

## CONTENTS

Company Information.....	3
Directors' Report.....	4
Auditors' Review Report.....	5
Condensed Interim Balance Sheet.....	6
Condensed Interim Profit and Loss Account.....	7
Condensed Interim Statement of Comprehensive Income.....	8
Condensed Interim Cash Flow Statement.....	9
Condensed Interim Statement of Changes in Equity.....	10
Notes to the Condensed Interim Financial Information.....	11
ڈائریکٹرز رپورٹ .....	16



A YOUSUF DEWAN COMPANY

## COMPANY INFORMATION

### BOARD OF DIRECTORS

Executive Directors	:	Mr. Ishtiaq Ahmed - Chief Executive Officer
Non-Executive Director	:	Syed Muhammad Anwar (Chairman, Board of Directors) Mr. Imran Ahmed Javed Mr. Ghazanfar Baber Siddiqi Mr. Muhammad Baqar Jafferri Mr. Zafar Asim
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	:	Mr. Ghazanfar Baber Siddiqi Mr. Imran Ahmed Javed Mr. Ishtiaq Ahmad - Member
Auditors	:	Faruq Ali & Co. C-88, Ground Floor, KDA Scheme No. 1, Main Karsza 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 Silk Bank Limited NIB Bank Limited Summit Bank Limited Faysal Bank Limited MCB Bank Limited
Registered Office	:	Finance & Trade Centre Block-A, 8 <sup>th</sup> 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	:	<a href="http://www.yousufdewan.com">www.yousufdewan.com</a>

## 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 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of the company for the half year ended December 31, 2017 in compliance with requirements of section 245 of the repealed Companies Ordinance, 1984 and code of corporate governance issued by Securities and Exchange Commission of Pakistan.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 facedistressed 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. 84.428 million of the corresponding period of last year. Company has suffered gross loss of Rs. 96.346 million as compared to the gross loss of Rs. 149.569 million of comparable period of last year, whereas operating expenses of the company remained at Rs.100.046 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.

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 and provision for doubtful debts 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*



**Syed Muhammad Anwar**  
Chairman Board of Directors

Dated: February 23, 2018

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

**Introduction**

We have reviewed the accompanying condensed interim balance sheet of **Dewan Textile Mills Limited** ('the Company') as at 31 December 2017, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity together with the notes forming part thereof for the half year then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim 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 condensed interim financial information based on our review. The figures for the quarters ended 31 December 2017 and 31 December 2016 included in the condensed interim profit and loss account and condensed interim 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.

**Basis for adverse conclusion**

- a) The condensed interim financial information for the period ended 31 December 2017 has been prepared on going concern assumption despite of the fact that the Company incurred loss after taxation of Rs.286.621 million and as of that date it has accumulated losses of Rs.3,276.902 million which resulted in negative equity of Rs.2,483.256 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.4,982.671 million and total assets by Rs.3,078.997 million. During the year ended 30 June 2015, the 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.1,023.968 million should be classified under current liabilities. Further, the 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. Furthermore, the Company's manufacturing operations has been suspended since December 2015 and have not been resumed till the date of this report. These conditions lead us to believe that 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 realisable and settlement amounts respectively.
- b) In addition to above, the company has not made provision of markup for the period amounting to Rs.17.407 million (up to 30 June 2017: Rs.365.411 million) (refer note 10) on account of restructuring proposal offered to the lenders. In our opinion, since the proposal has not been accepted by the lenders so far and the lenders, instead of accepting the restricting proposal, have preferred filing suits against the Company, therefore the provision of mark-up should be made in these financial statements. Had the provisions of mark-ups, as discussed in preceding paragraphs, been made in the condensed interim financial information, the loss after taxation for the period would have been higher by Rs.1,638.828 million and markup payable would have been higher and shareholders' equity would have been lower by Rs.2,004.240 million.
- c) The trade debts include receivables of Rs.487.658 million which are past due and impaired, against which a provision for doubtful debts to the extent of Rs.312.534 million has been made up to the 31 December 2017 which should have been increased by Rs.175.124 million. Had the provision been made in this condensed interim financial information, the loss after taxation would have been higher, trade debts and shareholders' equity would have been lower by Rs.175.124 million

