

DEWAN MUSHTAQ TEXTILE MILLS LIMITED

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COMPANY INFORMATION

BOARD OF DIRECTORS	
Executive Director	: Mr. Ishtiaq Ahmed - Chief Executive Officer
Non-Executive Directors	: Dewan Muhammad Yousuf Farooqui Chairman Board of Directors Mr. Haroon Iqbal Mr. Syed Muhammad Anwar Mr. Muhammad Baqar Jafferri Mr. Mehmood-UI-Hassan Asghar
Independent Director	: Mr. Aziz-ul-Haque
Audit Committee	: Mr. Aziz-ul-Haque (Chairman) Mr. Haroon Iqbal (Member) Mr. Mehmood-UI-Hassan Asghar (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	: Mr. 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

DEWAN MUSHTAQ 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)

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 609.174 million during the period under review as compared to the Rs.641.686 million of the corresponding period of last year. Company has suffered gross loss of Rs 70.562 million as compared to the gross loss of Rs 65.782 million of comparable period of last year. Operating expenses of the company have been increased by Rs. 0.812 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's economy. At present energy crisis is affecting the economy ; however, some initiatives which are being taken by the government will hopefully improve the situation in near future. In a backdrop of 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; SummaAmeen

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

By and under Authority of the Board of Directors



Ishtiaq Ahmed

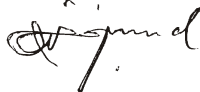
Dated: April 25, 2016

Chief Executive Officer

CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2016

		March 31, 2016	June 30, 2015
		(Rupees in "000")	
	Notes	(Un-Audited)	(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	100,000
Issued, Subscribed and Paid-up Capital		65,610	65,610
General Reserve - (a Revenue Reserve)		45,000	45,000
Unappropriated Profit		(62,798)	63,422
		47,812	174,033
Surplus on revaluation of property plant and equipment		293,087	307,404
<u>NON-CURRENT LIABILITIES</u>			
Long term loans	5	143,925	207,914
<u>Deferred Liabilities</u>			
Provision for Staff Gratuity		36,894	32,750
Deferred taxation		64,973	75,811
		101,867	108,561
<u>CURRENT LIABILITIES</u>			
Trade and Other Payables		92,350	93,554
Mark-up accrued on loans		14,224	16,327
Current Portion of Long Term Loan		145,978	75,582
Short Term Borrowings - Secured		60,974	37,499
Provision for Income Tax		62,976	62,976
		376,502	285,939
Contingencies and Commitments	6	--	--
		963,193	1,083,850
<u>ASSETS</u>			
<u>NON-CURRENT ASSETS</u>			
Property Plant and Equipment	7	532,597	567,130
Available for Sale Investment - at fair value	8	41,914	52,244
Long Term Deposits		27,734	27,552
<u>CURRENT ASSETS</u>			
Stores, Spares and Loose Tools		14,385	16,897
Stock-in-Trade		43,395	86,536
Trade Debts - Considered Good		203,081	247,698
Loans and Advances - Unsecured, Considered good		7,116	5,101
Trade Deposits, Prepayments and Statutory Balances - Considered good		12,959	13,955
Other Receivables - Unsecured, Considered good		11,229	12,225
Income Tax Refunds and Advances		65,823	48,254
Cash and Bank Balances	9	2,960	6,258
		360,948	436,924
		963,193	1,083,850

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



Ishtiaq Ahmed
Chief Executive Officer



Haroon Iqbal
Director

DEWAN MUSHTAQ TEXTILE MILLS LIMITED

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

	9 Months		3 Months	
	July - Mar 2016	July - Mar 2015	Jan to Mar 2016	Jan to Mar 2015
(Rupees in "000")				
Sales - Net	609,174	641,686	167,244	249,775
Cost of Sales	(679,736)	(707,468)	(190,232)	(263,315)
Gross (Loss) / Profit	(70,562)	(65,783)	(22,988)	(13,540)
Administrative and General Expenses	(19,780)	(25,762)	(752)	(3,130)
Distribution Costs and Selling Expenses	(15,489)	(8,694)	(5,302)	(2,504)
	(35,268)	(34,456)	(6,054)	(5,634)
Operating Loss/(Profit)	(105,831)	(100,238)	(29,042)	(19,174)
Provision for doubtful debts	(15,203)	--	--	--
Finance Cost	(20,011)	(28,496)	(6,238)	(8,745)
(Loss) / Profit before taxation	(141,045)	(128,734)	(35,280)	(27,919)
Taxation				
Current	--	(6,417)	--	(2,498)
Deferred	10,838	21,703	(886)	3,154
	10,838	15,286	(886)	656
(Loss)/ Profit after taxation	(130,207)	(113,449)	(36,166)	(27,263)
(Loss) / Earning Per Share - Basic	(19.85)	(33.04)	(5.51)	(7.94)

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



Ishtiaq Ahmed
Chief Executive Officer

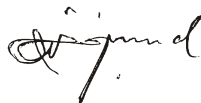


Haroon Iqbal
Director

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

	9 Months		3 Months	
	July - Mar 2016	July - Mar 2015	Jan to Mar 2016	Jan to Mar 2015
	(Rupees in "000")			
(Loss) for the period	(130,207)	(113,449)	(36,166)	(27,263)
Other comprehensive Income:				
Transfer from surplus on revaluation of property plant and equipment in respect of:				
Incremental depreciation	21,368	24,083	7,123	8,028
Related deferred tax	(7,051)	(7,948)	(2,350)	(2,489)
	14,317	16,136	4,773	5,539
Changes in fair value of available for sale investment	(10,330)	(9,336)	795	(6,158)
Total comprehensive (Loss) / Income for the period	(126,220)	(106,649)	(30,598)	(27,882)

