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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 Dewan Abdullah Ahmed Swaleh 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 & Co. 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
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	: A-30, S.I.T.E., Hyderabad, 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 229.744 million as compared to the Rs 198.720 million of the corresponding period of last year. Company has suffered gross loss of Rs 37.387 million as compared to the gross loss of Rs 25.393 million of comparable period of last year. Operating expenses of the company have been decreased by Rs 0.333 million as compared to those of first quarter 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

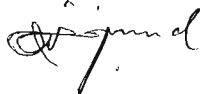
Conclusion

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

Dated: October 28, 2015

Chief Executive Officer



CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2015

	Notes	September 30, 2015 (Un-Audited)	June 30, 2015 (Audited)
<u>EQUITY AND LIABILITIES</u>			
<u>CAPITAL & RESERVES</u>			
<u>Authorized</u>			
10,000,000 (June 30, 2015: 10,000,000) Ordinary Shares of Rs. 10/- each		100,000,000	100,000,000
Issued, Subscribed and Paid-up Capital		65,610,280	65,610,280
General Reserve - (a Revenue Reserve)		45,000,000	45,000,000
Unappropriated Profit		17,005,271	63,422,433
		127,615,551	174,032,713
Surplus on revaluation of property plant and equipment		303,013,280	307,403,558
<u>NON-CURRENT LIABILITIES</u>			
Long term loans		195,162,796	207,914,376
<u>Deferred Liabilities</u>			
Provision for Staff Gratuity		34,445,521	32,750,079
Deferred taxation		70,375,720	75,810,591
		104,821,241	108,560,670
<u>CURRENT LIABILITIES</u>			
Trade and Other Payables		88,084,036	93,554,478
Mark-up accrued on loans		19,421,591	16,326,619
Current and over due portion of Syndicated long term loans		90,477,207	75,582,381
Short Term Borrowings - Secured		63,378,012	37,499,468
Provision for Income Tax		65,273,682	62,975,936
		324,634,528	285,938,882
Contingencies and Commitments	5	—	—
		1,055,247,396	1,083,850,199
<u>ASSETS</u>			
<u>NON-CURRENT ASSETS</u>			
Property Plant and Equipment	6	555,619,270	567,130,310
Available for Sale Investment - at fair value	7	57,011,167	52,243,682
Long Term Deposits		27,552,410	27,552,410
<u>CURRENT ASSETS</u>			
Stores, Spares and Loose Tools		19,815,492	18,896,866
Stock-in-Trade		68,652,578	86,535,853
Trade Debts - Considered Good		241,174,210	247,698,208
Loans and Advances - Unsecured, Considered good		6,624,712	5,100,601
Trade Deposits, Prepayments and Statutory Balances - Considered good		14,078,972	13,954,825
Other Receivables - Unsecured, Considered good		12,225,000	12,225,000
Income Tax Refunds and Advances		48,504,240	48,254,240
Cash and Bank Balances	8	3,989,345	6,258,204
		415,064,549	436,923,797
		1,055,247,396	1,083,850,199

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

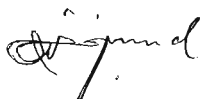
Ishtiaq Ahmed
Chief Executive Officer

Haroon Iqbal
Director

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

Notes	Jul - Sep 2015	Jul - Sep 2014
	(Rupees)	
Sales - Net	229,774,597	198,720,654
Cost of Sales	<u>(267,161,445)</u>	<u>(224,113,323)</u>
Gross Loss	(37,386,848)	(25,392,669)
Operating expenses		
Administrative and General Expenses	<u>(8,579,492)</u>	<u>(11,566,452)</u>
Distribution Costs and Selling Expenses	<u>(5,988,859)</u>	<u>(3,335,106)</u>
	<u>(14,568,351)</u>	<u>(14,901,558)</u>
Operating Loss	(51,955,199)	(40,294,227)
Other Income	<u>(6,756,851)</u>	<u>(10,069,237)</u>
Loss before taxation	(58,712,050)	(50,363,464)
Taxation		
Current	<u>(2,297,746)</u>	<u>(1,987,207)</u>
Deferred	<u>5,434,871</u>	<u>16,818,787</u>
	<u>3,137,125</u>	<u>14,831,580</u>
Loss after taxation	<u>(55,574,925)</u>	<u>(35,531,884)</u>
Loss per share - Basic and diluted	<u>(8.47)</u>	<u>(10.35)</u>

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 - Sep 2015	July - Sep 2014
	(Rupees)	
Loss for the period	(55,574,925)	(35,531,884)
Other comprehensive Income:		
Transfer from surplus on revaluation of property plant and equipment in respect of:		
Incremental depreciation	6,456,291	8,027,785
Related deferred tax	(2,066,013)	(2,729,447)
	4,390,278	5,298,338
Changes in fair value of available for sale investment	4,767,485	(4,171,549)
Total comprehensive Loss for the period	<u>(46,417,162)</u>	<u>(34,405,095)</u>

