششوں کو نہ صرف سراہتا ہے بلکہ وہ انہیں اپنی کمپنی کا سب سے قیمتی سرمایہ 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 فرما۔ ہمیں صراط مستقیم پر چلنے کی توفیق عطا فرما۔ ہماری قوم اور ملک میں خوشحالی، امن، ہم آہنگی، تمام امت مسلمہ میں حقیقی اسلامی روح، بھائی چارگی اور اتحاد عطا فرما، آمین، حمد آمین۔ یارب العالمین



ظفر عاصم

کراچی؛

تاریخ: 25 اپریل 2018ء

چیف ایگزیکٹو افسیسر مین بورڈ آف ڈائریکٹرز