

**8 Finance Cost**

Company has not made the provision of markup for the period amounting to Rs. 15.109 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. 15.109 million and accumulated loss and markup payable would have be higher by Rs. 189.066 million and shareholders' equity would be lower by same. The said non Provisioning is departure from the requirements of IAS-23 "Borrowing Cost".

	December 31, 2014 (Un-Audited)	December 31, 2013 (Un-Audited)
<b>(Rupees in "000")</b>		
<b>9 Cash and Cash Equivalents</b>		
Cash and Bank Balances	6,571	1,466
Short term Borrowings	(278,888)	(273,070)
	<u>(272,317)</u>	<u>(271,604)</u>
	<b>July to December 2014</b>	<b>July to December 2013</b>
<b>(Rupees in "000")</b>		

**10 Related Party Transactions**

Sales	61	2,720
Purchases	8,137	41,623
Donation to Dewan Farooque Trust	1,500	1,500
Provident Fund	2,252	1,958

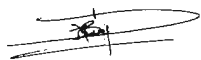
All transactions have been carried out at commercial terms & conditions and valued at arm's length price.

**11 Earning Per Share -Basic**

	July to December 2014	July to December 2013
<b>(Rupees in "000")</b>		
Net( Loss) / Profit for the period	(72,875)	19,782
Number of ordinary shares	<u>5,682</u>	<u>5,682</u>
(Loss)/ Earning Per Share - Basic (Rs)	<u>(12.82)</u>	<u>3.48</u>

**12 Date of Authorization for issue**

These Interim Condensed Financial Statements were authorized for issue on **February 23, 2015** by the Board of Directors of the Company.



**Dewan Abdul Baqi Farooqui**  
Chief Executive



**Haroon Iqbal**  
Director

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## COMPANY INFORMATION

<b>BOARD OF DIRECTORS</b>	
Executive Director :	Dewan Abdul Baqi Farooqui - Chief Executive Officer
Non-Executive Directors :	Dewan Muhammad Yousuf Farooqui - Chairman, Board of Directors Dewan Asim Mushfiq Farooqui Dewan Abdullah Ahmed Swaleh Dewan Abdul Rehman Farooqui Mr. Haroon Iqbal
Independent Director :	Mr. Aziz-ul-Haque
<b>AUDIT COMMITTEE</b> :	Mr. Aziz-ul-Haque (Chairman) Dewan Abdul Rehman Farooqui (Member) Mr. Haroon Iqbal (Member)
<b>HUMAN RESOURCE &amp; REMUNERATION COMMITTEE:</b>	Dewan Muhammad Yousuf Farooqui (Chairman) Dewan Abdul Baqi Farooqui (Member) Mr. Haroon Iqbal (Member)
<b>COMPANY SECRETARY</b> :	Muhammad Hanif German
<b>LEGAL ADVISORS</b> :	A. K. Brohi & Co. Advocates
<b>BANKERS</b> :	Habib Bank Limited Bank Islami Pakistan Limited MCB Bank Limited Silk Bank Limited Bank Al Falah Limited Askari Commercial Bank Limited
<b>AUDITORS</b> :	Feroze Sharif Tariq & Company Chartered Accountants 4/N/4 Block-6, P.E.C.H.S., Karachi 75400, Pakistan.
<b>TAX ADVISORS</b> :	Sharif & Co. Advocates
<b>REGISTERED OFFICE</b> :	Finance & Trade Centre Block-A, 8th Floor, Shahrah-e-Faisal, Karachi
<b>SHARE REGISTERED / TRANSFER AGENT</b> :	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.
<b>FACTORY WEBSITE</b> :	G/11, S.I.T.E., Kotri, Sindh, Pakistan. www.yousufdewan.com

### 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, 2014.

### 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, 2014. 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, 2014,

