



## CONTENTS

Company Information.....	3
Directors' Review.....	4
Auditors' Review Report.....	6
Condensed Interim Statement of Financial Position.....	8
Condensed Interim Statement of Profit and Loss .....	9
Condensed Interim Statement of Cash Flow .....	10
Condensed Interim Statement of Changes in Equity.....	11
Condensed Interim Statement of Comprehensive Income.....	12
Notes to the Condensed Interim Financial Statement.....	13
ڈائریکٹرز کا جائزہ .....	17-18

## COMPANY INFORMATION

BOARD OF DIRECTORS			
NON-EXECUTIVE DIRECTORS	:	MR. MUHAMMAD IRFAN ALI MR. FARRUKH SAJJAD MR. MUHAMMAD WAJID MR. SHAFQATULLAH	- CHAIRMAN BOARD OF DIRECTORS
EXECUTIVE DIRECTORS	:	MR. ZAFAR ASIM MR. SALEEM-UL-HAQUE	- CHIEF EXECUTIVE OFFICER
INDEPENDENT DIRECTOR	:	MR. ASGHAR IQBAL	
AUDIT COMMITTEE	:	MR. ASGHAR IQBAL MR. MUHAMMAD WAJID MR. MUHAMMAD IRFAN ALI	- CHAIRMAN - MEMBER - MEMBER
HUMAN RESOURCE & REMUNERATION COMMITTEE	:	MR. ASGHAR IQBAL MR. ZAFAR ASIM MR. MUHAMMAD WAJID	- CHAIRMAN - MEMBER - 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	:	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 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 half year ended on December 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 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.

#### FINANCIAL PERFORMANCE

Company recorded net sales of Rs.nil (2017-Rs.nil) during the period under review suffered gross loss of Rs. 344.456 million (2017 Rs. 380.294 million). And loss after taxation amounted to Rs. 738.088 million. (2017 Rs. 522.452 million)

#### INDUSTRY OVERVIEW

The period under review turned out to be quite satisfactory for the polyester industry as the PSF manufacturers enjoyed good profitability in addition to better sales volume. The capacity utilization of the local PSF makers remained at the optimum levels as the market size did not fluctuate too much.

The availability of PTA & MEG (PSF raw materials) also showed some steady trends during the period under review, however their landed cost rose significantly due to devaluation of the Pak rupee.

Import of Chinese PSF remained under the limits since the local PSF makers kept their prices in accordance with the imported PSF.

In the earlier quarter, the downstream spinning and weaving industry remained under some pressure as their cost of raw material went up and for a while, the spinning industry faced some difficulty in passing on their increased raw material cost. Later on the spinners became comfortable as their downstream industry showed good response in terms of demand and rate acceptability. Moreover, due to Pak rupee devaluation, the exports became more viable which enabled the exporters to enjoy good margins. Your company remained closed during the period under review.

#### AUDITORS' 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 Rs1.239 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.

## DEWAN SALMAN FIBRE LIMITED

- d) Trade debts amounting to Rs. 1.625 billion are stagnant, not being recovered, against which a provision of Rs.0.619 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.1.006 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.

### 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*



**Muhammad Irfan Ali**  
Chairman Board of Directors



**Zafar Asim**  
Chief Executive

Karachi

Date: February 25, 2019

## ***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 statement of financial position of Dewan Salman Fibre Limited ('the Company') as at 31 December 2018 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and other comprehensive income for the three months period ended 31 December 2018 and 31 December 2017 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 statements 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 statement of the Company for the period ended 31 December 2018 reflects loss after taxation of Rs.0.738 billion and as of that date it has accumulated losses of Rs.18.568 billion which resulted in net capital deficiency of Rs.10.861 billion and its current liabilities exceeded its current assets by Rs.16.939 billion and total assets by Rs.9.336 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 statement is inappropriate; consequently, the assets and liabilities should have been stated at their realizable and settlement amounts respectively.
- b) The Company has not made provision of markup for the period amounting to Rs.1.239 billion (up to December 31, 2018: Rs.20.556 billion) (refer note 10) on account of restructuring proposal offered to the lenders as described in note 2 to the condensed interim financial statements. 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 statements. Had the provision of markup been made in the condensed interim financial statement, the loss after taxation for the period would have been higher by Rs.1.239 billion and markup payable would have been higher and shareholders' equity would have been lower by Rs.20.556 billion.