**Adverse Conclusion**

Our review indicates that, because of the significance of the matters discussed in paragraph (a) to (c) above, this condensed interim 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 23, 2018  
Place: Karachi

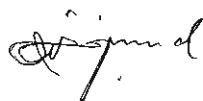
  
**FARUQ ALI & CO.**  
CHARTERED ACCOUNTANTS

DEWAN TEXTILE MILLS LIMITED

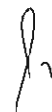
**CONDENSED INTERIM BALANCE SHEET  
AS AT DECEMBER 31, 2017**

		(Un-audited) 31 December 2017	(Audited) 30 June 2017 (Restated)	(Audited) 30 June 2016 (Restated)
	Note	(Rupees)		
<b>EQUITY AND LIABILITIES</b>				
<b>SHARE CAPITAL AND RESERVES</b>				
Authorised share capital 50,000,000 Ordinary shares of Rs. 10/- each		500,000,000	500,000,000	500,000,000
Issued, subscribed and paid-up share capital		460,646,090	460,646,090	460,646,090
Reserves and surplus	5	(2,943,902,332)	(2,687,659,494)	(2,001,750,457)
		(2,483,256,242)	(2,227,013,404)	(1,541,104,367)
Surplus on revaluation of property, plant and equipment		871,398,559	894,025,745	580,958,629
<b>NON-CURRENT LIABILITIES</b>				
Long term financing		1,189,090,411	1,396,987,213	1,841,364,737
Deferred taxation		219,504,240	240,274,147	166,787,471
<b>CURRENT LIABILITIES</b>				
Trade and other payables		180,197,935	179,652,956	265,859,074
Mark-up accrued		651,982,395	560,647,938	379,793,193
Short term borrowings		594,360,566	586,010,566	634,624,527
Liability for staff gratuity		50,808,126	50,808,126	51,866,376
Current and overdue portion of long term financing		1,901,666,666	1,690,925,528	1,241,478,325
		3,379,015,688	3,068,045,114	2,573,621,495
<b>CONTINGENCIES AND COMMITMENTS</b>				
	6	-	-	-
		<u>3,175,752,656</u>	<u>3,372,318,815</u>	<u>3,621,627,965</u>
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	7	1,891,661,978	1,978,071,753	1,690,905,513
Long term deposits		12,012,134	12,012,134	76,110,680
Investment in an associate company	8	-	-	-
<b>CURRENT ASSETS</b>				
Stores and spares		60,989,447	60,989,447	61,820,409
Stock in trade	9	753,601,173	806,907,907	1,121,835,910
Trade debtors		377,499,092	435,767,740	583,080,227
Advances		2,472,794	2,472,794	10,709,685
Short term deposits and current account - balances with statutory authorities		16,942,888	16,930,733	16,883,933
Taxes recoverable - Net		53,109,366	53,037,700	53,218,113
Cash and bank balances		7,463,784	6,128,607	7,063,495
		<u>1,272,078,544</u>	<u>1,382,234,928</u>	<u>1,854,611,772</u>
		<u>3,175,752,656</u>	<u>3,372,318,815</u>	<u>3,621,627,965</u>

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



**Ishtiaq Ahmed**  
Chief Executive Officer

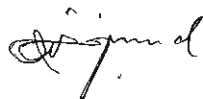


**Aziz-ul-Haque**  
Director

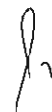
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017**

