

DEWAN KHALID TEXTILE MILLS LIMITED

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## COMPANY INFORMATION

### BOARD OF DIRECTORS

Executive Director	:	Mr. Ishtiaq Ahmed - Chief Executive Officer
Non-Executive Directors	:	Mr. Haroon Iqbal Chairman, Board of Directors Mr. Zafar Asim Mr. Imran Ahmed Javed Mr. Muhammad Naeemuddin Malik Mr. Muhammad Baqar Jafferri
Independent Director	:	Mr. Aziz-ul-Haque
Audit Committee	:	Mr. Aziz-ul-Haque (Chairman) Mr. Muhammad Naeemuddin Malik (Member) Mr. Haroon Iqbal (Member)
Human Resources & Remuneration Committee	:	Mr. Haroon Iqbal Chairman Mr. Muhammad Baqar Jafferri (Member) Mr. Ishtiaq Ahmed (Member)
Auditors	:	Feroze Sharif Tariq & Company Chartered Accountants 4/N/4 Block-6, P.E.C.H.S.,
Company Secretary	:	Mr. Muhammad Hanif German
Chief Financial Officer	:	Mr. S.M. Raza
Tax Advisor	:	Sharif & Co. Advocates
Legal Advisor	:	A. K. Brohi & Co. Advocates
Bankers	:	Habib Bank Limited Bank Islami Pakistan Limited MCB Bank Limited Bank Al Falah Limited Askari Commercial Bank Limited
Registered Office	:	Finance & Trade Centre Block-A, 8th 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	:	<a href="http://www.yousufdewan.com">www.yousufdewan.com</a>

## 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 information of the company for the half year ended December 31, 2017 in compliance with requirements of section 245 of the repealed Companies Ordinance, 1984 and code of corporate governance issued by Securities and Exchange Commission of Pakistan.

#### Overview

Textile sector being the largest manufacturing sector, which contributes to Foreign Exchange earnings, continued to face distressed and adverse set of circumstances which hampered the operations of several units, accordingly the company has also suspended its operations.

#### Operating results (Factory Shutdown):

Company's net sales remained nil due to closure of operations as compared to Rs. 35.022 million of the corresponding period of last year. Company has suffered gross loss of Rs. 47.774 million as compared to the gross loss of Rs. 39.157 million of comparable period of last year, whereas operating expenses of the company remained at Rs.108.153 million. The Company, for the time being, has suspended its manufacturing operations since August 2016 which could not be resumed due to adverse scenario faced by the industry, lesser market demand and working capital constraints.

The auditors of the Company have expressed adverse conclusion in their review report on going concern assumption due to closure of operations, default in repayment of installments of restructured liabilities and related non-provisioning of mark-up as explained in their review report. The condensed interim financial information has been prepared using going concern assumption as the company has approached its lenders for further restructuring of its liabilities, which is in advanced stage. Management is hopeful that such revision will be finalized soon, hence no provision of markup has been made in this condensed interim financial information.

#### Future Outlook

Management is endeavoring to resume the production of the company as soon as the situation in near future improves, restructuring of the company is finalized and sufficient working capital is provided. However, some initiatives from the government are also needed in order to make the textile industry sustainable by reducing the cost of doing business, especially smooth supply of gas at affordable tariff.

#### Conclusion

In conclusion, we bow beg and pray to Almighty Allah, Rahman-o-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*



Haroon Iqbal

Dated: February 23, 2018 Chairman Board of Directors

## **FEROZE SHARIF TARIQ & CO.**

FEROZE SHARIF TARIQ & CO.  
Chartered Accountants  
4-N/4, BLOCK 6, P.E.C.H.S.,  
KARACHI 75400

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### **AUDITORS' REVIEW REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION**

#### **Introduction**

We have reviewed the accompanying Condensed interim balance sheet of Dewan Khalid Textile Mills Limited ("the company") as at December 31, 2017 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 information') for the six months period then ended. Management is responsible for the preparation and Presentation of this Condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this Condensed interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2017 and December 31, 2016 have not been reviewed as we are required to review only the cumulative figures for the Six month ended December 31, 2017.

