

DEWAN TEXTILE MILLS LIMITED

CONTENTS

Company Information.....	2
Directors' Report.....	3
Auditors' Review Report.....	4
Condensed Interim Balance Sheet.....	5
Condensed Interim Profit and Loss Account.....	6
Condensed Interim Statement of Comprehensive Income.....	7
Condensed Interim Cash Flow Statement.....	8
Condensed Interim Statement of Changes in Equity.....	9
Notes to the Condensed Interim Financial Statements.....	10

COMPANY INFORMATION

BOARD OF DIRECTORS

Executive Director	:	Ishtiaq Ahmed - Chief Executive Officer
Non-Executive Directors	:	Dewan Muhammad Yousuf Farooqui (Chairman) BOD Chairman, Board of Directors Dewan Abdul Rehman Farooqui Mr. Mehmood ul Hassan Asghar Mr. Syed Mohammad Anwar Mr. Ghazanfar Babar Siddiqui
Independent Director	:	Mr. Aziz-ul-Haque
Audit Committee	:	Mr. Aziz-ul-Haque (Chairman) Dewan Abdul Rehman Farooqui (Member) Mr. Mehmood ul Hassan Asghar (Member)
Human Resources & Remuneration Committee	:	Dewan Muhammad Yousuf Farooqui (Chairman) Mr. Mehmood ul Hassan Asghar (Member) Mr. Ishtiaq Ahmed (Member)
Auditors	:	Faruq Ali & Co. Chartered Accountants 222-A, K.M.C.H.S. Justice Inamullah Road, Near Hill Park, Karachi
Company Secretary	:	Mr. Mohammad Hanif German
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 Silk Bank Limited NIB Bank Limited Summit Bank Limited Faysal Bank Limited MCB 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	:	H/20 & H/26, S.I.T.E., Kotri, District Dadu, Sind, Pakistan
Website	:	www.yousufdewan.com

DEWAN 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 statements of the company for the half year ended December 31, 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 this period, the Textile Industry continued to face the most tumultuous and difficult situation. The cost of doing business in Pakistan has risen tremendously. 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. In addition to that there has been an increase of 30% in wage rate, multiple increase in Electricity tariffs, an increase in Gas Tariff, Surcharges and in infrastructure Cess, combined with the withholding taxes and service taxes imposed by the provincial government, the Industry is rendered totally uncompetitive. The Government's indifferent is leading to total collapse of the Textile Industry. Over and above, there seems to be a cotton failure in Pakistan because of inferior cotton seeds and untimely rains and there are various estimates of Cotton crop ranging from 10 million to 12 million bales, which has also rendered the quality of Cotton to be poor and yet Cotton price are on a higher side, in comparison to Yarn prices, both locally and internationally. Energy shortages have continued in the current period as well and with the Government rising power tariffs have put extra financial burden on the Textile Industry.

Operating Performance:-

The financial highlights for the first quarter ended December 31, 2015 are as follows:

Company has achieved net sales of Rs.333.620 million during the period under review as compared to the Rs.961.897 million of the corresponding period of last year. Company has suffered gross loss of Rs.251.465 million as compared to the gross loss of Rs.84.818 million of comparable period of last year. Operating expenses of the company have been decreased by Rs.7.005 million as compared to the period 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.

The Auditors of the company have expressed adverse opinion in their review report, on following:

- 1) Going concern assumption, default in repayment of installments of restructured liabilities along with related non-provisioning of mark-up and litigation from its lenders as explained in Para (a) of their review report
- 2) Non Provisioning of Markup as explained in para b and c of their review report
- 3) Valuing the investments in associate on other than equity method as explained in para (d) of their review report

The interim condensed financial statements has been prepared on going concern assumption as the company 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, accordingly the Banks liability has been classified as non-current liability. Moreover the markup outstanding up to the date of restructuring is Rs.1.632 billion, which the company would be liable to pay in the event of default of terms of agreement. Since the revision in restructuring is in advanced stage therefore management is confident that this amount will remain eligible for waiver, hence no provision of the same has been made in these interim condensed financial statements.

The management has disputed the claims and is strongly contesting the cases. The management has filed counter claims alleging that the banks claims are highly exaggerated as they have charged markup on markup and other levies higher than the rate of markup agreed and other charges in violation of State Bank of Pakistan rules and all other applicable laws of Pakistan. The management is hopeful that the decision will be in favor of the company and the base less suits shall be rejected by the concerned courts.