	Half Year Ended		Quarter Ended	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	----- (Rupees) -----			
Sales - Net	-	84,247,768	-	84,247,768
Cost of sales	<b>(96,345,816)</b>	(233,816,920)	<b>(46,730,990)</b>	(188,703,357)
<b>Gross loss</b>	<b>(96,345,816)</b>	(149,569,152)	<b>(46,730,990)</b>	(104,455,589)
<b>Operating expenses</b>				
Administrative expenses	<b>(100,045,540)</b>	(204,700,034)	<b>(98,128,106)</b>	(75,339,284)
<b>Operating loss</b>	<b>(196,391,356)</b>	(354,269,186)	<b>(144,859,096)</b>	(179,794,873)
<b>Other charges / income</b>				
Finance cost 10	<b>(103,248,575)</b>	(104,235,232)	<b>(51,801,720)</b>	(52,325,186)
<b>Loss before taxation</b>	<b>(299,639,931)</b>	(458,504,418)	<b>(196,660,816)</b>	(232,120,059)
Taxation				
- Current	-	(842,478)	-	(842,478)
- Deferred	13,019,128	8,871,503	6,292,579	4,292,663
	13,019,128	8,029,025	6,292,579	3,450,185
<b>Loss after taxation</b>	<b>(286,620,803)</b>	<b>(450,475,393)</b>	<b>(190,368,237)</b>	<b>(228,669,874)</b>
Loss per share - Basic and diluted 11	<b>(6.22)</b>	(9.78)	<b>(4.13)</b>	(4.96)

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



**Ishtiaq Ahmed**  
Chief Executive Officer



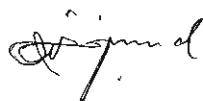
**Aziz-ul-Haque**  
Director

**DEWAN TEXTILE MILLS LIMITED**

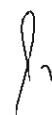
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017**

	Half Year Ended		Quarter Ended	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	(Restated)		(Restated)	
	----- (Rupees) -----			
(Loss) for the period	(286,620,803)	(450,475,393)	(190,368,237)	(228,669,874)
Other comprehensive income:				
Transfer from surplus on revaluation of property, plant and equipment in respect of				
- Incremental depreciation	43,397,093	28,617,751	21,698,547	14,308,876
- Related deferred tax	(13,019,128)	(8,871,503)	(6,292,579)	(4,292,663)
	30,377,965	19,746,248	15,405,968	10,016,213
<b>Total comprehensive (loss) for the period</b>	<b>(256,242,838)</b>	<b>(430,729,145)</b>	<b>(174,962,269)</b>	<b>(218,653,661)</b>

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



**Ishtiaq Ahmed**  
Chief Executive Officer



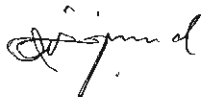
**Aziz-ul-Haque**  
Director



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

	31 December 2017	31 December 2016
	----- (Rupees) -----	
<b>Cash flows from operating activities</b>		
Loss before taxation	(299,639,931)	(458,504,418)
<b>Adjustment for non-cash and other items</b>		
Depreciation	86,409,775	76,948,938
Provision for doubtful debt	41,944,344	104,986,275
Provision for obsolete stock	53,306,734	93,766,275
Unwinding of discount	5,342,544	4,932,609
Finance cost	97,906,031	99,302,623
	<u>284,909,428</u>	<u>379,936,720</u>
	(14,730,503)	(78,567,698)
<b>Changes in operating assets and liabilities</b>		
<b>(Increase) / decrease in current assets</b>		
Stores and spares	--	836,792
Stock in trade	--	147,070,467
Trade debtors	16,324,304	18,929,275
Advances	--	878,475
Short term deposits and current account balances with statutory authorities	(12,155)	--
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	544,979	(4,191,756)
Short term borrowings - net	8,350,000	(62,021,961)
	<u>25,207,128</u>	<u>101,501,292</u>
<b>Payments for:</b>		
Income tax - Net	(71,666)	(427,443)
Financial charges paid	(6,571,574)	(7,338,004)
	<u>(6,643,240)</u>	<u>(7,765,447)</u>
<b>Net cash inflow from operating activities</b>	<u>3,833,385</u>	<u>15,168,147</u>
<b>Cash flows from investing activities</b>		
Long term deposit	--	(9,018,852)
<b>Net cash outflow from investing activities</b>	<u>--</u>	<u>(9,018,852)</u>
<b>Cash flows from financing activities</b>		
Long term financing - Net	(2,498,208)	(2,498,208)
<b>Net cash outflow from financing activities</b>	<u>(2,498,208)</u>	<u>(2,498,208)</u>
<b>Net increase in cash and cash equivalents</b>	<u>1,335,177</u>	<u>3,651,087</u>
<b>Cash and cash equivalents at beginning of the period</b>	<u>6,128,607</u>	<u>7,063,495</u>
<b>Cash and cash equivalents at end of the period</b>	<u><u>7,463,784</u></u>	<u><u>10,714,582</u></u>