## ***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.***

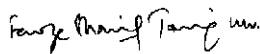
### **CHARTERED ACCOUNTANTS**

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

- 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 statement) 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 Rs1.625 billion are stagnant, not being recovered, against which a provision of Rs0.619 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 1.006 billion.

#### **Adverse conclusion**

Our review indicates that, because of the significance of the matter discussed in paragraph (a) coupled with financial impact of matter discussed in paragraph (b) to (d) above, this condensed interim financial statement 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, 2019



A YOUSUF DEWAN COMPANY

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018

AS AT DECEMBER 31, 2018		(Un-audited) 31 December 2018	(Audited) 30 June 2018
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES		Notes	
Authorized share capital		----- (Rupees in '000) -----	
630,000,000 (June 2018: 630,000,000) Ordinary shares of Rs. 10/- each		6,300,000	6,300,000
90,000,000 (June 2018: 90,000,000) Preference shares of Rs. 10/- each		900,000	900,000
		7,200,000	7,200,000
Issued, subscribed and paid-up share capital		3,663,211	3,663,211
Revenue reserves		(18,217,607)	(17,628,165)
Capital reserves			
Surplus on revaluation of property, plant and equipment		3,693,547	3,800,321
		(10,860,849)	(10,164,633)
NON-CURRENT LIABILITIES			
Long term loans		212,352	201,120
Deferred liabilities		1,312,717	1,416,235
CURRENT LIABILITIES			
Trade and other payables		942,016	938,597
Short term borrowings		13,794,714	13,794,714
Overdue portion of long term liabilities		4,032,769	3,675,769
Provision for taxation		161,769	161,769
		18,931,268	18,570,849
CONTINGENCIES AND COMMITMENTS		6	--
		9,595,488	10,023,571
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		7	7,257,773
Long term investments		8	25,205
CURRENT ASSETS			
Stores and spares		721,354	748,482
Stock in trade		--	--
Trade debts - Unsecured		1,006,713	1,083,005
Advances		13,240	12,199
Short term deposits		160,553	160,553
Other receivables - Considered good		78,487	78,208
Cash and bank balances		12,163	12,872
		1,992,510	2,095,319
Non-current asset held for sale		9	320,000
		9,595,488	10,023,571

The annexed notes form an integral part of the condensed interim financial statements.

**Zafar Asim**  
Chief Executive

**Saleem-ul-Haque**  
Chief Financial Officer

**Muhammad Irfan Ali**  
Chairman Board of Directors



**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS - (Un-audited)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

	Half Year Ended		Quarter Ended	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Notes	----- (Rupees) -----			
Sales	--	--	--	--
Cost of sales - Fixed costs	(344,456)	(380,294)	(171,493)	(189,980)
Gross loss	(344,456)	(380,294)	(171,493)	(189,980)
Operating expenses				
Distribution cost	(1,002)	(911)	(501)	(456)
Administrative expenses	(18,448)	(19,864)	(9,063)	(10,694)
	(19,450)	(20,775)	(9,564)	(11,150)
Operating loss	(363,906)	(401,069)	(181,057)	(201,130)
Finance cost	(367,133)	(123,152)	(255,108)	(113,739)
Other charges	(67,763)	(70,344)	(67,763)	(70,344)
	(434,896)	(193,496)	(322,871)	(184,083)
Loss before taxation	(798,802)	(594,565)	(503,928)	(385,213)
Taxation - Net	60,714	72,113	(46,408)	36,057
<b>Loss after taxation</b>	<b>(738,088)</b>	<b>(522,452)</b>	<b>(550,336)</b>	<b>(349,156)</b>
Loss per share - Basic and diluted	(2.01)	(1.43)	(1.50)	(0.95)

*The annexed notes form an integral part of these condensed interim financial statements.*