#### **Scope of Review**

We conducted our review in accordance with the International Standard on review engagements 2410, "Review of Condensed interim financial information performed by the independent Auditor of the Entity". A review of Condensed interim financial information 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 Adverse Conclusion**

- a) The Condensed interim financial information of the company for the Six months ended December 31, 2017 as disclosed in note 2 to the Condensed interim financial information reflects loss after taxation of Rs. 154.137 million and as of that date it has accumulated losses of Rs. 553.269 million which resulted in net capital deficiency of Rs. 457.161 million and its current liabilities exceeded its current assets by Rs. 531.791 million without providing markups of Restructured and other liabilities and as refer in below para (b). The operations of the company were closed from August 2016 due to working capital constraints. Furthermore, the company defaulted in repayments of installments of restructured liabilities and short term finance facilities have expired and not been renewed by banks amounting to Rs. 396.654 million, hence as per the terms of the restructuring under clause 10.2 of the compromise agreement the entire restructured debt amounting to Rs. 104.008 million along with mark up of Rs. 137.368 million (eligible for waiver outstanding as of date of restructuring) have immediately become payable therefore provision for markup should be made in this condensed interim financial information and the long term financing of Rs.3.468 million should be classified under current liabilities. Moreover, certain lenders are in litigation with the company, the aggregate suit amount is Rs.275.008 million (the company has also not provided markup on the same Loan). Further, one of the lenders has also filed winding up petition u/s 305 of the repealed Companies Ordinance, 1984. These conditions lead us to believe that the going concern assumption used in preparation of this Condensed interim financial information is inappropriate; consequently, the assets and liabilities should have been stated at their realizable and settlement amounts respectively.
- b) In addition to above, since the proposal, has not been accepted so far and the lenders, instead of the accepting the restructuring Proposal, have preferred to filed suit against the company, therefore the provision of mark up should be made in the Condensed interim financial information as fully disclosed in note 10 to Condensed interim Financial Information. Had the provisions for the mark up, as discussed in preceding paragraphs, been made in this financial information, the loss after taxation would have been higher by Rs. 11.908 million and markup payable would have been higher and shareholders' equity would have been lower by Rs. 373.389 million.

#### **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) above, this interim condensed financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Audit Engaging Partner: Mohammad Tariq  
Dated: February 23, 2018  
Place: Karachi



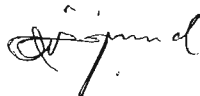
CHARTERED ACCOUNTANTS

**DEWAN KHALID TEXTILE MILLS LIMITED**

**CONDENSED INTERIM BALANCE SHEET  
AS AT DECEMBER 31, 2017**

	(Un-Audited) December 30, 2017	(Audited) June 30, 2017 (Restated)	(Audited) June 30, 2016 (Restated)
<b>EQUITY AND LIABILITIES</b>	Notes -----(Rupees)-----		
<b>CAPITAL &amp; RESERVES</b>			
<b>Authorized</b>	<b>150,000,000</b>	<b>150,000,000</b>	<b>150,000,000</b>
15,000,000 (June 30, 2017: 15,000,000) Ordinary Shares of Rs. 10/- each			
Issued, Subscribed and Paid-up Capital	<b>96,107,590</b>	96,107,590	66,107,590
Advance against issue of shares	-	-	30,000,000
Reserves and accumulated loss	<b>(553,269,090)</b>	(421,464,564)	(331,845,947)
	<b>(457,161,500)</b>	(325,356,974)	(235,738,357)
Surplus on revaluation of property plant and equipment	<b>502,521,111</b>	519,250,653	234,211,128
<b>NON CURRENT LIABILITIES</b>			
Long Term Loan	<b>48,887,571</b>	51,071,154	69,878,316
<b>Deferred Liabilities</b>			
Provision for Staff Gratuity	<b>17,295,063</b>	17,295,063	16,069,913
Deferred taxation	<b>158,518,870</b>	173,692,957	90,921,350
	<b>175,813,933</b>	190,988,020	106,991,263
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	<b>182,674,518</b>	186,329,187	199,055,856
Mark-up accrued on loans	<b>59,657,915</b>	54,934,430	45,713,701
Short Term Borrowings - Secured	<b>303,546,923</b>	300,130,923	292,772,515
Current and over due portion of syndicated long Term Loan	<b>100,539,400</b>	96,578,525	74,291,171
Provision for Income Tax	<b>13,172,950</b>	13,172,950	12,811,750
	<b>659,591,706</b>	651,146,015	624,644,993
<b>Contingencies and Commitments</b>	<b>-</b>	-	-
	<b>929,652,821</b>	1,087,098,868	799,987,343
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, Plant & Equipments	<b>798,961,114</b>	839,808,014	492,185,303
Investment in associate	-	-	-
Long Term Deposits	<b>2,891,075</b>	2,891,075	26,449,435
<b>CURRENT ASSETS</b>			
Stores, Spares and Loose Tools	<b>18,428,608</b>	18,428,608	19,074,993
Stock-in-Trade	<b>69,528,907</b>	136,346,218	155,716,375
Trade Debts - Considered Good	<b>22,167,949</b>	52,729,382	70,788,264
Loans and Advances - Unsecured, Considered good	<b>562,908</b>	1,815,752	6,763,268
Statutory Balances and Other Receivables - Considered good	-	17,141,532	10,711,107
Income Tax Refunds and Advances	<b>16,146,456</b>	16,120,954	16,035,556
Cash and Bank Balances	<b>965,804</b>	1,817,333	2,263,042
	<b>127,800,632</b>	244,399,779	281,352,605
	<b>929,652,821</b>	1,087,098,868	799,987,343