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



**Ishtiaq Ahmed**  
Chief Executive Officer



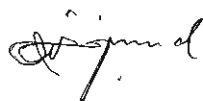
**Aziz-ul-Haque**  
Director

DEWAN TEXTILE MILLS LIMITED

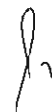
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

	Issued, subscribed and paid-up share capital	General reserves	Unrealized gain due to change in fair value of investment	Accumulated losses	Total
	----- (Rupees) -----				
Balance as at 1 July 2016 - As reported	460,646,090	333,000,000	57,358,822	(2,176,231,519)	(1,325,226,607)
Effect of change in accounting policy (Note 4.2)			(57,358,822)	(158,518,938)	(215,877,760)
Balance as at 1 July 2016 - Restated	460,646,090	333,000,000	-	(2,334,750,457)	(1,541,104,367)
Total comprehensive income for the period					
Loss for the period	-	-	-	(450,475,393)	(450,475,393)
Transfer from surplus on revaluation of property, plant and equipment in respect incremental depreciation - Net of tax	-	-	-	19,746,248	19,746,248
	-	-	-	(430,729,145)	(430,729,145)
Balance as at 31 December 2016 - Restated	460,646,090	333,000,000	-	(2,765,479,602)	(1,971,833,512)
Balance as at 1 July 2017 - Restated	460,646,090	333,000,000	-	(3,020,659,494)	(2,227,013,404)
Total comprehensive income for the period					
Loss for the period	-	-	-	(286,620,803)	(286,620,803)
Transfer from surplus on revaluation of property, plant and equipment in respect incremental depreciation - Net of tax	-	-	-	30,377,965	30,377,965
	-	-	-	(256,242,838)	(256,242,838)
Balance as at 31 December 2017	460,646,090	333,000,000	-	(3,276,902,332)	(2,483,256,242)

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



**Ishtiaq Ahmed**  
Chief Executive Officer



**Aziz-ul-Haque**  
Director

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

### **1 STATUS AND NATURE OF BUSINESS**

Dewan Textile Mills Limited ('the Company') is a public limited company incorporated in Pakistan under the Companies Act 1913 (now the repealed Companies Ordinance, 1984) and is listed on the Pakistan Stock Exchange. The registered office of the Company is situated at 8th floor, Block-A, Finance and Trade Centre, Shakra-e-Faisal, Karachi. The principal activity of the Company is manufacturing and sale of yarn.

### **2 GOING CONCERN ASSUMPTION**

The condensed interim financial information for the half year ended 31 December 2017 reflect that the Company has sustained a net loss after taxation of Rs.286.621 million (June 2017: Rs.737.657 million) and as of that date the Company's negative reserves of Rs.2,943.902 million (June 2017: Rs.2,687.659 million) have resulted in negative equity of Rs.2,483.256 million (June 2017: Rs.2,227.013 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 requirements of the Company which will ultimately help the management to resume the operations with optimum utilisation 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 STATEMENT OF COMPLIANCE**

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 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 do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended 30 June 2017.

## DEWAN TEXTILE MILLS LIMITED

3.3 The figures included in the condensed interim profit and loss account for the quarters ended 31 December 2017 and 2016 and in the notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the accumulated figures for the half years ended 31 December 2017 and 2016.

#### 4 SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

4.1 Except for the change as described in note 4.2 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.

4.2 The Company has changed its accounting policy for investments in associated company, which were previously classified as non current assets held for sale at lower of its carrying amount and fair value less costs to sell, the same are now being classified using equity basis of accounting as follows:

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 recognising its share of further losses. If the associate subsequently reports profits, the investor or joint venturer resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

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.215.878 million (2017:Rs.215.878 million), shareholders' equity would have been higher by the same amounts.