**Zafar Asim**  
Chief Executive



**Saleem-ul-Haque**  
Chief Financial Officer



**Muhammad Irfan Ali**  
Chairman Board of Directors



A YOUSUF DEWAN COMPANY

## CONDENSED INTERIM STATEMENT OF CASH FLOWS - (Un-audited) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

		31 December 2018	31 December 2017
	Notes	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before taxation		(798,802)	(594,565)
<b>Adjustments for non-cash and other items:</b>			
Depreciation	7	325,274	361,513
Unwinding of discount		11,232	--
Provision for gratuity		1,838	2,650
Provision for doubtful debts / advances / receivables		40,635	43,216
Provision for obsolescence and slow moving stocks and stores		27,128	27,128
Finance cost		357,001	123,152
Cash outflows before working capital changes		(35,694)	(36,906)
<b>Movement in working capital</b>			
<i>(Increase) / decrease in current assets</i>			
Trade debts - Unsecured		35,657	34,630
Advances		(1,041)	(1,290)
Other receivables		(199)	(199)
<i>Increase in current liabilities</i>			
Trade and other payables		3,419	3,461
		37,836	36,602
Cash generated from / (used in) from operations		2,142	(304)
<b>Payments for:</b>			
Staff gratuity		(2,770)	(120)
Finance cost			(3)
Taxation		(80)	(139)
		(2,851)	(262)
Net cash outflows from operating activities		(709)	(566)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
		--	--
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
		--	--
Net decrease in cash and cash equivalents		(709)	(566)
Cash and cash equivalents at beginning of the period		(2,960,023)	(2,962,310)
<b>Cash and cash equivalents at end of the period</b>		<b>(2,960,732)</b>	<b>(2,962,876)</b>

The annexed notes form an integral part of the condensed interim financial statements.

**Zafar Asim**  
Chief Executive

**Saleem-ul-Haque**  
Chief Financial Officer

**Muhammad Irfan Ali**  
Chairman Board of Directors

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - (Un-audited)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

Issued, subscribed and paid-up share capital	Revenue reserves			Capital reserves		Total equity
	General reserve	Accumulated losses	Total revenue reserves	Surplus on revaluation of property, plant and equipment	Total capital reserves	

(Rupees)

Balance as on 1 July 2017 - <i>As restated</i>	3,663,211	350,000	(17,121,229)	(16,771,229)	4,079,468	4,079,468	(9,028,550)
Loss for the period ended 31 December 2017	--	--	(522,452)	(522,452)	--	--	(522,452)
Other comprehensive income	--	--	--	--	46,524	46,524	46,524
Total comprehensive income for the period - <i>As restated</i>	--	--	(522,452)	(522,452)	46,524	46,524	(475,928)
Transfer to accumulated losses on account of incremental depreciation - Net of tax	--	--	162,836	162,836	(162,836)	(162,836)	--
Balance as at 31 December 2017 - <i>As restated</i>	<b>3,663,211</b>	<b>350,000</b>	<b>(17,480,846)</b>	<b>(17,130,846)</b>	<b>3,963,157</b>	<b>3,963,157</b>	<b>(9,504,478)</b>
Balance as on 1 July 2018	3,663,211	350,000	(17,978,165)	(17,628,165)	3,800,321	3,800,321	(10,164,633)
Loss for the period ended 31 December 2018	--	--	(738,088)	(738,088)	--	--	(738,088)
Other comprehensive income	--	--	--	--	41,872	41,872	41,872
Total comprehensive loss for the period	--	--	(738,088)	(738,088)	41,872	41,872	(696,216)
Transfer to accumulated losses on account of incremental depreciation - Net of tax	--	--	148,646	148,646	(148,646)	(148,646)	--
<b>Balance as at 31 December 2018</b>	<b>3,663,211</b>	<b>350,000</b>	<b>(18,567,607)</b>	<b>(18,217,607)</b>	<b>3,693,547</b>	<b>3,693,547</b>	<b>(10,860,849)</b>

The annexed notes form an integral part of the condensed interim financial statements.



**Zafar Asim**  
Chief Executive



**Saleem-ul-Haque**  
Chief Financial Officer



**Muhammad Irfan Ali**  
Chairman Board of Directors

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME - (Un-audited)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

	Half Year Ended	
	31 December 2018	31 December 2017
Notes	(Rupees in '000)	
Net loss after taxation	(738,088)	(522,452)
<b>Other comprehensive income</b>		
Impact of change in tax rate	41,872	46,524
<b>Total comprehensive loss for the period</b>	<b>(696,216)</b>	<b>(475,928)</b>

*The annexed notes form an integral part of the condensed interim financial statements.*



**Zafar Asim**  
Chief Executive



**Saleem-ul-Haque**  
Chief Financial Officer



**Muhammad Irfan Ali**  
Chairman Board of Directors

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - (Un-audited) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

### 1 THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan on 4 October 1989 and its shares are listed on Pakistan Stock Exchange. It is engaged in manufacturing and sale of polyester, acrylic fibre and tow products. However, the operations of the Company are closed since December 2008.

