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DEWAN TEXTILE MILLS LIMITED

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. Imran Ahmed Javed Syed Muhammad Anwar Mr. Ghazanfar Baber Siddiqi Mr. Muhammad Baqar Jafferri
Independent Director	:	Mr. Aziz-ul-Haque
Audit Committee	:	Mr. Aziz-ul-Haque (Chairman) Mr. Muhammad Baqar Jafferri (Member) Mr. Ghazanfar Baber Siddiqi (Member)
Human Resources & Remuneration Committee	:	Dewan Muhammad Yousuf Farooqui (Chairman) Mr. Imran Ahmed Javed Mr. Ishtiaq Ahmed (Member)
Auditors	:	Faruq Ali & Co. C-88, Ground Floor, KDA Scheme No. 1, Main Karsaz Road, Opp. Maritime Museum Karachi.
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 Standard Chartered Bank Pakistan Limited Meezan Bank Limited United Bank Limited Bank Al-Falah Ltd Summit Bank Limited Faysal Bank Limited MCB 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	:	H/20 & H/26, S.I.T.E., Kotri, District Dadu, 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 un-audited condensed interim financial information of the company for the first quarter ended September 30, 2017 in compliance with requirements of section 245 of the repealed Companies Ordinance, 1984 and code of corporate governance issued by Securities and Exchange Commission of Pakistan.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 sale remained nil during the current as well as during corresponding period of last year due to closure of operations. Company has suffered gross loss of Rs. 49.615 million as compared to the gross loss of Rs. 45.114 million of comparable period of last year, whereas operating expenses remained at Rs.1.917 million. The Company, for the time being, has suspended its manufacturing operations since December 2015 which could not be resumed due to adverse scenario faced by the industry, lesser market demand and working capital constraints.

Future Outlook

Management is endeavoring to resume the production of the company as soon as the situation in near future improves. It is difficult to compete in international market, at present, due to higher cost of production. However, some initiatives from the government are direly needed in order to make the textile industry sustainable, especially smooth supply of gas at affordable tariff and implementation of the package of Rs180 billion announced by the government for increasing exports.

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



Dewan Muhammad Yousuf Farooqui
Chairman Board of Directors

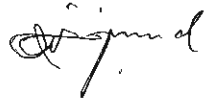
Dated: October 27, 2017

DEWAN TEXTILE MILLS LIMITED

**CONDENSED INTERIM BALANCE SHEET
AS AT 30TH SEPTEMBER, 2017**

	Sept 30, 2017 (Un-Audited)	June 30, 2017 (Audited)
<u>EQUITY AND LIABILITIES</u>		
SHARE CAPITAL AND RESERVES	NOTES	Rupees
Authorized capital (50,000,000 ordinary shares of Rs. 10/- each)	500,000,000	500,000,000
Issued, subscribed and paid up capital	460,646,090	460,646,090
Reserves and Accumulated Loss	(2,553,062,303)	(2,471,781,734)
	(2,092,416,213)	(2,011,135,644)
Surplus on revaluation of property plant and equipment	879,053,748	894,025,745
NON CURRENT LIABILITIES		
Long term financing - Secured	1,293,012,156	1,396,987,213
Deferred Taxation	233,547,598	240,274,147
CURRENT LIABILITIES		
Trade and Other payable	180,811,057	179,652,956
Markup accrued	606,333,159	560,647,938
Short term borrowings - Secured	589,960,566	586,010,566
Liability for staff Gratuity	50,808,126	50,808,126
Current and Overdue portion of long term financing	1,796,296,097	1,690,925,528
	3,224,209,005	3,068,045,114
CONTINGENCIES AND COMMITMENTS	6	-
	3,537,406,294	3,588,196,575
<u>ASSETS</u>		
NON CURRENT ASSETS		
Property, plant and equipment	1,934,927,178	1,978,071,753
Long term deposits	12,012,134	12,012,134
CURRENT ASSETS		
Stores and spares	60,989,447	60,989,447
Stock in trade	806,907,907	806,907,907
Trade debtors - Considered good	428,168,553	435,767,740
Advances - Considered good	2,231,139	2,472,794
Short term deposits and current account balances with statutory authorities	16,933,885	16,930,733
Taxes recoverable - Net	53,066,954	53,037,700
Cash and bank balances	6,291,337	6,128,607
	1,374,589,222	1,382,234,928
Non current assets held for sale	215,877,760	215,877,760
	3,537,406,294	3,588,196,575

