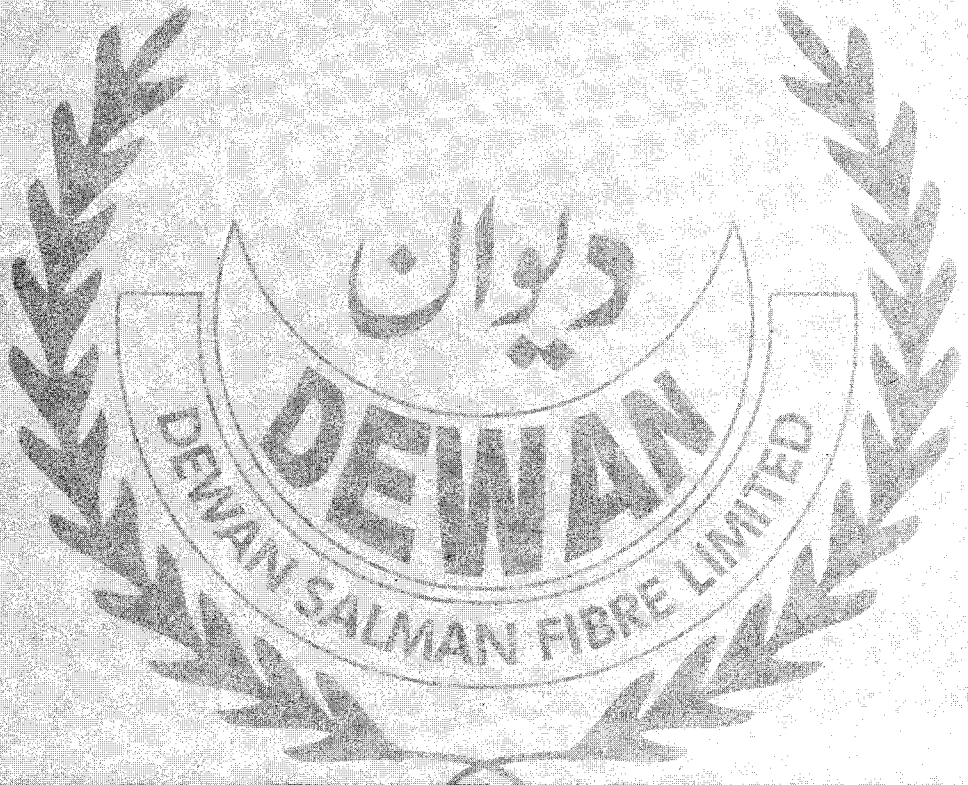




Dewan Salman Fibre Limited



**3rd Quarter Report
March 31, 2011**

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COMPANY INFORMATION

- BOARD OF DIRECTORS :** DEWAN MUHAMMAD YOUSUF FAROOQUI
PRESIDENT/CHIEF EXECUTIVE &
CHAIRMAN BOARD OF DIRECTORS
- DEWAN ASIM MUSHFIQ FAROOQUI
MANAGING DIRECTOR
- DEWAN ABDULLAH AHMED
DEWAN ABDUL BAQI FAROOQUI
M. A. LODHI
HAROON IQBAL
MANSUR-UL-HAQUE
- AUDIT COMMITTEE :** DEWAN ASIM MUSHFIQ FAROOQUI - CHAIRMAN
DEWAN ABDULLAH AHMED - MEMBER
DEWAN ABDUL BAQI FAROOQUI - 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 NO 1, DEWAN FAROOQUE INDUSTRIAL PARK,
HATTAR, DISTRICT HARIPUR (N.W.F.P)
- HEAD OFFICE :** FINANCE & TRADE CENTRE BLOCK-A, 8TH FLOOR,
SHAHRAH-E-FAISAL, KARACHI.
- REGISTERED OFFICE :** DEWAN CENTRE, 58 MAIN MARGALLA ROAD F-7/2 ISLAMABAD
- SHARE REGISTRAR/
TRANSFER AGENTS :** BMF CONSULTANTS PAKISTAN (PVT.) LTD.
A-14, 4TH FLOOR BLOCK 7, K.C.H.S. MAIN SHAHRAH-E-FAISAL,
KARACHI-75350 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
CITI BANK N.A.
FAYSAL BANK LIMITED
HABIB BANK LIMITED
HABIB METROPOLITAN BANK LIMITED
HONG KONG & SHANGHAI BANKING CORPORATION
KASB BANK LIMITED
MEEZAN BANK LIMITED
MYBANK LIMITED
MCB BANK LIMITED
NATIONAL BANK OF PAKISTAN LIMITED
NIB BANK LIMITED
STANDARD CHARTERED BANK LIMITED (PAKISTAN)
SILK BANK LIMITED
SONERI BANK LIMITED
UNITED BANK LIMITED



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 March 31, 2011 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 is putting its full efforts to make the Country's largest PSF manufacturing plant operative.