The geographical location and address of Company's business units including plant is as under:

- The registered office of the Company is situated at Plot No. 6, street no. 9, Fayyaz market, G-8/2, Islamabad, Pakistan.
- The factory office of the Company is situated at Plot No. 1, Dewan Farooque Industrial Park, Hattar, District Haripur (K.P.K), Pakistan.
- The head office of the Company is situated at Finance and Trade Centre, Block-A, 7th Floor, Shahrah-e-Faisal, Karachi, Pakistan.

### 2 GOING CONCERN ASSUMPTION

The condensed interim financial statement for the half year ended 31 December 2018 reflects loss after taxation of Rs.0.738 billion (June 2018: Rs.1.183 billion) and as of that date it has accumulated losses of Rs.18.568 billion (June 2018: Rs.17.978 billion) which have resulted in net capital deficiency of Rs.10.861 billion (June 2018: Rs.10.165 billion) and its current liabilities exceeded its current assets by Rs.16.939 billion (June 2018: Rs.16.476 billion) and total assets by Rs.9.336 billion (June 2018: Rs.8.547 billion). The operations of the Company are closed since December 2008 due to working capital constraints. Further, 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 not been renewed by banks. Following course most of the lenders have gone into litigation for repayment of liabilities through attachment and sale of the Company's hypothecated / mortgaged properties and certain lenders have also filed winding up petitions. These conditions indicate the existence of material uncertainty, which may cast significant doubt about Company's ability to continue as going concern.

The condensed interim financial statements has been prepared on going concern assumption because the above conditions are temporary and would reverse. The management is confident that the outcome will be positive as the Company is negotiating re-profiling of the debt with all the lenders and is expected to be closed in near future. Accordingly, the Company has approached its lenders for the restructuring of its entire debt in the following manner:

- a) All the debt obligations of the Company be converted into Interest Bearing Long Term Loan in proportion to their respective current exposures;
- b) Principal to be repaid in 12 years in equal quarterly installments commencing from the 28th month of the restructuring date;
- c) Mark-up payable as on 31 December 2008 to be freezed and paid quarterly over a period of three years commencing after 3 months from the restructuring date;

The management believes that the restructuring proposal presented is workable and would enable the Company to service its debts. Therefore, the management is confident that the proposal will be accepted by its lenders. Accordingly, the condensed interim financial statements has been prepared on a going concern basis.



### 3 BASIS OF PREPARATION

- 3.1 These condensed interim financial statements of the Company for the six months ended 31 December 2018 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards 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 provisions of and directives issued under the Companies Act, 2017 differ from the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.
- 3.2 These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended 30 June 2018.
- 3.3 The figures included in the condensed interim profit and loss account for the quarters ended 31 December 2018 and 2017 and in the notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the accumulated figures for the half years ended 31 December 2018 and 2017.

### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 4.1 The accounting policies and methods of computation adopted and applied in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 30 June 2018, except as described below:

#### 4.1.1 New standards, amendments and interpretation to published approved accounting and reporting standards which are effective during the half year ended 31 December 2018

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Company's annual accounting period which began on 1 July 2018. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these condensed interim financial statements.

In addition to that two new standards (i.e. IFRS 9 and IFRS 15) have become applicable to the Company effective 1 July 2018. Because of these new standards certain changes to the Company's accounting policies have been made in light of the following paragraphs:

- IFRS 9 'Financial instruments' - This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.
- IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

## DEWAN SALMAN FIBRE LIMITED

The changes laid down by these standard do not have any significant impact on these condensed interim financial statements of the Company.

### 4.1.2 New standards and amendments to published approved accounting and reporting standards that are not yet effective

There is a new standard, certain amendments and an interpretation to the approved accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after 1 July 2019. However, these will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim financial statements.

## 5 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from these judgements, estimates and assumptions.

However, the management believes that the change in outcome of judgements, estimates and assumptions would not have a material impact on the amounts disclosed in these condensed interim financial statements.

Judgements and estimates made by the management in the preparation of these condensed interim financial statements and financial risk management objectives and policies are the same as those applied in the Company's annual audited financial statements for the year ended 30 June 2018.