Company has not made the provision of markup for the period amounting to Rs.17.512 million (upto June 30, 2015: Rs.294.943 million) in respect of borrowings from 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. Accordingly no provision of the said mark-up has been made in these financial statements. Had the provision been made the loss for the year would have been higher by Rs. 1,639 millions and accrued markup would have been higher and shareholders' equity would have been lower by Rs.1,933.88 million.

The 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 being obtained in upcoming 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.

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 are 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 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

Chief Executive Officer

Dated: February 24, 2016



222-A, Karachi Memon Telephone : (021) 34301966
Cooperative Housing Society : (021) 34301967
Justice Inaullah Road, : (021) 34301968
Near Hill Park, Karachi-74800. : (021) 34301969
E-mail: faac@cyber.net.pk Fax : (021) 34301965

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying interim condensed balance sheet of **Dewan Textile Mills Limited** as at December 31, 2015, and the related interim condensed profit and loss account, interim condensed statement of comprehensive income, interim condensed cash flow statement and interim condensed statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "interim condensed financial information") for the six months' period then ended. Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim condensed financial information based on our review. The figures for the quarters ended December 31, 2015 and December 31, 2014 in the interim condensed profit and loss account and interim condensed statement of comprehensive income have not been reviewed and we do not express a conclusion thereon.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of 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.

Bases for adverse conclusion

a) The interim condensed financial information for the period ended December 31, 2015 has been prepared on going concern assumption despite of the fact that company incurred loss after taxation of Rs.414.471 million and as of that date it has accumulated losses of Rs.1,754.363 million which resulted in negative equity of Rs.903.358 million and its current liabilities (including the effect of non provided markup and restructured liabilities classified under non-current liabilities) exceeded its current assets by Rs.3,885.852 million and total assets by Rs.1,858.714 million. During the last year company defaulted in repayment of installments of restructured liabilities, hence as per terms of restructuring, the entire restructured liabilities of Rs.2,925.634 along with markup of Rs.1,621.421 million (eligible for waiver outstanding as of date of restructuring) have now become immediately payable, therefore provision for markup should be made in these financial statements and the long term financing of Rs.1,904.864 million should be classified under current liabilities. Furthermore, the operations have been closed during the period under consideration and company is facing litigations from its lenders, the aggregate suits amount is Rs.419.065 million, out of which lenders having suits amount to the extent of Rs.359.439 million have also filed winding up petition u/s 305 of the Companies Ordinance, 1984. These conditions lead us to be believe that going concern assumption used in preparation of this interim condensed 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, the company has not made provision of markup for the period amounting to Rs.17.512 million (up to June 30, 2015: Rs.294.943 million) (refer note 10) on account of restructuring proposal offered to the lenders. Non-provisioning of markup is based on management's hope that the said restructuring proposal will be accepted in the same manner as accepted by majority of lenders detailed in note 2 to the interim condensed financial information. In our opinion, since the proposal has not been accepted by the remaining lenders and company has defaulted in repayment of restructured liabilities, therefore the provision of markup should be made in this interim condensed financial information.

(c) Had the provisions of markups, as discussed in preceding paragraphs, been made in the interim condensed financial information, the loss after taxation for the period would have been higher by Rs.1,638.933 million and markup payable would have been higher and shareholders' equity would have been lower by Rs.1,933.876 million.

(d) Investment in associate Dewan Salman Fibre Limited is disclosed as non-current assets held for sale (refer note 9 to the interim condensed financial information) despite of the fact that the same has not been disposed off after the lapse of considerable period of time. This investment is to be shown / valued at equity method as prescribed in International Accounting Standard 28 'Investment in associates'. Had the investment been carried at equity method, the carrying amount would have been zero and accumulated loss would have higher by Rs.215.878 million.