The annexed notes form an integral part of this condensed interim financial information.



**Ishtiaq Ahmed**  
Chief Executive Officer



**Haroon Iqbal**  
Chairman Board of Directors

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017

	6 Months		3 Months	
	July to Dec 2017	July to Dec 2016	Oct to Dec 2017	Oct to Dec 2016
Notes	------(Rupees)-----			
<b>Sales - net</b>	--	35,022,437	--	--
<b>Cost of Sales</b>	(47,774,196)	(74,179,479)	(22,694,326)	(12,537,150)
<b>Gross ( Loss)</b>	(47,774,196)	(39,157,042)	(22,694,326)	(12,537,150)
<b>Operating Expenses</b>				
Distribution Cost and Selling Expenses	(845,555)	(2,149,650)	(845,555)	(1,019,208)
Administrative and General Expenses	(107,307,331)	(8,884,354)	(104,303,491)	(2,188,100)
	(108,152,886)	(11,034,004)	(105,149,046)	(3,207,308)
<b>Operating Loss</b>	(155,927,082)	(50,191,046)	(127,843,372)	(15,744,458)
Finance Cost	10	(7,781,073)	(7,539,638)	(3,828,178)
		(7,781,073)	(7,539,638)	(3,828,178)
<b>Loss before Taxation</b>	(163,708,155)	(57,730,684)	(131,671,550)	(19,524,478)
<b>Taxation</b>				
- Current	--	(350,224)	--	--
- Deferred	9,571,089	4,297,614	4,626,026	2,080,100
	9,571,089	3,947,390	4,626,026	2,080,100
<b>Loss after Taxation</b>	(154,137,066)	(53,783,294)	(127,045,524)	(17,444,378)
<b>Loss per share - Basic and diluted</b>	13	(16.04)	(5.60)	(13.22)
		(5.60)	(13.22)	(1.82)

The annexed notes form an integral part of this condensed interim financial information.



**Ishtiaq Ahmed**  
Chief Executive Officer



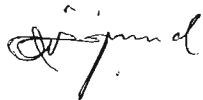
**Haroon Iqbal**  
Chairman Board of Directors

**DEWAN KHALID TEXTILE MILLS LIMITED**

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR & QUARTER ENDED DECEMBER 31, 2017**

	<b>6 Months</b>		<b>3 Months</b>	
	<b>July to Dec 2017</b>	<b>July to Dec 2016 (Restated)</b>	<b>Oct to Dec 2017</b>	<b>Oct to Dec 2016 (Restated)</b>
	----- <b>(Rupees)</b> -----			
<b>(Loss) for the period</b>	<b>(154,137,066)</b>	(53,783,294)	<b>(127,045,524)</b>	(17,444,378)
Other comprehensive Income:				
Transfer from surplus on revaluation of property plant and equipment in respect of:				
Incremental depreciation	<b>31,903,629</b>	13,863,271	<b>15,951,813</b>	6,931,108
Related deferred tax	<b>(9,571,089)</b>	(4,297,614)	<b>(4,626,026)</b>	(2,080,250)
	<b>22,332,540</b>	9,565,657	<b>11,325,787</b>	4,850,858
<b>Total comprehensive (Loss) for the period</b>	<b>(131,804,526)</b>	(44,217,637)	<b>(115,719,737)</b>	(12,593,520)

The annexed notes form an integral part of this condensed interim financial information.



