

DEWAN KHALID TEXTILE MILLS LIMITED

CONTENTS

Company Information.....	2
Directors' Report.....	3
Condensed Interim Balance Sheet.....	4
Condensed Interim Profit and Loss Account.....	5
Condensed Interim Statement of Comprehensive Income.....	6
Condensed Interim Cash Flow Statement.....	7
Condensed Interim Statement of Changes in Equity.....	8
Notes to the Condensed Interim Financial Statements.....	9

COMPANY INFORMATION

BOARD OF DIRECTORS

Executive Director	:	Mr. Ishtiaq Ahmed Chief Executive Officer
Non-Executive Directors	:	Dewan Muhammad Yousuf Farooqui Chairman, Board of Directors Dewan Abdul Rehman Farooqui Mr. Muhammad Baqar Jafferri Mr. Mehmood-ul-Hasan Asghar Mr. Haroon Iqbal
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. Ishtiaq Ahmed (Member) Mr. Haroon Iqbal (Member)
Auditors	:	Feroze Sharif Tariq & Company Chartered Accountants 4/N/4 Block-6, P.E.C.H.S., Karachi 75400, Pakistan.
Company Secretary	:	Muhammad Hanif German
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 Askari 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

DEWAN KHALID TEXTILE MILLS LIMITED

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 nine months ended March 31, 2016 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, the Textile Industry continued to face the difficult situation. The cost of doing business in Pakistan has risen over the period. The burden of Indirect taxes, sales tax withholding is all on the Corporate sector and together with non-refund of advance income tax and sales tax, is becoming unbearable. The textile industry as a whole is continuously under stress both locally and internationally.

Operating Performance:-

The financial highlights for the nine months ended March 31, 2016 are as follows:

Company has achieved net sales of Rs 271.160 million during the period under review as compared to the Rs.482.724 million of the corresponding period of last year. Company has suffered gross loss of Rs 147.626 million as compared to the gross loss of Rs 82.338 million of comparable period of last year. Operating expenses of the company have been decreased by Rs.3.750 million as compared to those of relevant period of last year.

During the period under review, decrease in production volume was the result of 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 lower 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.

The 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 Bank 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 is affecting the economy. In a backdrop of current scenario, a decline in cotton production has been forecasted which might result in higher cotton prices in future and further effect the company negatively.

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

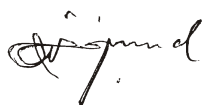
Dated: April 25, 2016

THIRD QUARTER REPORT ■ 03

CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2016

EQUITY AND LIABILITIES		March 31, 2016 (Un-Audited)	June 30, 2015 (Audited)
CAPITAL & RESERVES		(Rupees in "000")	
Authorized		150,000	150,000
15,000,000 (June 30, 2015: 15,000,000) Ordinary Shares of Rs. 10/- each	Notes		
Issued, Subscribed and Paid-up Capital		66,108	66,108
General Reserve		135,000	135,000
Reserves & Un-appropriated loss		(309,469)	(120,357)
		(108,361)	80,750
Surplus on revaluation of property plant and equipment		239,834	255,751
NON CURRENT LIABILITIES			
Long Term Loan - Secured	5	65,964	96,635
DEFERRED LIABILITIES			
Provision for Staff Gratuity		14,998	12,597
Deferred taxation		46,756	56,802
		61,754	69,399
CURRENT LIABILITIES			
Trade and Other Payables		216,395	213,786
Mark-up accrued on loans		29,840	38,033
Short Term Borrowings - Secured		283,449	298,303
Current portion of Syndicated Long Term Loan		77,470	44,575
Provision for Income Tax		52,675	52,675
		659,829	647,372
Contingencies and Commitments	6	--	--
		919,020	1,149,907
ASSETS			
NON-CURRENT ASSETS			
Property, Plant & Equipments	7	505,127	543,590
Available for sale investment - at fair value	8	68,110	84,896
Long Term Deposits		25,449	23,839
CURRENT ASSETS			
Stores, Spares and Loose Tools		20,329	19,079
Stock-in-Trade		137,226	194,959
Trade Debts - Considered Good		88,914	206,988
Loans and Advances - Unsecured, Considered good		5,589	7,139
Trade Deposits, Prepayments and Statutory Balances - Considered good		10,915	14,804
Income Tax Refunds and Advances		55,365	52,855
Cash and Bank Balances	10	1,996	1,757
		320,334	497,582
		919,020	1,149,907

