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COMPANY INFORMATION

BOARD OF DIRECTORS	
Executive Director	: Ishtiaq Ahmed - Chief Executive Officer
Non-Executive Directors	: Dewan Muhammad Yousuf Farooqui - Chairman, Board of directors Muhammad Baqir Jaferi Dewan Abdul Rehman Farooqui Mr. Haroon Iqbal Mr. Syed Muhammad Anwar
Independent Director	: Mr. Aziz-ul-Haque
Audit Committee	: Mr. Aziz-ul-Haque (Chairman) Dewan Abdul Rehman Farooqui (Member) Mr. Haroon Iqbal (Member)
Human Resources & Remuneration Committee	: Dewan Muhammad Yousuf Farooqui (Chairman) Mr. Haroon Iqbal (Member) Mr. Ishtiaq Ahmed (Member)
Auditors	: Feroze Sharif Tariq & Company Chartered Accountants 4/N/4 Block-6, P.E.C.H.S., Karachi 75400, Pakistan.
Chief Financial Officer	: Mehmood-Ul-Hassan Asghar
Tax Advisor	: Sharif & Co. Advocates
Legal Advisor	: A. K. Brohi & Co. Advocates
Bankers	: Habib Bank Limited Bank Islami Pakistan Limited MCB Bank Limited Silk Bank Limited Bank Al Falah Limited Askari Commercial Bank Limited
Registered Office	: Finance & Trade Centre Block-A, 8 th Floor, Shahrah-e-Faisal, Karachi
Shares Registrar & Transfer Agent	: 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 75350, Pakistan
Factory Office	: G/11, S.I.T.E., Kotri, Sindh, Pakistan.
Website	: www.yousufdewan.com

DIRECTORS' REPORT

**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 is pleased to present condensed interim financial statements of the company for the first quarter ended September 30, 2015 in compliance with requirements of section 245 of the company's ordinance 1984 and code of corporate governance issued by Securities and Exchange Commission of Pakistan.

The Economy

During the period under review, textile spinning industry continued to face distressed and unfortunate set of circumstances which hampered the operations of several units. The market has been undergoing through its bad time both domestically and internationally since the start of calendar year 2014. Lower market demand due to reduced local & export orders along with power load shedding have adversely affected the production capacities of the industry. In effect, many units in the sector are facing financial difficulties and some of these units have closed their operations. The high cost of doing business, energy shortages, influx of smuggled and imported yarn and clothing in the domestic market, absence of institutional support, raw material shortages, and the gap between policy and its implementation have eroded the economic viability of textile business. Major regional developments claimed to have made domestic yarn production 'unviable' include slowdown in Chinese demand for Pakistani yarn and rebate allowed by India on its yarn exports

Operating Performance:-

The financial highlights for the first quarter ended September 30, 2015 are as follows:

During the period under review company has achieved net sales of Rs 81.668 million as compared to the Rs 173.887 million of the corresponding period of last year. Company has suffered gross loss of Rs 58.078 million as compared to the gross loss of Rs 21.035 million of comparable period of last year. Operating expenses of the company have been decreased by Rs 0.659 million as compared to those of relevant period of last year.

During the period under review, decrease in production volume was the result of lesser market demand and under utilization of plant capacity, which brought about lesser sales volumes. The adverse effect resulted in negative margins due to the increase in cost of various inputs and capacity utilization. During the period raw material prices remained volatile which affected the cost of purchases, furthermore minimum wages have also pushed the cost of goods manufactured towards the higher side.

Company has approached its lenders for further restructuring of its liabilities, which is in advanced stage as the term sheet has been finalized and circulated by the agent to syndicate of banks for their internal approvals. Management is hopeful that such revision will be finalized soon.

Outlook

The key challenges facing Pakistan's economy have continued to suppress economic activity and growth of the country. At present energy crisis, load shedding and law and order were affecting the economy badly; however, some initiatives which are being taken by the government will hopefully improve the situation in near future. In a backdrop current scenario, a decline in cotton production has been forecasted which might result in higher cotton prices in future.

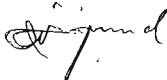
Conclusion

With grace of Allah Almighty, the management of the company will put its best endeavors to bring better results in forthcoming quarters.