**Ishtiaq Ahmed**  
Chief Executive Officer



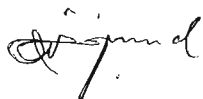
**Haroon Iqbal**  
Chairman Board of Directors



## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	July-Dec 2017	July-Dec 2016
Note	------(Rupees)-----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss) before Taxation	(163,708,155)	(57,730,684)
<b>Adjustment for Non-Cash and Other Items:</b>		
Depreciation	41,111,900	23,428,490
Provision for Gratuity	--	2,520,498
Provision for doubtful debts	24,685,328	--
Provision for slow moving and obsolescence of stocks	66,817,311	--
Provision for doubtful advances	10,185,522	--
Finance Cost	7,781,073	7,539,638
	<u>150,581,134</u>	<u>33,488,626</u>
	(13,127,021)	(24,242,058)
<b>Working Capital Charges</b>		
<b>(Increase) / Decrease in Current Assets</b>		
Stores, Spares and Loose Tools	--	574,768
Stock-in-Trade	42,131,983	11,753,129
Trade Debts	(36,255,878)	18,631,453
Loans and Advances	1,252,844	(982,500)
Trade deposits, Prepayments & Statutory balances	6,956,010	530,968
<b>Increase / (Decrease) in Current Liabilities</b>		
Trade creditors, payables and other borrowings	(3,654,669)	(9,414,784)
	<u>10,430,290</u>	<u>21,093,034</u>
Taxes Paid	(25,502)	(38,026)
	<u>(25,502)</u>	<u>(38,026)</u>
<b>Net Cash Inflow/ (Outflow) from Operating Activities</b>	<u>(2,722,233)</u>	<u>(3,187,050)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed Capital Expenditure	(265,000)	--
<b>Net Cash Inflow/ (Outflow) from Investing Activities</b>	<u>(265,000)</u>	<u>--</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Finance Cost Paid	(1,280,296)	(1,385,371)
<b>Net Cash Inflow/ (Outflow) from Financing Activities</b>	<u>(1,280,296)</u>	<u>(1,385,371)</u>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<u>(4,267,529)</u>	<u>(4,572,421)</u>
Cash and Cash Equivalents at the Beginning of the period	(298,313,590)	(290,509,473)
Cash and Cash Equivalents at the End of the period	11 <u>(302,581,119)</u>	<u>(295,081,894)</u>

The annexed notes form an integral part of this condensed interim financial information.



**Ishtiaq Ahmed**  
Chief Executive Officer



**Haroon Iqbal**  
Chairman Board of Directors

**DEWAN KHALID TEXTILE MILLS LIMITED**

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

	Share Capital	General Reserve	Advance against issue of shares	Unrealized gain due to change in fair value of investment	Accumulated losses	Total
----- (Rupees) -----						
Balance as on July 01, 2016 - as reported	66,107,590	135,000,000	30,000,000	20,336,305	(417,780,577)	(166,336,682)
Change in accounting policy (note 5.2)				(20,336,305)	(49,065,370)	(69,401,675)
Balance as on July 01, 2016 - as restated	66,107,590	135,000,000	30,000,000		(466,845,947)	(235,738,357)
Share issued during the period	30,000,000		(30,000,000)			
Total comprehensive income for the period	-	-		-	(44,217,637)	(44,217,637)
Balance as on December 2016 - restated	<b>96,107,590</b>	<b>135,000,000</b>	-	-	<b>(511,063,584)</b>	<b>(279,955,994)</b>
Balance as on July 01, 2017 - restated	<b>96,107,590</b>	<b>135,000,000</b>	-	-	<b>(556,464,564)</b>	<b>(325,356,974)</b>
Total comprehensive income for the period	-	-		-	(131,804,526)	(131,804,526)
<b>Balance as on December 31, 2017</b>	<b>96,107,590</b>	<b>135,000,000</b>	<b>-</b>	<b>-</b>	<b>(688,269,090)</b>	<b>(457,161,500)</b>

The annexed notes form an integral part of this condensed interim financial information.