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



Ishtiaq Ahmed
Chief Executive Officer

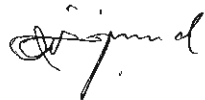


Aziz-ul-Haque
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017**

	NOTES	September 2017	September 2016
		Rupees	
Sales - Net		--	--
Cost of sales		(49,614,826)	(45,113,563)
Gross (Loss)		(49,614,826)	(45,113,563)
Operating Expenses			
Selling & distribution expenses		--	--
Administrative expenses		(1,917,434)	(129,360,750)
		(1,917,434)	(129,360,750)
Operating (Loss)		(51,532,260)	(174,474,313)
Other Charges			
Finance cost	9	(51,446,855)	(51,910,046)
		(51,446,855)	(51,910,046)
(Loss) before taxation		(102,979,115)	(226,384,359)
Taxation			
Deferred		6,726,549	4,578,840
		6,726,549	4,578,840
(Loss) after taxation		(96,252,566)	(221,805,519)
(Loss) per share - Basic and diluted	11	(2.09)	(4.82)

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



Ishtiaq Ahmed
Chief Executive Officer



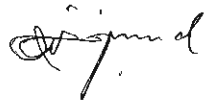
Aziz-ul-Haque
Director

DEWAN TEXTILE MILLS LIMITED

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017**

	September 2017	September 2016
Rupees		
(Loss) for the quarter	(96,252,566)	(221,805,519)
Other comprehensive income:		
Transfer from surplus on revaluation of fixed assets in respect of		
Incremental depreciation	21,698,546	14,308,875
Related deferred tax	(6,726,549)	(4,578,840)
	14,971,997	9,730,035
Total comprehensive (Loss) for the quarter	(81,280,569)	(212,075,484)

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



Ishtiaq Ahmed
Chief Executive Officer

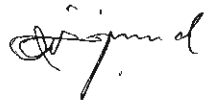


Aziz-ul-Haque
Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017

	September 2017	September 2016
Rupees		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	(102,979,115)	(226,384,359)
Adjustment for :		
Depreciation	43,144,575	38,928,526
Unwinding of Discount	2,644,616	-
Finance Cost	48,802,239	51,910,046
Cash flow before working capital changes	(8,387,685)	(135,545,787)
Increase / (decrease) in current assets		
Stores & spares	--	5,828
Stock in trade	--	146,627,133
Trade debtors	7,599,187	184,609,452
Advances - Considered good	241,655	545,014
Short term deposit and current account balances with statutory authorities	(3,152)	(183,360,030)
	7,837,690	148,427,397
Increase / (decrease) in current liabilities		
Trade and other payable	1,158,101	-
Short term borrowings - Net	3,950,000	-
	5,108,101	-
	4,558,106	12,881,610
Taxes - Net	(29,254)	(127,059)
Financial Charges Paid	(3,117,018)	(3,410,185)
Net cash inflow from operating activities	1,411,834	9,344,366
CASH FLOW FROM INVESTING ACTIVITIES		
Long term deposit	--	(9,018,847)
Net cash outflow from investing activities	--	(9,018,847)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term financing	(1,249,104)	(1,249,104)
Net cash outflow from financing activities	(1,249,104)	(1,249,104)
Net decrease in cash and cash equivalents	162,730	(923,585)
Cash and cash equivalents at beginning of the quarter	6,128,607	7,063,495
Cash and cash equivalents at the end of quarter	6,291,337	6,139,910