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



Ishtiaq Ahmed
Chief Executive Officer



Haroon Iqbal
Director

DEWAN MUSHTAQ TEXTILE MILLS LIMITED

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

	Notes	9 Months ended	
		March '31 2016	March '31 2015
CASH FLOW FROM OPERATING ACTIVITIES		(Rupees in "000")	
(Loss)/Profit before Taxation		(141,045)	(128,735)
Adjustment for Non-Cash and Other Items:			
Depreciation		34,533	38,772
Provision for Gratuity		5,086	5,086
Finance Cost		20,011	28,496
		59,630	72,354
Working Capital Changes		(81,415)	(56,381)
<i>(Increase) / Decrease in Current Assets</i>			
Stores, Spares and Loose Tools		2,512	1,189
Stock-in-Trade		43,141	1,093
Trade Debts		44,617	206,714
Loans and Advances		(2,015)	(3,248)
Trade deposits, Prepayments & Statutory balances		996	724
Other Receivables		996	3,777
<i>Increase / (Decrease) in Current Liabilities</i>			
Trade Creditors, Payable & others borrowings		(1,204)	(21,464)
		89,043	188,785
Taxes Paid		(17,569)	(7,914)
Gratuity Paid		(942)	(3,186)
		(18,511)	(11,100)
Net Cash Inflow/ (Outflow) from Operating Activities		(10,883)	121,304
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed Capital Expenditure		-	(4,700)
Long term deposits		(182)	
Net Cash Inflow / (Outflow) from Investing Activities		(182)	(4,700)
CASH FLOW FROM FINANCING ACTIVITIES			
Syndicated Long Term Loan		-	(48,008)
Finance Cost Paid		(15,709)	(19,643)
Net Cash Inflow/ (Outflow) from Financing Activities		(15,709)	(67,651)
Net (decrease) / Increase in Cash and Cash Equivalents		(26,774)	48,953
Cash and Cash Equivalents at the Beginning		(31,241)	(108,324)
Cash and Cash Equivalents at the End	9	(58,014)	(59,372)

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**

Particulars	Share Capital	General Reserve	Unrealized gain / (loss) due to change in fair value of investment	Unappropriated Profit / (Loss)	Total
(Rupees in "000")					
Balance as on July 01, 2014	34,340	45,000	10,926	108,584	198,850
comprehensive income for the period	--	--	(9,336)	(97,313)	(106,649)
Balance as on March 31, 2015	<u>34,340</u>	<u>45,000</u>	<u>1,590</u>	<u>11,271</u>	<u>92,201</u>
Balance as on July 01, 2015	65,610	45,000	22,050	41,373	174,033
comprehensive income for the period	--	--	(10,330)	(115,890)	(126,220)
Balance as on March 31, 2016	<u>65,610</u>	<u>45,000</u>	<u>11,720</u>	<u>(74,517)</u>	<u>47,813</u>

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



Ishtiaq Ahmed
Chief Executive Officer



Haroon Iqbal
Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS & THIRD QUARTER ENDED MARCH 31, 2016**

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 Pakistan Stock Exchange(Formerly 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 period 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 rupee except otherwise stated.

2.3 This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2015.

2.4 These condensed interim financial statements comprise of condensed Interim Balance Sheet as at 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. The comparative condensed Interim profit and loss account for the quarter ended March 31, 2015 is also included in these condensed interim financial statements.

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)
5 Long term loans	(Rupees in "000")	
Syndicated Long term Loan	62,985	100,777
Sponsor Loan-Un secured	80,940	107,138
	143,925	207,914

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)
7 Property, Plant And Equipment	(Rupees in "000")	
Opening written down value	562,430	614,126
Additions during the period / year	--	--
Surplus on revaluation of Fixed Assets	--	--
Written down value of disposals	--	--
Depreciation during the period / year	(34,533)	(51,696)
Closing written down value	527,897	562,430
Capital work in progress	4,700	4,700
	532,597	567,130

DEWAN MUSHTAQ TEXTILE MILLS LIMITED

8 Available For Sale Investment - At Fair Value	March 31,	June 30,
In related party	2016	2015
Shares in Dewan Salman Fibre Ltd. (Public, quoted company)	(Un-audited)	(Audited)
19,864,518 (June 30, 2015: 19,864,518) Fully paid up	(Rupees in "000")	
Ordinary shares of Rs. 10/- each.	40,000	40,000
Surplus / (deficit) due to change in fair value	1,914	12,244
	41,914	52,244
Aggregate Market value (Rupees per share)	2.11	2.63
Percentage of equity held	5.42%	5.42%

9 Cash and Cash Equivalents	March 31,	March 31,
	2016	2015
	(Rupees in "000")	
Cash and Bank Balances	2,960	4,664
Short term Borrowings	(60,974)	(64,036)
	(58,014)	(59,372)

10 Related Party Transactions	July - Mar	July - Mar
	2016	2015
	(Rupees in "000")	
Sales	--	--
Purchases	1,169	--
Donation to Dewan Farooq Trust	--	2,250
Provident Fund	4,179	3,963

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

11 Earning Per Share - Basic	July - Mar	July - Mar	Jan - Mar	Jan - Mar
	2016	2015	2016	2015
Loss after Taxation (Rupees in "000")	(130,207)	(113,449)	(36,166)	(27,263)
Weighted Average Number of Ordinary Shares Issued during the period (Nos'000)	6,561	3,434	6,561	3,434
Loss Per Share - Basic (Rupees)	(19.85)	(33.04)	(5.51)	(7.94)

12 Date Of Authorization For Issue

These 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