**Ishtiaq Ahmed**  
Chief Executive Officer



**Haroon Iqbal**  
Chairman Board of Directors

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-Audited) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

### 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 in Pakistan Stock Exchange Limited. 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 Going Concern Assumption

The condensed interim financial informations of the company for the half year ended December 31, 2017 reflect that company has sustained a net loss after taxation of Rs.154.137 million (2017: Rs.123.385 million) and as of that date company's negative reserves of Rs. 553.269 million have resulted in negative equity of Rs. 457.162 million. Further the company's short term borrowing facilities having limit to the extent of Rs.140 million have expired and not been renewed. Company defaulted in repayment of its restructured liabilities due to liquidity crunch faced by the Company due to lesser market demand and adverse factors being faced by the overall textile industry in the country. As a result the Company, for the time being, has suspended its manufacturing operations since August 2016. Accordingly, the entire restructured liabilities along with markup eligible for waiver have become immediately repayable. These conditions indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as a going concern, therefore the company may not be able to realize its assets and discharge its liabilities during the normal course of business.

The condensed interim financial informations has been prepared on going concern assumption as the Company approached its lenders for further restructuring of its liabilities which is in process. Company is hopeful that such restructuring will be effective soon and will further streamline the funding requirements of the Company which will ultimately help the management to resume the operations with optimum utilization of production capacity. As the conditions mentioned in the foregoing paragraph are temporary and would reverse therefore the preparation of The condensed interim financial informations using going concern assumption is justified.

### 3 Basis of preparation

3.1 During the preceding financial year, the Companies Act 2017 (the Act) was promulgated, however, as per Securities and Exchange Commission of Pakistan's (SECP) circular 23 of 2017 dated October 04, 2017 as clarified by Institute of Chartered Accountants of Pakistan vide its circular no 17/2017 dated October 06, 2017, the companies shall prepare their annual and interim condensed interim financial informations for the periods ending on or before December 31, 2017 in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, this condensed interim financial information of the Company for the half year ended December 31, 2017 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 repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984 have been followed.

3.2 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.

3.3 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, 2017.

## DEWAN KHALID TEXTILE MILLS LIMITED

### 4 Estimates, Judgements and Financial Risk Management

4.1 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.

4.2 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 audited financial statements as at and for the year ended June 30, 2017.

### 5 Significant Accounting Policies

5.1 Except for the change as described in note 5.2 below, 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 audited financial statements of the Company as at and for the year ended June 30, 2017. 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.

5.2 Company has changed its accounting policy for investments in associated company, which were previously classified as available for sale with changes in fair values taken to other comprehensive income, the same are now being classified using equity basis of accounting as follows:

#### **Investment in Associate**

Associates are entities over which the Company exercises significant influence. Investment in associates is accounted for using equity basis of accounting, under which the investment in associate is initially recognised at cost and the carrying amount is increased or decreased to recognise the Company's share of profit or loss of the associate after the date of acquisition. The Company's share of profit or loss of the associate is recognised in the Company's profit and loss account. Distributions received from associate reduce the carrying amount of the investment. Adjustments to the carrying amount are also made for changes in the Company's proportionate interest in the associate arising from changes in the associates' other comprehensive income that have not been recognised in the associate's profit or loss. The Company's share of those changes is recognised in other comprehensive income of the Company. The carrying amount of the investment is tested for impairment, by comparing its recoverable amount (higher of value in use and the fair value less costs to sell) with its carrying amount and loss, if any, is recognised in profit or loss. If the Company's share of losses of an associate equals or exceeds its interest in the associate, the Company discontinues recognizing its share of further losses.