## 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 2018.

	(Un-audited) Dec. 31, 2018	(Audited) June 30, 2018
	----- (Rupees in '000) -----	
<b>7 PROPERTY PLANT AND EQUIPMENT</b>		
Operating fixed assets	7,114,960	7,440,234
Capital work in progress	142,813	142,813
	<u>7,257,773</u>	<u>7,583,047</u>
<b>7.1 Operating fixed assets - At cost less accumulated depreciation</b>		
Opening carrying value	7,440,234	8,163,182
Additions during the period / year	--	137
Disposal during the period / year (book value)	--	(76)
Depreciation charged during the period / year	(325,274)	(723,009)
Closing carrying value	<u>7,114,960</u>	<u>7,440,234</u>
<b>8 LONG TERM INVESTMENTS</b>		
Global Securities (Pvt) Limited (495,000 Shares (June 2018: 495,000 shares) of Rs.10/- each at a premium of Rs.40.92/- per share	25,205	25,205
	<u>25,205</u>	<u>25,205</u>



**8.1** Since these investments are in unquoted companies therefore these are measured at cost less accumulated impairment because the fair value can not be measured reliably.

**9 NON-CURRENT ASSETS HELD-FOR-SALE**

This represent equity investment in Dewan Petroleum (Private) Limited representing 12.6 million ordinary shares of Rs. 10/- each at a premium of Rs.15.397/-. 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.1.239 billion (Upto 31 December 2018: Rs.20.556 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.1.239 billion and accrued mark-up would have been higher and shareholders' equity would have been lower by Rs.20.566 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**

The corresponding figures have been reclassified, restated and rearranged wherever necessary to facilitate comparison. However there is no significant reclassification has been made in these condensed interim financial statements.

**13 DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statement have been authorized for issue on February 25, 2019 by the Board of Directors of the Company.

**14 GENERAL**

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

**Zafar Asim**  
Chief Executive

**Saleem-ul-Haque**  
Chief Financial Officer

**Muhammad Irfan Ali**  
Chairman Board of Directors



ج) پیرا (ج) رپورٹ کے مطابق کمپنی نے دیوان پٹرولیم میں سرمایہ کاری کی درجہ بندی انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ کی شق 28 کے مطابق تعلق داروں کے ساتھ سرمایہ کاری میں کی ہے جبکہ یہ سرمایہ کاری فروخت کے لیے رکھ چھوڑے اثاثہ جات کے خانے میں موجود ہے۔ کمپنی اس سرمایہ کاری کو اگلے مالیاتی سال میں فروخت کرنے کا ارادہ رکھتی ہے۔ 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 حصص یافتگان سے دوبارہ منظوری لی جائے گی۔

د) آڈٹ رپورٹ یہ بھی واضح کرتی ہے کہ تجارتی قرض 1.625 بلین روپے جس پر 0.695 بلین روپے کے سود کا تخمینہ لگایا گیا ہے ابھی تک واپس نہیں لیے گئے اور محو کا شکار ہیں۔ چونکہ ان قرضوں کی واپسی منکوح ہے اس لیے نقصان کا تخمینہ لگانا ضروری ہے۔ اس بات کو مدنظر رکھتے ہوئے کمپنی نے مزید 1.006 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۔

اظہار تشکر:

بورڈ کمپنی کو اپنے قابل قدر حصص یافتگان، وفاقی اور صوبائی حکومت کے کارکنوں، بینکوں اور مالیاتی اداروں اور سبیل 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 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 صراطِ مستقیم 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، آمین، آمین۔

میرا پروردگار یقیناً ہماری دعاؤں کو سنتا ہے۔ (قرآن کریم)  
بورڈ آف ڈائریکٹرز کی جانب سے



محمد عرفان علی  
چیئر مین بورڈ آف ڈائریکٹرز



ظفر عام  
چیف ایگزیکٹو

کراچی

تاریخ: ۲۵ فروری، ۲۰۱۹ء

(ب)

## ڈائریکٹرز کا جائزہ

کمپنی کے بورڈ آف ڈائریکٹرز کی طرف سے مالی سال 2018-2019 کے ششماہی یعنی کہ 31 دسمبر 2018 کے لیے غیر آڈٹ ملخص عبوری مالیاتی رپورٹس حاضر خدمت ہیں۔ جو کہ بینر 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