Financial Performance

Company recorded net sales of Rs.136.53 million (2010 Rs.44.16 million) during the period under review and suffered gross loss of Rs. 748.88 million (2010 Rs.1055.59 Million). And loss before taxation amounted to Rs. 832.71 million (2010 Rs.1,162.33million)

. In anticipation of positive outcome of discussions with financial institutions, no provision on short/long term facilities has been carried out.

INDUSTRY OVERVIEW

During the period under review huge gap between the demand and the supply that occurred because of the global shortage of raw cotton compelled the textile industry towards more polyester usage as a cheaper alternate. Though the polyester prices had touched the highest ever levels but it is still much cheaper than the cotton which means that its demand would prevail in the coming future unless bumper global cotton crop could be witnessed.

In the quarter under review, there was no let up in the sale of imported polyester particularly of the Chinese origin. Rather, we had witnessed an increase in its share due to robust polyester demand in the country. It goes without saying that they are enjoying this situation because of your company's absence.

OUTLOOK

Cotton prices after touching the peak have started showing down ward trend. This has also resulted in the reduction of polyester fibre prices. We believe, still there is gap between demand and supply of local polyester fibre and Dewan Salman can easily capture this market by producing quality polyester fibre. 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.

**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 recognizes 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

President/Chief Executive



CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT MARCH 31, 2011

	Un-Audited MAR. 31, 2011	Audited Jun.30,2010 Restated
(Rupees in '000)		
SHARE CAPITAL AND RESERVES		
Authorized Capital		
630,000,000 (June 2010: 630,000,000) Ordinary shares of Rs. 10 each	6,300,000	6,300,000
90,000,000 (June 2010: 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	(11,442,320)	(10,882,178)
	<u>(7,779,109)</u>	<u>(7,218,967)</u>
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	2,710,495	2,884,663
NON CURRENT LIABILITIES		
Long Term Loans – Secured	240,689	531,930
Liability against assets subject to finance lease	-	-
Deferred Liabilities	1,358,493	1,418,727
CURRENT LIABILITIES		
Trade and other payables	5,797,562	5,841,421
Markup accrued	1,813,578	1,813,578
Short term borrowings	7,216,500	7,218,303
Current and overdue portions of:		
Long Term Loan	2,871,924	2,566,441
Liability against Assets subject to Finance Lease	103,132	103,132
Provision for taxation	160,653	160,864
	<u>17,963,349</u>	<u>17,703,739</u>
Contingencies and commitments	5	
	<u>14,493,917</u>	<u>15,320,092</u>
NON CURRENT ASSETS		
Property, plant and equipment	9,073,363	9,751,558
Long-Term Investments	144,041	141,173
Long-Term Deposits Leased	-	9,788
Long-Term Prepayments	18,101	21,296
CURRENT ASSETS		
Stores and Spares	1,053,025	1,053,025
Stock-in-Trade	672,939	811,589
Trade Debts - Considered good	2,878,988	2,878,916
Advances - considered good	77,027	73,339
Short term deposits and prepayments	189,887	180,996
Other Receivables- Considered good	159,063	163,981
Cash and Bank Balances	4,483	11,431
	<u>5,035,412</u>	<u>5,173,277</u>
Non current assets held for sale	223,000	223,000
	<u>14,493,917</u>	<u>15,320,092</u>

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

Dewan Muhammad Yousuf Farooqui

Mansur-ul-Haque

Dewan Muhammad Yousuf Farooqui
President/Chief Executive

Mansur-ul-Haque
Director



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE NINE MONTH ENDED MARCH 31, 2011