In Conclusion, we bow, beg and pray to Almighty Allah, Rahman-o-Ar.Rahim, in the name of our beloved prophet Muhammad (Peace be upon him) for the continued showering of his blessings, Guidance, strength, health and prosperity to us, our company, country and nation, and also pray to Almighty Allah to bestow peace, Harmony, brotherhood and unity in true Islamic spirit to whole of Muslim Ummah; Ameen; Summa Ameen

LO-MY LORD IS INDEED HEARER OF PRAYER (HOLY QURAN)

By and under Authority of the Board of Directors



Ishtiaq Ahmed

Chief Executive Officer

Dated: October 28, 2015



CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2015

EQUITY AND LIABILITIES CAPITAL & RESERVES	September 30, 2015 (Un-Audited)	June 30, 2015 (Audited)
Authorized	Notes	(Rupees)
15,000,000 (JUNE' 30, 2015: 15,000,000) Ordinary Shares of Rs. 10/- each		
	150,000,000	150,000,000
Issued, Subscribed and Paid-up Capital	66,107,590	66,107,590
General Reserve	135,000,000	135,000,000
Reserves & Un-appropriated loss	(175,624,279)	(120,357,290)
	25,483,311	80,750,300
Surplus on revaluation of property plant and equipment	250,366,368	255,751,448
NON CURRENT LIABILITIES		
Long term Loans	89,152,513	96,634,586
Deferred Liabilities		
Provision for Staff Gratuity	12,363,252	12,596,566
Deferred taxation	51,946,278	56,802,264
	64,309,530	69,398,830
CURRENT LIABILITIES		
Trade and Other Payables	198,561,116	213,785,958
Mark-up accrued on loans	39,025,370	38,033,217
Short term Borrowings - Secured	298,303,148	298,303,148
Current and over due portion of Syndicated Long Term Loan	52,800,978	44,574,702
Provision for Income Tax	53,491,392	52,674,711
	642,182,004	647,371,736
Contingencies and Commitments	5	--
	1,071,493,726	1,149,906,901
ASSETS		
NON-CURRENT ASSETS		
Property, Plant & Equipments	6	530,769,052
Available for sale investment - at fair value	7	92,643,167
Long Term Deposits		25,839,435
CURRENT ASSETS		
Stores, Spares and Loose Tools		17,729,781
Stock-in-Trade		173,126,938
Trade Debts - Considered Good		152,081,697
Loans and Advances - Unsecured, Considered good		8,591,547
Trade Deposits, Prepayments and Statutory Balances - Considered good		14,578,813
Income Tax		54,355,128
Cash and Bank Balances	9	1,778,168
		422,242,072
		1,071,493,726
		1,149,906,901

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

Ishtiaq Ahmed
Chief Executive Officer

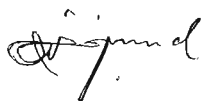
Haroon Iqbal
Director

DEWAN KHALID TEXTILE MILLS LIMITED

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2015**

	Notes	July - September 2015	July - September 2014
		(Rupees)	
Sales - net		81,668,100	173,887,401
Cost of Sales		(139,746,547)	(194,922,076)
Gross Loss		(58,078,447)	(21,034,675)
Operating Expenses			
Distribution Cost and Selling Expenses		(3,032,872)	(3,321,283)
Administrative and General Expenses		(7,766,518)	(8,137,827)
		(10,799,390)	(11,459,110)
Operating Loss		(68,877,837)	(32,493,785)
Other income		--	--
Finance Cost		(3,560,701)	(4,851,372)
		(3,560,701)	(4,851,372)
Loss before Taxation		(72,438,538)	(37,345,157)
Taxation - Current		(816,681)	(1,738,874)
- Deferred		4,855,986	8,737,919
		4,039,305	6,999,045
Loss after Taxation		(68,399,233)	(30,346,112)
Loss per share - Basic and diluted	11	(10.35)	(5.34)

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



Ishtiaq Ahmed
Chief Executive Officer

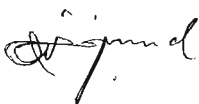


Haroon Iqbal
Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2015**

	July - September 2015	July - September 2014
	(Rupees)	
(Loss) / Profit for the quarter	(68,399,233)	(30,346,112)
Other comprehensive Income:		
Transfer from surplus on revaluation of property plant and equipment in respect of:		
Incremental depreciation	7,998,428	9,089,041
Related deferred tax	(2,613,348)	(3,090,274)
	5,385,080	5,998,767
Changes in fair value of available for sale investment	7,747,164	(6,778,768)
Total comprehensive (Loss) / income for the quarter	<u>(55,266,989)</u>	<u>(31,126,113)</u>