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



Ishtiaq Ahmed
Chief Executive Officer



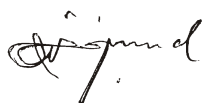
Haroon Iqbal
Director

DEWAN KHALID TEXTILE MILLS LIMITED

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS AND THIRD QUARTER ENDED MARCH 31, 2016**

	Notes	9 Months		3 Months	
		July to Mar 2016	July to Mar 2015	Jan to Mar 2016	Jan to Mar 2015
		(Rupees in "000")		(Rupees in "000")	
Sales - net		271,160	482,724	97,676	164,337
Cost of Sales		(418,786)	(565,062)	(138,647)	(192,721)
Gross Loss		(147,626)	(82,338)	(40,971)	(28,384)
Operating Expenses					
Distribution Cost and Selling Expenses		(5,233)	(6,468)	(1,196)	(1,899)
Administrative and General Expenses		(19,734)	(22,249)	(3,640)	(7,036)
		(24,967)	(28,717)	(4,836)	(8,935)
Operating Loss		(172,593)	(111,055)	(45,807)	(37,319)
Finance Cost	9	(10,572)	(13,916)	(3,468)	(4,252)
Provision for doubtful debts		(15,125)	--	--	--
		(25,697)	(13,916)	(3,468)	(4,252)
Loss before Taxation		(198,290)	(124,971)	(49,275)	(41,571)
Taxation - Current		--	(4,834)	--	(1,643)
- Deferred		10,046	16,423	5,129	2,707
		10,046	11,589	5,129	1,064
Loss after Taxation		(188,244)	(113,382)	(44,146)	(40,507)
Loss Per Share - Basic	12	(28.48)	(19.95)	(6.68)	(7.13)

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



Ishtiaq Ahmed
Chief Executive Officer

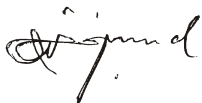


Haroon Iqbal
Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS & THIRD QUARTER ENDED MARCH 31, 2016**

	9 Months		3 Months	
	July to Mar 2016	July to Mar 2015	Jan to Mar 2016	Jan to Mar 2015
	(Rupees in "000")		(Rupees in "000")	
(Loss)/ Profit for the period	(188,244)	(113,382)	(44,146)	(40,508)
Other comprehensive Income:				
Transfer from surplus on revaluation of property plant and equipment in respect of:				
Incremental depreciation	23,758	27,267	7,920	9,089
Related deferred tax	(7,840)	(8,998)	(2,613)	(2,817)
	15,918	18,269	5,307	6,272
Changes in fair value of available for sale investment	(16,786)	(15,172)	1,291	(10,007)
Total comprehensive (Loss) / income for the period	(189,112)	(110,286)	(37,548)	(44,243)

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



Ishtiaq Ahmed
Chief Executive Officer



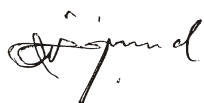
Haroon Iqbal
Director

DEWAN KHALID TEXTILE MILLS LIMITED

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2016**

	9 Months ended	9 Months ended
	July-Mar 2016	July-Mar 2015
	(Rupees in "000")	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / Profit before Taxation	(198,290)	(124,971)
Adjustment for Non-Cash and Other Items:		
Depreciation	38,462	43,568
Provision for Gratuity	3,950	4,315
Finance Cost	10,572	13,916
	52,984	61,799
Working Capital Charges	(145,306)	(63,172)
(Increase) / Decrease in Current Assets		
Stores, Spares and Loose Tools	(1,249)	(142)
Stock-in-Trade	57,733	(21,894)
Trade Debts	118,074	157,552
Loans and Advances	1,551	(514)
Trade deposits, Prepayments & Statutory balances	3,889	4,032
Other Receivables	--	2,000
Increase / (Decrease) in Current Liabilities		
Trade creditors, payables and other borrowings	2,610	(16,167)
	182,608	124,867
Taxes Paid	(2,510)	(707)
Gratuity Paid	(1,549)	(4,552)
	(4,059)	(5,259)
Net Cash Inflow/ (Outflow) from Operating Activities	33,243	56,435
CASH FLOW FROM INVESTING ACTIVITIES		
Long Term Deposits	(1,610)	--
Fixed Capital Expenditure	--	(5,825)
Net Cash Inflow/ (Outflow) from Investing Activities	(1,610)	(5,825)
CASH FLOW FROM FINANCING ACTIVITIES		
Syndicated Long Term Loan	--	(22,780)
Finance Cost Paid	(16,540)	(12,381)
Net Cash Inflow/ (Outflow) from Financing Activities	(16,540)	(35,161)
Net Increase / (Decrease) in Cash and Cash Equivalents	15,093	15,450
Cash and Cash Equivalents at the Beginning of the period	(296,546)	(286,950)
Cash and Cash Equivalents at the End of the period	(281,453)	(271,499)