		December 31, 2014 (Un-Audited)	June 30, 2014 (Audited)
		(Rupees in "000")	
<b>6</b>	<b>Property, Plant &amp; Equipments</b>	<b>Notes</b>	
	Operating Fixed Assets	6.1	566,810      595,856
			<u>566,810</u> <u>595,856</u>
<b>6.1</b>	<b>Operating Fixed Assets</b>		
	Opening written down value		595,856      660,147
	Additions during the period / year		-      1,771
	Depreciation during the period / year		(29,046)      (66,062)
			<u>566,810</u> <u>595,856</u>
<b>7</b>	<b>Available for sale investment - at fair value In related party</b>		
	Shares in Dewan Salman Fibre Limited (Public, quoted company)		
	32,279,849 (June 30, 2014: 32,279,849) fully paid up ordinary shares of Rs.10/- each.		
	(including 25,779,849 bonus shares)		65,000      65,000
	(Deficit)/Surplus on revaluation of investment		(3,345)      1,819
			<u>61,655</u> <u>66,819</u>
	Percentage of Holding		<u>8.81%</u> <u>8.81%</u>
	Market value (Rupees per share)		<u>1.91</u> <u>2.07</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

**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 December 31, 2014 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, 2014.

2.4 These condensed interim financial statements comprise of condensed Interim Balance Sheet as at December 31, 2014 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 six months period ended December 31, 2014 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 December 31, 2014.

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 2014, 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 December 31, 2013. The comparative condensed Interim profit and loss account for the quarter ended December 31, 2013 is also included in these condensed interim financial statements, which has not been subjected to a review.

**DIRECTORS' REPORT**

**BEGIN 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 period ended December 31, 2014 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.

**Operating Performance:-**

The financial highlights for the period ended December 31, 2014 are as follows:

Company has achieved net sales of Rs 316.387 million during the period under review as compared to Rs. 742.218 million of the corresponding period of last year. Company has suffered gross loss of Rs 53.954 million as compared to the gross profit of Rs 52.250 million of comparable period of last year. Operating expenses of the company have been decreased by Rs 6.349 million as compared to those of relevant period of last year.

The results of the company had been disturbed due to power crises, rise in salaries & wages, increase in tariff of gas, decrease in yarn selling prices and higher freight & transportation costs for the period under review. Further there were fluctuations in the purchase prices of raw material during the period, which along with above factors have resulted in the higher cost of production. The other major factor of increased cost of production remains the ongoing energy crises and lower market demand which have resulted in under utilization of installed capacities. The results were also affected by the increase in costs of stores spares and packing materials.

The auditors have qualified review report due to significance of the matter of non-provisioning of Rs 15.109 (up to December 31, 2014 accumulated markup of Rs 189.066 million). Non-provisioning relates to certain banks those have not yet accepted the restructuring proposal and the management of the company is quite hopeful that these banks will also accept the restructuring proposal in near future.

**Future Outlook**

The Management foresees the demand of yarn will be better in the coming period but other factors such as raw material quality and rates, power shortage, law and order situation and other input cost will remain challenges for the industry. Moreover the increase in energy costs will also result in increased cost of production.

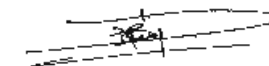
**Conclusion**

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*



**Dewan Abdul Bequl Farooqui**  
Chief Executive

Karachi: February 23, 2015

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

**Independent Auditors' Report to the Members on Review of  
Condensed Interim Financial Statement**

**Introduction**

We have reviewed the accompanying condensed interim balance sheet of Dewan Khalid Textile Mills Limited ("the company") as at December 31, 2014 and the related 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 together with the notes forming part thereof (hereinafter referred to as the 'condensed interim financial statements') for the six months period then ended. Management is responsible for the preparation and Presentation of these condensed interim financial statements in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed interim financial statements based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2014 and December 31, 2013 have not been reviewed as we are required to review only the cumulative figures for the six month ended December 31, 2014.

**Scope of Review**

We conducted our review in accordance with the International Standard on review engagements 2410, "Review of condensed interim financial statements performed by the independent Auditor of the Entity". A review of condensed 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.

**Basis of Qualification**

a) The company has not made provision of markup in its condensed interim financial statements amounting to Rs. 15.109 million for the period ended December 31, 2014 as disclosed in note 8 to the condensed interim financial statements. Non Provisioning of markup is based on management hope that the restructuring proposal will be accepted by the lenders in proposed manner. In our opinion, since the proposal, has not been accepted so far and the lenders, instead of accepting the restructuring Proposal, have preferred to filing suit against the company, therefore the provision of mark up should be made in the Condensed interim financial statements. Had the provision of markup been made in the Condensed interim financial statements, the loss for the current year would have been higher by Rs.15.109 million accumulated loss and markup payable would have been higher by Rs. 189.066 million and shareholders' equity would been lower by same. Furthermore, some of the banks filed recovery suits amounting to Rs. 275.008 million through sale of hypothecated assets of the company and one of the banks has also filed winding up petition against the company for recovery.