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



Ishtiaq Ahmed
Chief Executive Officer



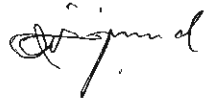
Aziz-ul-Haque
Director

DEWAN TEXTILE MILLS LIMITED

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017**

	Issued Subscribed and Paid up Capital	General reserve	Unrealized gain due to change in fair value of Investments	Accumulated loss	Total
Rupees					
Balance as on 1st July, 2016	460,646,090	333,000,000	57,358,822	(2,176,231,519)	(1,325,226,607)
Total comprehensive for the quarter	-	-	-	(221,805,519)	(221,805,519)
Incremental depreciation transferred from surplus on revaluation of property plant and equipment - Net of tax	-	-	-	9,730,035	9,730,035
	-	-	-	(212,075,484)	(212,075,484)
Balance as on September 2016	460,646,090	333,000,000	57,358,822	(2,368,307,003)	(1,537,302,081)
Balance as at 30th July 2017	460,646,090	333,000,000	57,358,822	(2,862,140,556)	(2,011,135,644)
Total comprehensive (loss) for the quarter	-	-	-	(96,252,568)	(96,252,568)
Loss for the quarter	-	-	-	(96,252,568)	(96,252,568)
Incremental depreciation transferred from surplus on revaluation of property plant and equipment - Net of tax	-	-	-	14,971,987	14,971,987
	-	-	-	(81,280,569)	(81,280,569)
Balance as on September 2017	460,646,090	333,000,000	57,358,822	(2,943,421,125)	(2,092,416,213)

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



Ishtiaq Ahmed
Chief Executive Officer



Aziz-ul-Haque
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017

1 THE COMPANY AND ITS OPERATIONS

Dewan Textile Mills Limited (the Company) was incorporated in Pakistan on 16 April 1970 as a public limited company and is listed on the Pakistan Stock Exchange. The principal activity of the Company is manufacturing and sale of yarn. The Company's registered office is located at 8th Floor, Block-A, Finance & Trade Centre, Shahrah-e-Faisal, Karachi.

- 2 The condensed interim financial information of the Company for the quarter ended 30 September 2017 reflects that the Company has sustained a net loss after taxation of Rs. 96.253 million (2017: Rs.737.657 million) and as of that date the Company's negative reserves of Rs.2,553.062 million (2017: Rs.2,2471.781 million) have resulted in negative equity of Rs.2,092.416 million (2017: Rs.2,011.135 million). Further the Company's short term borrowing facilities having limit to the extent of Rs.315 million have expired and not been renewed. The Company is facing litigations with three of its lenders for repayment of liabilities through attachment and sale of Company's hypothecated / mortgaged properties and out of them two of the lenders had also filed winding up petition under section 305 of the repealed Companies Ordinance, 1984. The Company has defaulted in repayment of its restructured liabilities due to liquidity crunch faced by the Company following the adverse conditions of overall textile industry. Accordingly, the entire restructured liabilities alongwith mark-up eligible for waiver have become immediately repayable. Company, for the time being, has suspended its manufacturing operations since December 2015. 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 realise its assets and discharge its liabilities during the normal course of business.

The condensed interim financial information 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 streamline the funding requirement 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 condensed interim financial information 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 information 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 quarter ended September 30, 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.

DEWAN TEXTILE MILLS LIMITED

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

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

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.

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, 2017.

		September 30, 2017 (Un Audited)	June 30, 2017 (Audited)
	Note	Rupees	
7 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	1,924,621,789	1,967,766,364
Capital work in progress - At cost		<u>10,305,389</u>	<u>10,305,389</u>
		<u>1,934,927,178</u>	<u>1,978,071,753</u>
7.1 Operating fixed assets			
Opening Written down value		1,967,766,364	1,680,600,124
Addition during the period /year		-	460,471,193
Depreciation during the quarter /year		(43,144,575)	(173,304,953)
Closing written down value		<u>1,924,621,789</u>	<u>1,967,766,364</u>
8 NON CURRENT ASSETS HELD FOR SALE			
Investment in Dewan Salman Fibre Limited 104,288,773 Fully paid ordinary shares of Rs. 10/- each		<u>215,877,760</u>	<u>215,877,760</u>

The above investment has been classified as held-for-sale upon management's intention to sell the same within next accounting cycle in the manner to be deemed appropriate, equitable, fit and beneficial to the interests of the company. The approval of shareholders is to be taken in the annual general meeting of the company. As required by IFRS 5 - 'Non-current Assets Held-for-Sale and Discontinued Operations' the investment has been carried at lower of carrying amount and fair value less cost to sell. The fair value of investments at the date the condensed interim financial information was authorised for issue based on quoted prices was Rs.272.194 million.