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

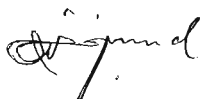
Ishtiaq Ahmed
Chief Executive Officer

Haroon Iqbal
Director

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

	July - Sep 2015	July - Sep 2014
CASH FLOW FROM OPERATING ACTIVITIES	(Rupees)	
Loss before Taxation	(58,712,050)	(50,363,464)
Adjustment for Non-Cash and Other Items:		
Depreciation	11,511,040	12,911,956
Provision for Gratuity	1,695,442	1,659,442
Finance Cost	6,756,851	10,069,237
	<u>19,963,333</u>	<u>24,640,635</u>
	(38,748,717)	(25,722,829)
Working Capital Changes		
(Increase) / Decrease in Current Assets		
Stores, Spares and Loose Tools	(2,918,626)	1,530,147
Stock-in-Trade	17,883,275	32,924,524
Trade Debts	6,523,998	6,996,544
Loans and Advances	(1,524,111)	149,887
Trade deposits, Prepayments & Statutory balances	(124,147)	(382,893)
Other Receivables	-	(832,485)
Increase / (Decrease) in Current Liabilities		
Trade Creditors, Payable & others borrowings	(5,327,197)	7,681,246
	14,513,192	48,066,970
Taxes Paid	(250,000)	(117,278)
Gratuity Paid	-	(1,591,350)
	<u>(250,000)</u>	<u>(1,708,628)</u>
Net Cash Inflow/ (Outflow) from Operating Activities	(24,485,525)	20,635,513
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed Capital Expenditure	-	-
Long term deposits	-	-
Net Cash Inflow / (Outflow) from Investing Activities	--	--
CASH FLOW FROM FINANCING ACTIVITIES		
Syndicated Long Term Loan	-	(24,004,077)
Finance Cost Paid	(3,661,879)	(2,374,162)
Net Cash Inflow/ (Outflow) from Financing Activities	(3,661,879)	(26,378,239)
Net Increase / (decrease) in Cash and Cash Equivalents	(28,147,404)	(5,742,726)
Cash and Cash Equivalents at the Beginning	(31,241,264)	(108,323,780)
Cash and Cash Equivalents at the End	<u>(59,388,668)</u>	<u>(114,066,506)</u>

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 Profit / (Loss)	Total
Balance as on July 01, 2014	34,340,280	45,000,000	10,925,486	108,583,611	198,849,377
comprehensive income for the quarter	-	-	(4,171,549)	(30,233,546)	(34,405,095)
Balance as on September 30, 2014	34,340,280	45,000,000	6,753,937	78,350,065	164,444,282
Balance as on July 01, 2015	65,610,280	45,000,000	22,049,616	41,372,817	174,032,713
comprehensive income for the quarter	-	-	4,767,485	(51,184,647)	(46,417,162)
Balance as on September 30, 2015	65,610,280	45,000,000	26,817,101	(9,811,830)	127,615,551

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 THE COMPANY AND ITS OPERATIONS

Dewan Mushtaq Textile Mills Limited (the Company) was incorporated in Pakistan, as a public limited company on November 04, 1970, under the Companies Act, 1913 (Now the Companies Ordinance, 1984) and its shares are listed on the Karachi Stock Exchange in Pakistan. The registered office of the company is located at Finance & Trade Centre, Block-A 8th Floor, Shahrah-e-faisal, Karachi, Pakistan; while its manufacturing facilities are located at A-30, S.I.T.E., Hyderabad, Sindh, 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.

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 MUSHTAQ TEXTILE MILLS LIMITED

	September 30, 2015 (Un-audited)	June 30, 2015 (Audited)
	(Rupees)	
6 PROPERTY, PLANT AND EQUIPMENT		
Opening written down value	562,430,310	614,125,963
Additions during the period / year	--	--
Surplus on revaluation of Fixed Assets	--	--
Written down value of disposals	--	--
Depreciation during the period / year	(11,511,040)	(51,695,653)
Closing written down value	550,919,269	562,430,310
 Capital Work in progress	 4,700,000	 4,700,000
	555,619,269	567,130,310
 7 AVAILABLE FOR SALE INVESTMENT - At fair value		
In related party		
Shares in Dewan Salman Fibre Ltd. (Public, quoted company) 19,864,518 (June 30, 2015: 19,864,518) Fully paid up ordinary shares of Rs. 10/- each.	40,000,000	40,000,000
Surplus / (deficit) due to change in fair value	17,011,167	12,243,682
	57,011,167	52,243,682
Aggregate Market value (Rupees per share)	2.87	2.63
Percentage of equity held	5.42%	5.42%
 8 Cash and Cash Equivalents	Sep 30, 2015	Sep 30, 2014
Cash and Bank Balances	3,989,345	3,579,601
Short term Borrowings	(63,378,012)	(117,646,107)
	(59,388,668)	(114,066,506)

9 RELATED PARTY TRANSACTIONS

	July - Sep 2015	July - Sep 2014
	(Rupees)	
Sales	--	--
Purchases	--	--
Donation to Dewan Farooq Trust	750,000	750,000
Provident Fund	1,622,080	1,225,200

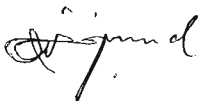
All transactions have been carried out at commercial terms and conditions and valued at arm's length price.

10 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 28, 2015 by the Board of Directors of the Company.

11. General

Figures have been rounded off to the nearest rupee.



Ishtiaq Ahmed
Chief Executive Officer



Haroon Iqbal
Director