The change in accounting policy has been applied retrospectively, and comparative figures have been restated. Had the policy not been changed, the carrying amount of investments would have been Rs.46.483 million (2017:Rs.131.379 million), shareholders' equity would have been higher by same amounts and other comprehensive loss would have been higher by Rs.84.896 million (Dec 31, 2016: lower by Rs.90.706 million).

	December 31, 2017 (Un-Audited)	June 30, 2017 (Audited)
	(Rupees)	
<b>6 Long term loans</b>		
Syndicated Long Term Loan - Secured	3,468,272	7,429,147
Sponsor loan, Un secured, interest free-at amortized cost	45,419,299	43,642,007
	<u>48,887,571</u>	<u>51,071,154</u>

### 7 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, 2017.

	Notes	December 31, 2017 (Un-Audited) (Rupees)	June 30, 2017 (Audited)
<b>8 Property, Plant &amp; Equipments</b>			
Operating Fixed Assets	8.1	<b>798,961,114</b>	839,808,014
		<b>798,961,114</b>	<b>839,808,014</b>
<b>8.1 Operating Fixed Assets</b>			
Opening written down value		839,808,014	492,185,303
Additions during the period / Revaluation during the year		265,000	416,663,086
Depreciation during the period / year		(41,111,900)	(69,040,375)
<b>Closing written down value</b>		<b>798,961,114</b>	<b>839,808,014</b>
<b>9 Investment in associate</b>			
Investment in Dewan Salman Fibre Limited (Public, quoted company) 32,279,849 (June 30, 2017: 32,279,849) fully paid up ordinary shares of Rs.10/- each. (including 25,779,849 bonus shares)		--	--
9.1 The Company holds 8.81% shares in associate company, the cost of investment is Rs.65.00 million. The accumulated losses of the associate company as at 31 December 2017 were Rs.17,393.022 million whereas the Company's share of these losses was Rs.1,532.325 million which exceeds the Company's interest in the associate. Hence, the management of the Company discontinued recognising its share of further losses. The aggregate market value of investment based on quoted prices as of reporting date was Rs.46.483 million (2017: Rs.131.379 million).			
<b>10 Finance Cost</b>			
In addition to the non-provisioning of mark-up eligible for waiver, Company has not made the provision of mark-up for the period amounting Rs. 11.908 millions (30 June 2017: Rs. 23.686 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.11.908 million and accrued mark-up would have been higher and shareholders' equity would have been lower by Rs. 373.389 million. The said non provisioning is departure from the requirement of IAS 23- 'Borrowing Costs'.			
		December 31, 2017 (Un-Audited) (Rupees)	December 31, 2016 (Un-Audited)
<b>11 Cash and Cash Equivalents</b>			
Cash and Bank Balances		965,804	1,714,125
Short term Borrowings		(303,546,923)	(296,796,019)
		<b>(302,581,119)</b>	<b>(295,081,894)</b>
<b>12 Related Party Transactions</b>			
Purchases		-	315,000
Provident Fund		470,924	1,365,250
All transactions have been carried out at commercial terms & conditions and valued at arm's length price.			
<b>13 Loss Per Share -Basic and diluted</b>			
Net (Loss) for the period		(154,137,066)	(53,783,294)
Number of ordinary shares		9,610,759	9,610,759
<b>(Loss) Per Share - Basic and diluted (Rs.)</b>		<b>(16.04)</b>	<b>(5.60)</b>
<b>14 Date of Authorization for issue</b>			
This Interim Condensed Financial Information was authorized for issue on February 23, 2018 by the Board of Directors of the Company.			


**Ishtiaq Ahmed**

Chief Executive Officer


**Haroon Iqbal**

Chairman Board of Directors

مستقبل پر ایک نظر:

انتظامیہ کمپنی کی پیداواری سرگرمیوں کو بحال کرنے کی ہر ممکن کوشش کر رہی ہے جس کا دار و مدار مستقبل کے معاشی حالات پر ہے انتظامیہ جلد ری اسٹرکچرنگ مکمل ہونے کے لئے پرامید ہے تاکہ کمپنی کو کام کرنے کے سرمائے کو فراہمی ہو سکے۔ اس کے علاوہ حکومت کی جانب سے براہ راست اقدامات کی ضرورت ہے تاکہ ٹیکسٹائل کی صنعت کو جاری و ساری رکھا جاسکے بالخصوص قابل برداشت گیس کی قیمتوں اور اس کی سپلائی کو موثر بنانے کیلئے اقدامات کرنے ہو گئے۔