**Qualified Conclusion**

Based on our review, except for the matter discussed in the preceding paragraph (a) and its effects, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as of and for the six months period ended December 31, 2014 are not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

**Matter of Emphasis**

Without further qualifying our conclusion we draw attention of members that the company would be liable to pay a sum of Rs. 137.368 million in the event of default in terms of settlement reached with the lenders during the financial year June 30, 2012.

Audit Engaging Partner: Mohammad Tariq  
Dated: February 23, 2015  
Place: Karachi

*Feroze Sharif Tariq*  
CHARTERED ACCOUNTANTS

	Share Capital	General Reserve	Unrealized gain / (loss) due to change in fair value of investment	Unappropriated Profit / (Loss)	Total
(Rupees)					
Balance as on July 01, 2013	56,825	135,000	32,280	(42,331)	181,774
Total comprehensive income for the period	-	-	3,228	33,623	36,851
Balance as on December 31, 2013	56,825	135,000	35,508	(8,708)	218,625
Balance as on July 01, 2014	56,825	135,000	17,754	(80,309)	129,270
Total comprehensive income for the period	-	-	(5,165)	(60,877)	(66,042)
Balance as on December 31, 2014	56,825	135,000	12,589	(141,186)	63,228

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

*Dewan Abdul Baqi Farooqui*  
Dewan Abdul Baqi Farooqui  
Chief Executive

*Haroon Iqbal*  
Haroon Iqbal  
Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

	6 Months ended July-Dec 2014	6 Months ended July-Dec 2013
(Rupees in "000")		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss) / Profit before Taxation	(83,400)	18,219
<b>Adjustment for Non-Cash and Other Items:</b>		
Depreciation	29,046	32,295
Provision for Gratuity	2,633	2,100
Finance Cost	9,664	6,550
	41,343	40,945
<b>Working Capital Charges</b>	(42,057)	59,164
<b>(Increase) / Decrease in Current Assets</b>		
Stores, Spares and Loose Tools	843	(3,359)
Stock-in-Trade	(9,240)	6,227
Trade Debts	144,696	10,162
Loans and Advances	(264)	1,099
Trade deposits, Prepayments & Statutory balances	2,020	1,980
Other Receivables	(1,525)	333
<b>Increase / (Decrease) in Current Liabilities</b>		
Trade creditors, payables and other borrowings	(57,942)	(57,754)
	78,588	(41,312)
Taxes Paid	(476)	(6,187)
Gratuity Paid	(3,552)	(1,540)
	(4,028)	(7,727)
<b>Net Cash Inflow/ (Outflow) from Operating Activities</b>	32,503	10,125
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed Capital Expenditure	--	(21)
<b>Net Cash Inflow/ (Outflow) from Investing Activities</b>	--	(21)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Syndicated Long Term Loan	(11,390)	(22,780)
Finance Cost Paid	(6,480)	(7,276)
<b>Net Cash Inflow/ (Outflow) from Financing Activities</b>	(17,870)	(30,056)
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	14,633	(19,952)
Cash and Cash Equivalents at the Beginning of the period	(286,950)	(251,652)
Cash and Cash Equivalents at the End of the period	(272,317)	(271,604)