باوجود انتھک محنت اور کوششوں کے آپ کی کمپنی جو کہ ملک کے سب سے بڑے پالیسٹراور ملک کے واحد آکرائٹک کی پیداوار کا باعث تھی۔ اس سال بھی اپنے آپریشن شروع کرنے میں ناکام رہی ہے۔ اسکی بنیادی وجہ آپ کی کمپنی کا مسلسل آٹھ سال سے بند رہنا، بین الاقوامی اور مقامی مارکیٹوں میں پالیسٹراور آکرائٹک کی طلب میں نمایاں کمی ہیں۔ جسکی وجہ سے کمپنی کو زرمبادلہ کی مدد میں بھاری نقصان تو اٹھانا پڑی رہا ہے ساتھ ساتھ کمپنی سے منسلک ملازمین کی بنیادی ضروریات زندگی بھی متاثر ہو رہی ہیں۔ آپ کی کمپنی کے انتظامیہ نے کمپنی کی بحالی کے لئے مختلف تجاویز پیش کی ہیں اور ان تمام تجاویز کو مالیاتی اداروں کے ساتھ قابل عمل بنانے کے بارے میں تبادلہ خیال کیا گیا ہے لیکن بد قسمتی سے مثبت نتائج ابھی تک ابھرتے نظر نہیں آئے ہیں۔

## مالیاتی کارکردگی

زیر جائزہ مدت کے دوران کمپنی کی مجموعی فروخت صفر رہی (2017: صفر)، کمپنی کا مجموعی نقصان 344.456 ملین روپے (2017: 380.294 ملین روپے) رہا۔ جبکہ ٹیکس کی کوٹہ کے بعد نقصان 738.088 ملین روپے (2017: 522.452 ملین روپے) رہا۔

## صنعت کا مجموعی جائزہ

پالیسٹریک صنعت کے لئے زیر جائزہ مدت کافی حد تک اطمینان بخش ثابت ہوئی جس کے باعث پی ایس ایف کے صنعتکاروں نے اپنی فروخت میں اضافہ کر کے بہتر منافع کمایا، کھپت میں واضح اتار چڑھاؤ نہ ہونے کے باعث مقامی پی ایس ایف کا استعمال زیادہ رہا۔ پی ٹی اے اور ایم ای سی (پی ایس ایف کے خام مال) بھی زیر جائزہ مدت کے دوران مستحکم طور پر دستیاب رہے تاہم ان کی لاگت میں پاکستانی روپے کی قدر میں کمی کے باعث اضافہ ہوا۔ پی ایس ایف کے مقامی صنعتکاروں نے قیمتوں کو درآمدی پی ایس ایف کے مقابلے میں متوازن رکھا جس کے باعث درآمدی جانے والی پی ایس ایف حد سے تھوڑا نہا کر سکی۔ کچھ سالوں سے ماہیوں میں خام مال کی قیمتوں میں اضافے کے سبب سوت کاٹنے اور بننے کی صنعت تھوڑی کا شکار رہی، صنعتکاروں کو کافی مشکلات کا سامنا کرنا پڑا، بعد ازاں طلب میں اضافے کے باعث ان کے قیمتیں کردہ نرخوں کو قبول کر لیا گیا، یوں صنعتکار اس صورتحال پر قابو پانے میں کامیاب رہے، مزید برآں پاکستانی روپے کی قدر میں کمی کے باعث برآمدات زیادہ قابل عمل رہیں جس کا بہترین منافع برآمدکاروں نے کمایا۔ زیر جائزہ مدت کے دوران آپ کی کمپنی بند رہی۔

## آڈیٹرز کے مشاہدے

(ا) پیرا (ا) رپورٹ کرتے ہیں کہ وہ کوئیننگ کنسرن کے مفروضے پر مالیاتی رپورٹس کی تیاری پر راضی نہیں، اور اپنی منفی رائے رکھتے ہیں۔ جبکہ کمپنی کے مطابق منجمنٹ بینکاروں سے مسلسل مذاکرات کے عمل میں ہیں اور پرامید ہیں کہ نتیجہ مثبت ہوگا۔ مالیاتی رپورٹس کی کوئیننگ کنسرن کے مفروضے پر تیاری کی مزید تاویلات اگلے پیرا میں دیکھی جاسکتی ہے۔

ب) زیر جائزہ مدت میں کمپنی نے بینکوں کو واجب الادا رقم پر سود جو کہ 1.239 ملین روپے بنتا ہے پر سود کا تحفہ نہیں لگایا۔ کمپنی کی انتظامیہ 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 سود کے حوالے سے کوئی تحفہ نہیں لگایا ہے۔

(الف)