9 FINANCE COST

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 to Rs. 8.507 million (upto 30 June 2017: Rs.365.412 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.8.507 millions and accrued mark-up would have been higher and shareholders' equity would have been lower by Rs.373.919 million. The said non provisioning is departure from the requirements of IAS 23 - 'Borrowing Costs'.

10 TRANSACTIONS WITH RELATED PARTIES

During the period aggregate transactions made by the company with the associated companies sales of Rs. Nil (September 2016: Rs.72.117 million) Employee Provident fund Rs. 0.130 Million (September 2016 : Rs. 0.188 Million).

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

11 EARNING / (LOSS) PER SHARE - Basic and diluted

There is no dilutive effect on earnings per share of the company which is based on:

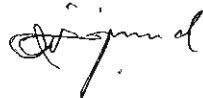
	September 30, 2017	September 30, 2016
(Loss) after taxation (Rupees)	<u>(96,252,566)</u>	<u>(221,805,519)</u>
Weighted average number of shares (Nos)	<u>46,064,609</u>	<u>46,064,609</u>
(Loss) per share - Basic and diluted (Rupees)	<u>(2.09)</u>	<u>(4.82)</u>

12 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 "Interim Financial Reporting", balance sheet has been compared with the balances of annual financial statements, whereas profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity have been compared with the balances of comparable period of immediately preceding financial year.

13 DATE OF AUTHORIZATION TO ISSUE

This condensed interim financial information was authorized for issue on October 27, 2017 by the Board of Directors of the Company.



Ishtiaq Ahmed
Chief Executive Officer



Aziz-ul-Haque
Director

ڈائریکٹرز رپورٹ

محترم شیئر ہولڈرز،
السلام علیکم،

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز سابقہ کمپنیز آرڈیننس، 1984 کی دفعہ 245 اور سیکورٹی اینڈ انویسٹمنٹ کمیشن آف پاکستان کے جاری کردہ کوڈ آف کارپوریٹ گورننس کے تحت 30 ستمبر 2017ء کو ختم ہونے والی پہلی سہ ماہی کے غیر آڈٹ شدہ عبوری مالیاتی حسابات پیش کرتے ہوئے خوش محسوس کر رہے ہیں۔

چائزہ:

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

مالیاتی نتائج اور کارکردگی: (پیداوار معطل)

کمپنی کی فروخت اس سہ ماہی اور پچھلے سال کی پہلی سہ ماہی میں پیداوار معطل ہونے کی وجہ سے مفر رہی۔ کمپنی کو مبلغ 49.615 ملین روپے کا کل خسارہ برداشت کرنا پڑا جو کہ گزشتہ سال کی پہلی سہ ماہی میں مبلغ 45.114 ملین روپے تھا۔ جبکہ کمپنی کے آپریٹنگ کے اخراجات مبلغ 1.917 ملین روپے رہے۔ کمپنی نے وقتی طور پر دسمبر 2015ء 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۔

مستقبل پر ایک نظر:

انتظامیہ کمپنی کی پیداواری سرگرمیوں کو بحال کرنے کی ہر ممکن کوشش کر رہی ہے جس کا دارو مدار مستقبل کے معاشی حالات پر ہے۔ کاروباری لاگت زیادہ ہونے کے باعث بین الاقوامی مارکیٹ میں مقابلہ کرنا انتہائی مشکل ہو گیا ہے۔ اس سلسلے میں 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 ہونگے۔ دریں اثناء حکومت کی جانب سے برآمدات میں اضافہ کیلئے ستمبر 180 ملین روپے کا ایک خصوصی چیکنگ کا اعلان کیا ہے جس پر عمل درآمد کا انتظار ہے۔

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 لہجہ کے مابین صحیح اسلامی جذبہ، اخوت اور بھائی چارگی پیدا کرے۔ آمین حمد آئین۔

میرا پروردگار یقیناً ہماری دعاؤں کو سنتا ہے۔ (قرآن کریم)
بورڈ آف ڈائریکٹرز کی جانب سے

Dewan M. Farooq Farooq

دیوان محمد یوسف فاروقی
چیئر مین بورڈ آف ڈائریکٹرز

کراچی؛
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