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



**Dewan Abdul Baqi Farooqui**  
Chief Executive



**Haroon Iqbal**  
Director

**CONDENSED INTERIM BALANCE SHEET  
AS AT DECEMBER 31, 2014**

	December 31, 2014 (Un-Audited)	June 30, 2014 (Audited)
Notes (Rupees in "000")		
<b>EQUITY AND LIABILITIES</b>		
<b>CAPITAL &amp; RESERVES</b>		
<b>Authorized</b>		
15,000,000 (Dec' 31, 2014: 15,000,000) Ordinary Shares of Rs. 10/- each	150,000	150,000
<b>Issued, Subscribed and Paid-up Capital</b>	56,825	56,825
<b>General Reserve</b>	135,000	135,000
<b>Reserves &amp; Un-appropriated loss</b>	(128,597)	(62,554)
	63,228	129,270
Surplus on revaluation of property plant and equipment	268,113	280,110
<b>NON CURRENT LIABILITIES</b>		
Syndicated Long Term Loan - Secured	113,900	136,680
<b>Deferred Liabilities</b>		
Provision for Staff Gratuity	10,963	11,882
Deferred taxation	70,414	84,130
	81,377	96,012
<b>CURRENT LIABILITIES</b>		
Trade and Other Payables	128,338	186,281
Mark-up accrued on loans	20,985	17,800
Short Term Borrowings - Secured	278,888	291,083
Current portion of Syndicated Long Term Loan	56,950	45,560
Provision for Income Tax	59,279	56,087
	544,440	596,812
<b>Contingencies and Commitments</b>	5	--
	1,071,058	1,238,885
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, Plant & Equipments	6	566,810
Available for sale investment - at fair value	7	61,655
Long Term Deposits		41
<b>CURRENT ASSETS</b>		
Stores, Spares and Loose Tools	19,452	20,295
Stock-in-Trade	188,724	179,485
Trade Debts - Considered Good	136,983	281,680
Loans and Advances - Unsecured, Considered good	5,823	5,559
Trade Deposits, Prepayments and Statutory Balances - Considered good	27,360	29,380
Other Receivables - Unsecured, Considered good	3,527	2,000
Income Tax Refunds and Advances	54,112	53,636
Cash and Bank Balances	9	6,571
	442,552	576,169
	1,071,058	1,238,885

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



**Dewan Abdul Baqi Farooqui**  
Chief Executive

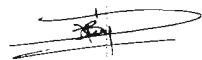


**Haroon Iqbal**  
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2014**

Notes	6 Months		3 Months	
	July to Dec	July to Dec	Oct to Dec	Oct to Dec
	2014	2013	2014	2013
	(Rupees in "000")		(Rupees in "000")	
<b>Sales - net</b>	318,387	742,218	144,773	375,910
<b>Cost of Sales</b>	(372,341)	(689,968)	(177,419)	(354,545)
<b>Gross (Loss) / Profit</b>	(53,954)	52,250	(32,646)	21,365
<b>Operating Expenses</b>				
Distribution Cost and Selling Expenses	(4,569)	(6,917)	(1,521)	(2,871)
Administrative and General Expenses	(15,213)	(19,214)	(7,075)	(12,660)
	(19,782)	(26,131)	(8,596)	(15,531)
<b>Operating (Loss) / Profit</b>	(73,736)	26,119	(41,242)	5,834
Finance Cost	(9,664)	(6,550)	(4,813)	(3,228)
Workers' profits participation fund	--	(978)	--	(130)
Workers' welfare fund	--	(372)	--	(50)
	(9,664)	(7,900)	(4,813)	(3,408)
<b>(Loss) / Profit before Taxation</b>	(83,400)	18,219	(46,055)	2,426
<b>Taxation - Current</b>	(3,191)	(7,427)	(1,452)	(3,674)
<b>- Deferred</b>	13,716	8,990	4,978	1,870
	10,525	1,563	3,526	(1,804)
<b>(Loss) / Profit after Taxation</b>	(72,875)	19,782	(42,529)	622
<b>(Loss) / Earning Per Share - Basic</b>	(12.83)	3.48	(7.48)	0.11

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



**Dewan Abdul Baqi Farooqui**  
Chief Executive

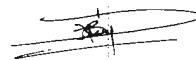


**Haroon Iqbal**  
Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2014**

	6 Months		3 Months	
	July to Dec	July to Dec	Oct to Dec	Oct to Dec
	2014	2013	2014	2013
	(Rupees in "000")		(Rupees in "000")	
<b>(Loss)/ Profit for the period</b>	(72,875)	19,782	(42,529)	622
<b>Other comprehensive Income:</b>				
<b>Transfer from surplus on revaluation of property plant and equipment in respect of:</b>				
Incremental depreciation	18,178	20,971	9,089	10,486
Related deferred tax	(6,181)	(7,130)	(3,091)	(3,460)
	11,997	13,841	5,998	7,026
<b>Changes in fair value of available for sale investment</b>	(5,165)	3,228	1,614	4,519
<b>Total comprehensive (Loss) / income for the period</b>	(66,043)	36,851	(34,917)	12,167

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



**Dewan Abdul Baqi Farooqui**  
Chief Executive



**Haroon Iqbal**  
Director