Adverse Conclusion

Our review indicates that, because of the significance of the matters discussed in paragraph (a) to (d) above, this interim condensed financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Engagement Partner : Fasih uz zaman
Dated: February 24, 2016
Place: Karachi

FARUQ ALI & CO.
CHARTERED ACCOUNTANTS

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2015

	Note	Un - Audited December 31, 2015	Audited June 30, 2015
Rupees in '000'			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital (50,000,000 Ordinary shares of Rs. 10/- each)		500,000	500,000
Issued, subscribed and paid up capital		460,646	460,646
Reserves and surplus	5	(1,364,004)	(971,263)
		(903,358)	(510,617)
Surplus on revaluation of property, plant and equipments		638,991	662,814
NON CURRENT LIABILITIES			
Long term financing - Secured		2,057,852	2,258,550
Deferred liability for staff gratuity		45,354	39,990
Deferred taxation		141,188	149,798
CURRENT LIABILITIES			
Trade and other payables		322,047	290,429
Markup accrued		287,582	209,842
Short term borrowings - Secured		603,255	734,271
Current and overdue portion of long term financing		1,024,612	818,944
		2,237,496	2,053,486
CONTINGENCIES AND COMMITMENTS			
	6	--	--
		4,217,523	4,654,022
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	7	1,735,150	1,816,272
Long term deposits		76,111	68,111
CURRENT ASSETS			
Stores and spares		71,591	68,346
Stock in trade	8	1,287,630	1,378,330
Trade debtors		728,418	981,558
Advances - Considered good		24,551	22,627
Short term deposits and current account balances with statutory authorities		19,107	20,747
Taxes recoverable - Net		52,245	48,875
Cash and bank balances		6,843	33,278
		2,190,385	2,553,761
Non current assets held for sale	9	215,878	215,878
		4,217,523	4,654,022

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



Ishtiaq Ahmed
Chief Executive Officer



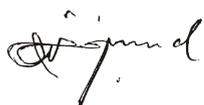
Mehmood ul Hassan Asghar
Director

DEWAN TEXTILE MILLS LIMITED

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER & HALF YEARLY ENDED DECEMBER 31, 2015**

Note	3 months		6 months	
	Oct - Dec 2015	Oct - Dec 2014	July - Dec 2015	July - Dec 2014
Rupees in '000'				
Sales - Net	130,261	505,761	333,620	961,897
Cost of sales	227,514	515,944	585,085	1,046,715
Gross loss	(97,253)	(10,183)	(251,465)	(84,818)
Operating expenses				
Distribution cost	2,223	7,166	8,257	14,513
Administrative expenses	8,520	8,993	16,459	17,208
	10,743	16,159	24,716	31,721
Operating loss	(107,996)	(26,342)	(276,181)	(116,539)
Other charges / income				
Finance cost 10	49,642	57,003	98,473	112,761
Provision for doubtful debts	50,465	--	50,465	--
Other charges - Donations	805	925	1,555	1,825
Other loss /(income)	(750)	286	(1,500)	277
	100,162	58,214	148,993	114,863
Loss before taxation	(208,158)	(84,556)	(425,174)	(231,402)
Taxation - Current	(2,034)	5,084	--	10,807
- Deferred	(5,514)	(6,271)	(10,703)	(12,541)
	(7,548)	(1,187)	(10,703)	(1,734)
Loss after taxation	(200,610)	(83,369)	(414,471)	(229,668)
Loss per share - basic and diluted	(4.35)	(1.81)	(9.00)	(4.99)

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



Ishtiaq Ahmed
Chief Executive Officer

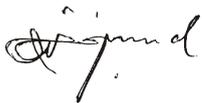


Mehmood ul Hassan Asghar
Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER & HALF YEARLY ENDED DECEMBER 31, 2015**

	3 months		6 months	
	Oct - Dec 2015	Oct - Dec 2014	July - Dec 2015	July - Dec 2014
	Rupees in '000'			
Loss for the period	(200,610)	(83,369)	(414,471)	(229,668)
Other comprehensive income:				
Available for sale financial assets:				
- Changes in fair value	--	5,215	--	(16,686)
Transfer from surplus on revaluation of property, plant and equipment in respect				
Incremental depreciation	16,216	18,443	32,433	36,885
Related deferred tax	(5,514)	(6,271)	(10,703)	(12,541)
	10,702	12,172	21,730	24,344
Total comprehensive loss for the period	(189,908)	(65,982)	(392,741)	(222,010)