	Mar. 31 2011	Mar. 31 2010
	(Rupees in '000)	
Sales	136,534	44,159
Sales Discount and Commission	-	-
Net Sales	<u>136,534</u>	<u>44,159</u>
Cost of Sales	<u>885,416</u>	<u>1,036,651</u>
Gross (Loss)	<u>(748,882)</u>	<u>(992,492)</u>
Distribution Cost	10,997	12,313
Administration Expenses	61,376	55,127
Less Amortization of Negative Goodwill	-	(4,334)
	<u>72,373</u>	<u>63,106</u>
Operating (Loss)	<u>(821,255)</u>	<u>(1,055,598)</u>
Finance Cost	14,012	106,736
Other income	<u>(2,563)</u>	<u>-</u>
(Loss) / before taxation	<u>11,449</u>	<u>106,736</u>
	<u>(832,704)</u>	<u>(1,162,334)</u>
Taxation		
Current	-	221
Deferred	<u>(94,393)</u>	<u>(88,145)</u>
	<u>(94,393)</u>	<u>(87,924)</u>
(Loss) / after taxation	<u>(738,311)</u>	<u>(1,074,410)</u>
(Loss) / per share - Basic (Rupees)	<u>(2.02)</u>	<u>(2.93)</u>
(Loss) / per share - Diluted (Rupees)	<u>(1.93)</u>	<u>(2.79)</u>

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

Dewan Muhammad Yousuf Farooqui

Dewan Muhammad Yousuf Farooqui
President/Chief Executive

Mansur-ul-Haque

Mansur-ul-Haque
Director



**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE NINE MONTH ENDED MARCH 31, 2011**

	Mar. 31 2011	Mar. 31 2010
	(Rupees in '000)	
Cash Flow from Operating Activities		
(Loss) before taxation	(832,704)	(1,162,334)
Adjustments for:		
Depreciation	678,249	706,421
Amortization of negative goodwill & prepayments	3,195	(1,140)
Provision for gratuity	33,880	30,380
Financial charges	14,012	106,736
	<u>(103,368)</u>	<u>(319,937)</u>
Movement in working capital (Note - A)	87,058	341,365
Cash generated from operations	(16,310)	21,428
Payments for:		
Staff gratuity	(73)	(430)
Financial charges	(1,498)	(26,777)
Tax	--	(922)
	<u>(1,571)</u>	<u>(28,129)</u>
Net cash generated/ (Used) in operating activities	<u>(17,881)</u>	<u>(6,701)</u>
Cash Flow from Investing Activities		
Payment for capital expenditure	(55)	--
Long Term Deposit Transferred To Short Term	9,788	--
Net cash used in investing activities	9,733	--
Cash Flow from Financing Activities		
Long term loans -net	6,742	9,359
Net cash (outflow) / inflow from financing activities	<u>6,742</u>	<u>9,359</u>
Net Increase/ (decrease) in cash and cash equivalents	(1,406)	2,658
Cash and cash equivalents at beginning	<u>(2,975,500)</u>	<u>(2,969,146)</u>
Cash and cash equivalents at 31 March (Note - B)	<u>(2,976,906)</u>	<u>(2,974,348)</u>

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

Dewan Muhammad Yousuf Farooqui
President/Chief Executive

Mansur-ul-Haque
Director



CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE NINE MONTH ENDED MARCH 31, 2011

<u>Note - A</u>	Mar. 31 2011	Mar. 31 2010
	(Rupees in '000)	
Movement in Working Capital		
<i>(Increase) / decrease in current assets</i>		
Stock-in-trade	138,650	393,100
Trade Debts	(72)	2,958
Advances	(3,688)	(804)
Short term deposits and prepayments	(8,891)	23,630
Other receivables	4,918	30,698
<i>Increase / (decrease) in current liabilities</i>		
Trade and other payables	(43,859)	(108,217)
	<u>87,058</u>	<u>341,365</u>

Note - B**Cash and Cash Equivalents**

Cash and cash equivalents include:

Cash and bank balances	4,483	18,653
Short term finances:		
-Short term running finances	(2,971,676)	(2,970,020)
-Book Overdraft	(9,713)	(15,121)
	(2,981,389)	(2,985,141)
	<u>(2,976,906)</u>	<u>(2,966,488)</u>