اظہار تشکر اور نتیجہ:

آخر میں میں اللہ تعالیٰ رحمن و رحیم سے دعا کرتا ہوں کہ وہ اپنے حبیب حضرت محمد ﷺ کے طفیل اپنی رحمت، ہدایات اور فضل و کرم ہم پر اسی طرح قائم رکھے جو کہ نہ صرف ہم پر بلکہ ہماری کمپنی اور ہمارے ملک و قوم پر بھی اپنی رحمت نازل کرے، ہم اللہ تعالیٰ سے یہ بھی دعا کرتے ہیں کہ تمام مسلم ائمہ کے مابین صحیح اسلامی جذبہ، اخوت اور بھائی چارگی پیدا کرے۔ آمین ثلثہ آمین۔

میرا پروردگار یقیناً ہماری دعاؤں کو سنتا ہے۔ (قرآن کریم)

بورڈ آف ڈائریکٹرز کی جانب سے



ہارون اقبال  
چیئرمین بورڈ آف ڈائریکٹرز

کراچی؛  
تاریخ: 23 فروری 2018ء

## ڈائریکٹرز رپورٹ

محترم شیئر ہولڈرز،

السلام علیکم،

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز سابقہ کمپنیز آرڈیننس، 1984 کی دفعہ 245 اور سیکورٹی اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ کوڈ آف کارپوریٹ گورننس کے تحت 31 دسمبر 2017ء کو ختم ہونے والی ششماہی کے غیر آڈٹ شدہ عبوری مالیاتی حسابات پیش کر رہے ہیں۔

جائزہ:

ٹیکسٹائل کی صنعت جو کہ وسیع پیداواری شعبہ اور زرمبادلہ کی آمدن میں معاون ہے، مستقل دباؤ کا شکار رہی اور درپیش مخالف حالات مختلف پونٹس کے امور میں رخنا کا باعث رہے۔ نتیجتاً کمپنی نے بھی اپنی پیداوار کو معطل کر دیا ہے۔

مالیاتی نتائج اور کارکردگی: (پیداوار معطل)

کمپنی کی فروخت اس ششماہی میں پیداوار معطل ہونے کی وجہ سے صفر رہی جو کہ پچھلے سال کی پہلی ششماہی میں مبلغ 35.022 ملین روپے تھی۔ کمپنی کو مبلغ 47.774 ملین روپے کا کل خسارہ برداشت کرنا پڑا جو کہ گزشتہ سال کی پہلی ششماہی میں مبلغ 39.157 ملین روپے تھا۔ جبکہ کمپنی کے آپریٹنگ کے اخراجات مبلغ 108.153 ملین روپے رہے۔ کمپنی نے وقتی طور پر اگست 2016ء سے اپنی پیداوار کے عمل کو معطل کر دیا ہے جو کہ صنعت میں نامساعد مشکلات، مارکیٹ میں طلب کی کمی اور کام چلانے کے لیے سرمایہ میں کمی کی وجہ سے ہے۔

کمپنی کے آڈیٹرز نے اپنی جاری کردہ رپورٹ میں تحفظات کا اظہار کیا ہے جن میں پیداوار معطل ہونے کی وجہ سے کمپنی کی مستقبل میں چلنے کی اہلیت، مارک اپ کو ریکارڈ نہ کرنا، قرضہ جات کی اقساط میں واپسی کی کوتاہی شامل ہیں۔ مالیاتی حسابات چلتی ہوئی کمپنی کے جاری کردہ امور کے تحت مرتب کئے گئے ہیں کیونکہ کمپنی نے اپنے قرضہ جات کے حوالے سے دوبارہ ترتیب کیلئے قرض خواہوں سے رابطہ کیا ہے جو ان کے زیر غور ہے۔ انتظامیہ کو امید ہے کہ یہ نظر ثانی جلد مکمل ہو جائے گی اسی لیے مارک اپ کو مالیاتی حسابات میں ریکارڈ نہیں کیا گیا ہے۔