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



Ishtiaq Ahmed
Chief Executive Officer



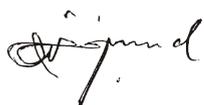
Mehmood ul Hassan Asghar
Director

DEWAN TEXTILE MILLS LIMITED

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

	6 months ended December 31, 2015	6 months ended December 31, 2014
Rupees in '000'		
Cash flow from Operating activities		
Loss before taxation	(425,174)	(231,402)
Adjustment for non-cash and other items		
Depreciation	81,483	84,801
Provision for gratuity	7,710	7,710
Provision for doubtful debt	50,465	-
Finance cost	98,473	112,761
	238,131	205,272
	(187,043)	(26,130)
Changes in operating assets and liabilities (Increase) / decrease in current assets		
Stores and spares	(3,245)	10,021
Stock in trade	90,700	13,638
Trade debtors	202,675	159,906
Advances	(1,924)	536
Short term deposits and current account balances with statutory authorities	1,640	1,196
Increase / (decrease) in current liabilities		
Trade and other payables	31,618	37,573
	321,464	222,870
Payments for		
Income tax - Net	(3,370)	(8,107)
Financial charges paid	(20,733)	(14,292)
Gratuity	(2,346)	(4,777)
	(26,449)	(27,176)
Net cash inflow from operating activities	107,972	169,564
Cash flow from investing activities		
Fixed capital expenditures	(361)	--
Long term deposit	(8,000)	--
Net cash outflow from investing activities	(8,361)	--
Cash flow from financing activities		
Long term financing - net	4,970	(580)
Short term borrowings - net	(131,016)	(176,197)
Net cash outflow from financing activities	(126,046)	(176,777)
Net decrease in cash and cash equivalents	(26,435)	(7,213)
Cash and cash equivalents at beginning of the period	33,278	14,829
Cash and cash equivalents at end of the period	6,843	7,616

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



Ishtiaq Ahmed
Chief Executive Officer

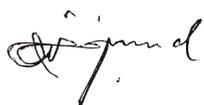


Mehmood ul Hassan Asghar
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

	Share Capital	General Reserve	Unrealized gain / (loss) due to change in fair value of investment	Accumulated (Loss)	Total
	Rupees in '000'				
Balance as at July 01, 2014	135,046	333,000	57,359	(985,636)	(460,231)
Total comprehensive income for the period					
Loss for the period	--	--	--	(229,668)	(229,668)
Changes in fair values of available for sale investments	--	--	(16,686)	--	(16,686)
Transfer from surplus on revaluation of property, plant and equipment in respect incremental depreciation - Net of tax	--	--	--	24,344	24,344
	--	--	(16,686)	(205,324)	(222,010)
Balance as at December 31, 2014	135,046	333,000	40,673	(1,190,960)	(682,241)
Balance as at July 01, 2015	460,646	333,000	57,359	(1,361,622)	(510,617)
Total comprehensive income for the period					
Loss for the period	--	--	--	(414,471)	(414,471)
Transfer from surplus on revaluation of property, plant and equipment in respect incremental depreciation - Net of tax	--	--	--	21,730	21,730
	--	--	--	(392,741)	(392,741)
Balance as at December 31, 2015	460,646	333,000	57,359	(1,754,363)	(903,358)

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



Ishtiaq Ahmed
Chief Executive Officer



Mehmood ul Hassan Asghar
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2015

1 THE COMPANY AND ITS OPERATIONS

The Company is a public limited company incorporated in Pakistan under the Companies Act 1913 (Now Companies Ordinance, 1984) and is listed on the Karachi and Lahore Stock Exchanges. The principal activity of the Company is manufacturing and sale of yarn.

2 GOING CONCERN ASSUMPTION

The interim condensed financial information for the half year ended December 31, 2015 reflect that the company has sustained a net loss after taxation of Rs.414.471 million (June 2015: Rs.425.412 million) and as of that date it has accumulated losses of Rs.1,754.363 million (June 2015: Rs.1,361.622 million) which have resulted in negative equity of Rs.903.358 million (June 2015: Rs.510.617 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 companies ordinance 1984. During the last year under consideration, the Company 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 markup eligible for waiver (**as disclosed in note 12.3 to the financial statements**) 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 interim condensed financial information has been prepared on going concern assumption because the Company has executed Compromise Agreement dated December 23, 2011 with majority of its lenders and, in this regard, consent decrees have been granted by the Honorable High Court of Sindh, Karachi. Company's liabilities in respect of short term borrowings, long term loans, leases and overdue letters of credit have been rescheduled in the form of a syndicated long term loan of Rs.3.930 billion repayable in nine and half years with progressive mark up rates ranging from 2% to 13% over the period on outstanding principal. Moreover banks / financial institutions have allowed further working capital to the Company upto the limit to Rs.916.800 million. This will streamline the funding requirements of the Company which will ultimately help the management to run the operations smoothly with optimum utilization of production capacity. As the conditions mentioned in the foregoing paragraph are temporary and have started to be reversed, so, accordingly the preparation of interim condensed financial information using going concern assumption is justified.