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

Dewan Muhammad 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, 2011

	Issued, subscribed and paid-up capital	General Reserve	Unappropriated Profit	Total
Amount in Rs. '000'				
Balance as at 01 July 2009	3,663,211	350,000	(9,922,222)	(5,909,011)
(Loss) for the year	--	--	(1,309,956)	(1,309,956)
Balance as at 30 June 2010	3,663,211	350,000	(11,232,178)	(7,218,967)
Balance as at 01 July 2010	3,663,211	350,000	(11,232,178)	(7,218,967)
comprehensive(Loss) for the period	--	--	(560,142)	(560,142)
Balance as at 31 March 2011	3,663,211	350,000	(11,792,320)	(7,779,109)

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

Dewan Muhammad Yousuf Farooqui

Dewan Muhammad Yousuf Farooqui
President/Chief Executive

Mansur-ul-Haque

Mansur-ul-Haque
Director



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTH ENDED MARCH 31, 2011**

	<u>Mar.31,2011</u>	<u>Mar.31,2010</u>
Net loss after taxation	(738,311)	(1,074,410)
Comprehensive income transferred to equity	(738,311)	(1,074,410)
Net change in fair value of available-for-sale financial assets	2,868	3,315
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	269,694	251,842
Related deferred tax	(94,393)	(88,145)
	175,301	163,697
Total comprehensive Loss for the period	(560,142)	(907,398)
Total Comprehensive Loss Transferred To Equity	(560,142)	(907,398)

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

Dewan Muhammad Yousuf Farooqui
President/Chief Executive

Mansur-ul-Haque
Director



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTH ENDED MARCH 31, 2011

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, 2011 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 regulation of the Karachi, Lahore and Islamabad Stock Exchanges.

2.2 These interim financial Statements comprises of the Balance Sheet as at March 31, 2011 and the profit and loss account, Statement of Changes in Equity and the cash flow statement for the nine months period ended March 31, 2011.

2.3 The comparative Balance sheet presented in these condensed interim financial Statements as March 31, 2011 has been extracted from the annual audited financial Statements of the company for the year ended June 30, 2010 whereas the items of comparative profit and loss account, statement of changes in equity and cash flow statement are for the nine months period ended March 31, 2010. The comparative profit and loss for the quarter ended March 31, 2010 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, 2010.

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 judgements 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 judgement 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, 2010

**4 SHORT TERM BORROWINGS**

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

5 CONTINGENCIES AND COMMITMENTS

There has been no significant change in the status of contingencies and commitments as reported in the annual financial statements for the year ended June 30, 2010.

6 DATE OF AUTHORIZATION FOR ISSUE

These financial statement have been authorized for issue on April 27, 2011 by the Board of Directors of the Company.

7 GENERAL

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

Dewan Muhammad Yousuf Farooqui
President/Chief Executive

Mansur-ul-Haque
Director



**CONDENSED INTERIM OPERATING RESULT (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2011**

	Qtr Ended Mar 31, 2011	Qtr Ended Mar 31, 2010
	(Rupees in '000)	
Sales	5,316	-
Sales Discount and Commission	--	--
Net Sales	<u>5,316</u>	<u>--</u>
Cost of Sales	<u>256,743</u>	<u>302,625</u>
Gross Loss	(251,427)	(302,625)
Distribution Cost	3,439	3,742
Administration Expenses	16,472	18,207
Less Amortization of Negative Goodwill	--	(1,445)
	<u>19,911</u>	<u>20,504</u>
Operating Loss	(271,338)	(323,129)
Finance Cost	212	14,941
Other income	(275)	--
	<u>(63)</u>	<u>14,941</u>
Loss before taxation	(271,275)	(338,070)
Taxation		
Current	--	--
Deferred	(31,464)	(29,382)
	<u>(31,464)</u>	<u>(29,382)</u>
Loss after taxation	<u>(239,811)</u>	<u>(308,688)</u>
Loss per share - Basic (Rupees)	<u>(0.65)</u>	<u>(0.84)</u>
Loss per share - Diluted (Rupees)	<u>(0.63)</u>	<u>0.79</u>

Appropriations have been reflected in the statement of changes in equity.

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

Dewan Muhammad Yousuf Farooqui

Dewan Muhammad Yousuf Farooqui
President/Chief Executive

Mansur-ul-Haque

Mansur-ul-Haque
Director