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



Ishtiaq Ahmed
Chief Executive Officer

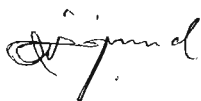


Haroon Iqbal
Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2015**

	July - September 2015	July - September 2014
	(Un-Audited)	
	(Rupees)	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / Profit before Taxation	(72,438,538)	(37,345,157)
Adjustment for Non-Cash and Other Items:		
Depreciation	12,820,798	14,522,811
Provision for Gratuity	1,316,686	1,316,686
Finance Cost	3,560,701	4,851,372
	17,698,185	20,690,869
	(54,740,353)	(16,654,288)
Working Capital Charges		
(Increase) / Decrease in Current Assets		
Stores, Spares and Loose Tools	1,348,862	547,574
Stock-in-Trade	21,832,486	(4,464,644)
Trade Debts	54,906,588	38,561,946
Loans and Advances	(1,452,125)	(389,968)
Trade deposits, Prepayments & Statutory balances	225,141	1,639,769
Other Receivables		(799,999)
Increase / (Decrease) in Current Liabilities		
Trade creditors, payables and other borrowings	(14,480,639)	5,005,241
	62,380,313	40,099,919
Taxes Paid	(1,500,000)	(314,525)
Gratuity Paid	(1,550,000)	(857,958)
	(3,050,000)	(1,172,483)
Net Cash Inflow/ (Outflow) from Operating Activities	4,589,960	22,273,148
CASH FLOW FROM INVESTING ACTIVITIES		
Long Term Deposits	(2,000,000)	--
Fixed Capital Expenditure	--	--
	(2,000,000)	
Net Cash Inflow/ (Outflow) from Investing Activities	(2,000,000)	--
CASH FLOW FROM FINANCING ACTIVITIES		
Syndicated Long Term Loan	--	(11,389,992)
Finance Cost Paid	(2,568,548)	(2,235,243)
Net Cash Inflow/ (Outflow) from Financing Activities	(2,568,548)	(13,625,235)
Net Increase /(Decrease) in Cash and Cash Equivalents	21,412	8,647,913
Cash and Cash Equivalents at the Beginning of the period	(296,546,392)	(286,949,763)
Cash and Cash Equivalents at the End of the period	(296,524,980)	(278,301,850)

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



Ishtiaq Ahmed
Chief Executive Officer



Haroon Iqbal
Director



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2015

	Share Capital	General Reserve	Unrealized gain / (loss) due to change in fair value of investment	Unappropriated (Loss) / Profit	Total
(Rupees)					
Balance as on July 01, 2014	56,824,590	135,000,000	17,753,917	(80,308,100)	129,270,407
Total comprehensive income for the period	-	-	(6,778,768)	(24,347,345)	(31,126,113)
Balance as on September 30, 2014	<u>56,824,590</u>	<u>135,000,000</u>	<u>10,975,149</u>	<u>(104,655,445)</u>	<u>98,144,294</u>
Balance as on July 01, 2015	66,107,590	135,000,000	35,830,633	(156,187,923)	80,750,300
Total comprehensive income for the period	-	-	7,747,164	(63,014,153)	(55,266,989)
Balance as on September 30, 2015	<u>66,107,590</u>	<u>135,000,000</u>	<u>43,577,797</u>	<u>(219,202,076)</u>	<u>25,483,311</u>

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

Ishtiaq Ahmed
Chief Executive Officer

Haroon Iqbal
Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2015**

1 Corporate Information

Dewan Khalid Textile Mills Limited (the Company) was incorporated in Pakistan, as a public limited company on April 03, 1978, under the Companies Act, 1913 (Now the Companies Ordinance, 1984) and its shares are listed on the Karachi and Lahore Stock Exchanges in Pakistan. The registered office of the company is located at Finance & Trade Center, Block A, 8th Floor, Shahrah-e-Faisal, Karachi, Pakistan; while its manufacturing facilities are located at G-11, S.I.T.E., Kotri, Sind, Pakistan. The Principal activity of the Company is trading, manufacturing and sale of yarn.