3 BASIS OF PREPARATION

The interim condensed financial information is un-audited but subject to limited scope review by the auditors. This is required to be presented to the shareholders under Section 245 of the Companies Ordinance, 1984 and has been prepared in accordance with the requirements of the International Accounting Standard (IAS) - 34 "Interim Financial Reporting". The interim condensed financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2015. The figures of the interim condensed profit and loss account and interim condensed statement of comprehensive income for the quarters ended December 31, 2015 and December 31, 2014 have not been reviewed by the auditor of the Company as they have reviewed the cumulative figures for the half years ended December 31, 2015 and December 31, 2014.

4 ACCOUNTING POLICIES

The accounting policies, significant accounting estimates and judgments adopted and applied in the preparation of the interim condensed financial information are consistent with those followed in the preparation of the company's annual financial statements for the year ended June 30, 2015, except as described below:

5 RESERVES AND SURPLUS	December 31, 2015	June 30, 2015
	Rupees in '000'	
Revenue reserves		
General reserve	333,000	333,000
Accumulated loss	(1,754,363)	(1,361,622)
Capital reserves		
Un-realized gain due to change in fair value of investment	57,359	57,359
	<u>(1,364,004)</u>	<u>(971,263)</u>

6 CONTINGENCIES AND COMMITMENTS

There has been no significant change in the status of contingencies and commitments as reported in the annual financial statements for the year ended June 30, 2015.

7 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	1,675,499	1,756,621
Capital work in progress - At cost		
Tangible - Civil works	56,018	56,018
Intangible - Advance for computer software	3,633	3,633
	<u>1,735,150</u>	<u>1,816,272</u>

7.1 Additions and disposals during the period (Operating fixed assets)

Addition in owned assets

Non - factory building	--	13,250
Labour quarters	--	14,000
Plant, machinery and equipments	--	70,114
Vehicles	88	1,480
Office equipments	273	2,283
	<u>361</u>	<u>101,127</u>

8 STOCK IN TRADE

Raw materials stocks valuing Rs. 265.021 million (June 2015: Rs.265.042 million) were pledged with the banks against the finance facilities obtained by the Company.

Finished goods stocks valuing Rs.104.433 million (June 2015: Rs.104.433 million) were pledged with the banks against the finance facilities obtained by the Company.

9 NON CURRENT ASSETS HELD FOR SALE

Investment in Dewan Salman Fibre Limited		
104,288,773 Fully paid ordinary shares of Rs. 10/- each	<u>215,878</u>	<u>215,878</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 being obtained in upcoming 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 as of reporting date based on quoted prices was Rs.199.192 million (June 2015: Rs.274.279 million).

10 FINANCE COST AND MARKUP ACCRUED

In addition to the non provisioning of markup eligible for waiver as disclosed in note 12.3, Company has not made the provision of markup for the period amounting to Rs.17.512 million (upto June 30, 2015: Rs.294.943 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.17.512 millions and accrued markup would have been higher and shareholders' equity would have been lower by Rs.312.455 million. The said non provisioning is departure from the requirements of IAS-23 'Borrowing Costs'.

11 TRANSACTIONS WITH RELATED PARTIES

During the period aggregate transactions made by the company with the associated companies were purchases of Rs.2.280 million (December,2014: Rs.6.683 million) and sales of Rs. 4.033 million (December 2014: Rs.80.617 million).

12 EARNING PER SHARE-BASIC

	July to December 2015	July to December 2014
	(Rupees in "000")	
Net (Loss) / Profit for the period	<u>(414,471)</u>	<u>(229,668)</u>
Number of ordinary shares	<u>46,064</u>	<u>46,064</u>
(Loss)/ Earning Per Share - Basic (Rs)	<u>(9.00)</u>	<u>(4.99)</u>

13 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.

14 DATE OF AUTHORIZATION FOR ISSUE

The interim condensed financial information was authorized for issue on February 24, 2016 by the Board of Directors of the Company.

15 GENERAL

Figures have been rounded off to the nearest thousand of rupee.



Ishtiaq Ahmed
Chief Executive Officer



Mehmood ul Hassan Asghar
Director