		(Un-audited) 31 December 2017	(Audited) 30 June 2017
----- (Rupees) -----			
<b>5 RESERVES AND SURPLUS</b>			
	<i>Revenue reserves</i>		
	General reserves	333,000,000	333,000,000
	Accumulated losses	<u>(3,276,902,332)</u>	<u>(3,020,659,494)</u>
		<u>(2,943,902,332)</u>	<u>(2,687,659,494)</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 30 June 2017.

	Notes	(Un-audited)	(Audited)
		31 December 2017	30 June 2017
----- (Rupees) -----			
<b>7 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	7.1	1,881,356,589	1,967,766,364
Capital work in progress - At cost			
Civil works		10,305,389	10,305,389
		<u>1,891,661,978</u>	<u>1,978,071,753</u>
7.1 Opening net book value (NBV)		1,967,766,364	1,680,600,124
Revaluation of assets during the period / year		--	461,550,918
		<u>1,967,766,364</u>	<u>2,142,151,042</u>
Disposal (NBV) during the period / year		--	(1,079,725)
Depreciation charged for the period / year		(86,409,775)	(173,304,953)
Closing net book value (NBV)		<u>1,881,356,589</u>	<u>1,967,766,364</u>

	Notes	(Un-audited)	(Audited)
		31 December 2017	30 June 2017
----- (Rupees) -----			
<b>8 INVESTMENT IN AN ASSOCIATE COMPANY</b>			
Investment in Dewan Salman Fibre Limited			
104,288,773 Fully paid ordinary shares of Rs. 10/- each	8.1	--	--

8.1 The Company holds 28.47% shares in an associate company, the cost of investment is Rs.210.00 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.4,951.793 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.150.176 million (30 June 2017: Rs.424.455 million).

## 9 STOCK IN TRADE

9.1 Stocks valuing Rs.277.532 million (June 2017: Rs.277.532 million) was pledged with the banks against the finance facilities obtained by the Company.

## 10 FINANCE COST AND MARK-UP ACCRUED

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. 17.407 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.17.407 millions and accrued mark-up would have been higher and shareholders' equity would have been lower by Rs.382.819 million. The said non provisioning is departure from the requirements of IAS 23 - 'Borrowing Costs'.

**DEWAN TEXTILE MILLS LIMITED**

	<b>(Un-audited) 31 Dec 2017</b>	<b>(Un-audited) 31 Dec 2016</b>
	<b>(Rupees)</b>	
<b>11 LOSS PER SHARE - Basic and diluted</b>		
Loss after taxation	<u>(286,620,803)</u>	<u>(450,475,393)</u>
Weighted average number of shares	<u>46,064,609</u>	<u>46,064,609</u>
Loss per share - Basic and diluted	<u>(6.22)</u>	<u>(9.78)</u>

**12 TRANSACTIONS WITH RELATED PARTIES**

During the period aggregate transactions made by the Company with the associated companies was sale of Rs. Nil (December 2016: Rs.83.126 million).

**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.

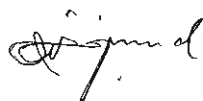
The corresponding figures have been reclassified, restated and rearranged wherever necessary to facilitate comparison, significant reclassifications are disclosed in note 4.

**14 DATE OF AUTHORISATION FOR ISSUE**

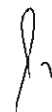
The condensed interim financial information was authorised for issue on February 23, 2018 by the Board of Directors of the Company.

**15 GENERAL**

Figures have been rounded off to the nearest rupee.



**Ishtiaq Ahmed**  
Chief Executive Officer



**Aziz-ul-Haque**  
Director

### 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 ہوں گے۔

### 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 ثناء آمین۔

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



محمد انوار احمد  
چیئر مین 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 یونٹس کے امور میں رخسار 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 84.428 ملین روپے تھی۔ کمپنی کو مبلغ 96.346 ملین روپے کا کل خسارہ برداشت کرنا پڑا جو کہ گزشتہ سال کی پہلی سہ ماہی میں مبلغ 149.569 ملین روپے تھا۔ جبکہ کمپنی کے آپریٹنگ کے اخراجات مبلغ 100.046 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۔

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 اور تجارتی وصولیات پر تحفظات 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۔ انتظامیہ مسلسل وصولیات کو پرکھتی ہے اور اسی حساب سے پروویژن کرتی ہے۔