2 Basis of Preparation

- 2.1 This condensed interim financial information of the Company for the quarter ended September 30, 2015 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.
- 2.2 This condensed interim financial information is presented in Pakistani Rupees which is also the Company's functional currency and all financial information presented has been rounded off to the nearest rupee except otherwise stated.
- 2.3 This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2015.
- 2.4 These condensed interim financial statements comprise of condensed Interim Balance Sheet as at September 30, 2015 and the condensed Interim profit and loss account, condensed Interim statement of comprehensive Income, condensed Interim statement of changes in equity and the condensed Interim cash flow statement for the three months period ended September 30, 2015 which have been subjected to a review but not audited.



2.5 The comparative balance sheet presented in these condensed interim financial statements has been extracted from the audited annual separate financial statements of the Company for the year ended 30 June 2015, whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial statements for the period ended September 30, 2014. The comparative condensed Interim profit and loss account for the quarter ended September 30, 2014 is also included in these condensed interim financial statements, which has not been subjected to a review.

3 Estimates, Judgements and Financial Risk Management

3.1 In preparing of this condensed interim financial information, management make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, incomes and expenses . Actual results may differ from these estimates.

3.2 The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual financial statements as at and for the year ended June 30, 2015.

4 Significant Accounting Policies

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of annual financial statements of the Company as at and for the year ended June 30, 2015. Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Company's operations and did not have any significant impact on the accounting policies of the Company.

5 Contingencies and Commitments

There is no material change in the contingencies and commitments since the last audited financial statements for the year ended June 30, 2015.

DEWAN KHALID TEXTILE MILLS LIMITED

		September 30, 2015 (Un-Audited)	June 30, 2015 (Audited)
		(Rupees)	
Notes			
6	Property, Plant & Equipments		
	Operating Fixed Assets	524,944,052	537,764,850
	Capital Work in progress	5,825,000	5,825,000
		530,769,052	543,589,850
6.1	Operating Fixed Assets		
	Opening written down value	537,764,850	595,856,096
	Additions during the period / year	-	-
	Depreciation during the period / year	(12,820,798)	(58,091,246)
		524,944,052	537,764,850
6.2	Capital Work in progress		
	Soft wear Development	5,825,000	5,825,000
		5,825,000	5,825,000
7	Available for sale investment - at fair value In related party		
	Shares in Dewan Salman Fibre Limited (Public, quoted company) 32,279,849 (June 30, 2015: 32,279,849) fully paid up ordinary shares of Rs.10/- each. (including 25,779,849 bonus shares)	65,000,000	65,000,000
	(Deficit)/Surplus on revaluation of investment	27,643,167	19,896,003
		92,643,167	84,896,003
	Percentage of Holding	8.81%	8.81%
	Market value (Rupees per share)	2.87	2.63
8	Finance Cost		

Company has not made the provision of markup for the period amounting to Rs. 5.773 million in respect of borrowings of certain banks who have not yet accepted the restructuring proposal. The management of the Company is quite hopeful that these banks will also accept restructuring proposal in near future. Had the provision been made the loss for the period and accrued markup would have been higher by Rs. 5.773 million.



	September 30, 2015	September 30, 2014
	(Un-Audited)	(Un-Audited)
	(Rupees)	
9 Cash and Cash Equivalents		
Cash and Bank Balances	1,778,168	5,172,520
Short term Borrowings	<u>(298,303,148)</u>	<u>(283,474,370)</u>
	<u>(296,524,980)</u>	<u>(278,301,850)</u>
	July to September 2015	July to September 2014
	(Rupees)	
10 Related Party Transactions		
Sales	-	-
Purchases	1,200,000	4,644,470
Donation to Dewan Farooque Trust	750,000	750,000
Provident Fund	1,217,825	1,099,842

All transactions have been carried out at commercial terms & conditions and valued at arm's length price.

	July to September 2015	July to September 2014
	(Rupees)	
11 Loss Per Share -Basic and diluted		
Net(Loss) / Profit for the period	<u>(68,399,233)</u>	<u>(30,346,112)</u>
Number of ordinary shares	<u>6,610,759</u>	<u>5,682,459</u>
(Loss)/ Earning Per Share - Basic (Rs)	<u>(10.35)</u>	<u>(5.34)</u>

12 Date of Authorization for issue

These Interim Condensed Financial Statements were authorized for issue on **October 28, 2015** by the Board of Directors of the Company.

13 General

Figures have been rounded to the nearest rupee.

Ishtiaq Ahmed
Chief Executive Officer

Haroon Iqbal
Director