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



Ishtiaq Ahmed
Chief Executive Officer

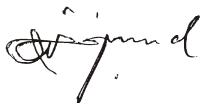


Haroon Iqbal
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2016**

	Share Capital	General Reserve	Unrealized gain / (loss) due to change in fair value of investment	Unappropriated (Loss) / Profit	Total
Balance as on July 01, 2014	56,825	135,000	17,753	(80,308)	129,270
Total comprehensive income / (Loss) for the period	--	--	(15,172)	(95,114)	(110,286)
Balance as on March 31, 2015	56,825	135,000	2,581	(175,422)	18,984
Balance as on July 01, 2015	66,108	135,000	35,831	(156,188)	80,751
Total comprehensive income / (Loss) for the period	--	--	(16,786)	(172,326)	(189,112)
Balance as on March 31, 2016	66,108	135,000	19,045	(328,514)	(108,361)

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2016

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 Pakistan Stock Exchange (Formerly 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 nine months ended March 31, 2016 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 thousand 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 March 31, 2016 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 nine months period ended March 31, 2016 which have been subjected to a review but not audited. These condensed interim financial statements also include the condensed Interim profit and loss account for the quarter ended March 31, 2016.

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 March 31, 2015.

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.

	March 31, 2016 (Un-Audited)	June 30, 2015 (Audited)
	(Rupees in "000")	
5 Long term loans		
Syndicated Long Term Loan - Secured	37,146	59,433
Sponsor loan	28,818	37,202
	<u>65,964</u>	<u>96,635</u>

6 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.

		March 31, 2016 (Un-Audited)	June 30, 2015 (Audited)
		(Rupees in "000")	
7 Property, Plant & Equipments	Notes		
Operating Fixed Assets	7.1	499,302	537,765
Capital Work in progress		5,825	5,825
		<u>505,127</u>	<u>543,590</u>
7.1 Operating Fixed Assets			
Opening written down value		537,765	595,856
Additions during the period / year		-	-
Depreciation during the period / year		(38,463)	(58,091)
		<u>499,302</u>	<u>537,765</u>

DEWAN KHALID TEXTILE MILLS LIMITED

8 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)

(Deficit)/Surplus on revaluation of investment

Percentage of Holding

Market value (Rupees per share)

65,000	65,000
3,110	19,896
68,110	84,896
8.81%	8.81%
2.11	2.63

9 Finance Cost

Company has not made the provision of markup for the period amounting to Rs. 13.92 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 would have been higher by Rs. 13.92 million.

10 Cash and Cash Equivalents

Cash and Bank Balances

Short term Borrowings

March 31, 2016 (Un-Audited)	March 31, 2015 (Un-Audited)
(Rupees in "000")	
1,996	7,736
(283,449)	(279,235)
(281,453)	(271,499)

11 Related Party Transactions

Sales

Purchases

Provident Fund

July to March 2016	July to March 2015
(Rupees in "000")	
2,370	10,100
2,318	16,101
3,256	3,354

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

12 Earning Per Share -Basic

Net(Loss) / Profit for the period

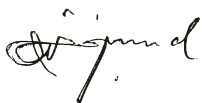
Number of ordinary shares

(Loss)/ Earning Per Share - Basic (Rs)

July to March 2016	July to March 2015
(Rupees in "000")	
(188,244)	(113,382)
6,610	5,682
(28.48)	(19.95)

13 Date of Authorization for issue

These Interim Condensed Financial Statements were authorized for issue on April 25, 2016 by the Board of Directors of the Company.



Ishtiaq Ahmed
Chief Executive Officer



Haroon Iqbal
Director