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A YOUSUF DEWAN COMPANY

## COMPANY INFORMATION

Executive Directors	:	Mr. Ishtiaq Ahmed - Chief Executive Officer
Non-Executive Director	:	Mr. Ghazanfar Baber Siddiqi - Chairman, Board of Directors Mr. Imran Ahmed Javaid Syed Maqbool Ali Mr. Muhammad Baqar Jafferri Mr. Zafar Asim
Independent Director	:	Mr. Aziz -ul-Haque
Audit Committee	:	Mr. Aziz -ul-Haque (Chairman) Syed Maqbool Ali (Member) Mr. Imran Ahmed Javaid (Member)
Human Resources & Remuneration Committee	:	Mr. Aziz-ul-Haque - Chairman Syed Maqbool Ali (Member) Mr. Ishtiaq Ahmed -(Member)
Auditors	:	C-88, Ground Floor, KDA Scheme No. 1, Main Karsza Road, Opp. Martime 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, 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, 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 unaudited condensed interim financial statements for the half year ended December 31, 2018 in compliance with the requirements of section 237 of the Companies Act, 2017 and code of corporate governance issued by Securities and Exchange Commission of Pakistan.

#### Operating results (Factory Shutdown):

Company's net sales during the current as well as in the comparative period remained nil due to closure of operations. 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 statements have been prepared using going concern assumption as the company has approached its lenders for further restructuring of its liabilities, which is in process. Management is hopeful that such revision will be finalized soon which will enable the company to resume its operations. Management continuously assesses the recoverability of trade debts and provisions are made accordingly.

#### 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*



**Ishtiaq Ahmed**  
Chief Executive Officer



**Imran Ahmed Javed**  
Director

Dated: February 26, 2019

**INDEPENDENT AUDITOR'S REVIEW REPORT**  
**To the members of Dewan Textile Mills Limited**  
**Report on review of Interim Financial Statements**

**Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Dewan Textile Mills Limited as at 31 December 2018 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

**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 statements 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 statement for the period ended 31 December 2018 have been prepared on going concern assumption despite of the fact that the Company incurred loss after taxation of Rs.286.709 million and as of that date it has negative revenue reserves of Rs.3,488.692 million which resulted in negative equity of Rs.2,207.049 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.5,653.478 million and total assets by Rs.3,913.336 million. In previous years, 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 become immediately payable, therefore provision for markup should be made in these financial statements. Further, the Company's manufacturing operations has been suspended since December 2015 and could not be 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 statements is inappropriate; consequently, the assets and liabilities should have been stated at their realisable and settlement amounts respectively.
- b) The Company has not made provision of markup for the period amounting to Rs.27.497 million (up to the period ended 31 December 2018: Rs.439.955 million) (refer note 11) 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 restructuring 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, including the mark-up discussed in preceding paragraph, been made in the condensed interim financial statements, the loss after taxation for the period would have been higher by Rs.1,648.918 million and markup payable would have been higher and shareholders' equity would have been lower by Rs.2,061.376 million.
- c) The trade debts amounting to Rs.231.346 million are past due and impaired whereas the management has considered the same as good, therefore provision against these debts should have been made in these condensed interim financial statements. Had the provision been made, the loss after taxation would have been higher, trade debts and shareholders' equity would have been lower by Rs.231.346 million.

**Adverse Conclusion**

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

**Other matters**

The figures of the condensed interim statement of profit or loss and other comprehensive income for the three months period ended 31 December 2018 and 31 December 2017 have not been reviewed and we do not express a conclusion thereon.

The engagement partner on the review engagement resulting in this independent auditors' review report is Muhammad Faisal Nini.



Dated: February 26, 2019  
Place: Karachi

CHARTERED ACCOUNTANTS

**DEWAN TEXTILE MILLS LIMITED**

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2018**

		(Un-audited) 31 December 2018	(Audited) 30 June 2018
	Notes	----- (Rupees in '000) -----	
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital 50,000,000 (June 2018: 50,000,000) Ordinary shares of Rs. 10/- each		<b>500,000,000</b>	500,000,000
Issued, subscribed and paid-up share capital		<b>460,646,090</b>	460,646,090
Revenue reserves	5	<b>(3,488,691,806)</b>	(3,228,889,004)
Capital reserves			
Surplus on revaluation of property, plant and equipment		<b>820,996,857</b>	841,020,595
		<b>(2,207,048,859)</b>	(1,927,222,319)
<b>NON-CURRENT LIABILITIES</b>			
Long term financing		<b>166,476,740</b>	163,188,400
Deferred taxation	6	<b>188,612,266</b>	206,485,112
		<b>355,089,006</b>	369,673,512
<b>CURRENT LIABILITIES</b>			
Trade and other payables		<b>180,936,038</b>	179,386,866
Mark-up accrued		<b>835,456,829</b>	744,028,436
Short term borrowings		<b>586,010,566</b>	586,010,566
Liability for staff gratuity		<b>50,808,126</b>	50,808,126
Unclaimed dividend		<b>254,206</b>	254,206
Current and overdue portion of long term financing		<b>2,930,630,585</b>	2,930,630,585
		<b>4,584,096,350</b>	4,491,118,785
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7	<b>--</b>	--
		<b>2,732,136,497</b>	<b>2,933,569,978</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	<b>1,728,129,987</b>	1,805,068,853
Long term investment	9	<b>--</b>	--
Long term deposits		<b>12,012,134</b>	12,012,134
		<b>1,740,142,121</b>	1,817,080,987
<b>CURRENT ASSETS</b>			
Stores and spares		<b>44,251,288</b>	48,924,029
Stock in trade		<b>655,612,675</b>	706,044,419
Trade debtors - Unsecured		<b>231,345,637</b>	300,744,221
Advances - Considered good		<b>2,533,453</b>	2,506,044
Short term deposits and other receivable		<b>4,120,116</b>	4,120,116
Taxes recoverable - Net		<b>45,711,836</b>	45,675,889
Cash and bank balances		<b>8,419,371</b>	8,474,273
		<b>991,994,376</b>	1,116,488,991
		<b>2,732,136,497</b>	<b>2,933,569,978</b>

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



**Ishtiaq Ahmed**  
Chief Executive Officer



**S.M. Raza**  
Chief Financial Officer



**Imran Ahmed Javed**  
Director



A YOUSUF DEWAN COMPANY

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS FOR THE HALF YEAR ENDED DECEMBER 31, 2018

Note	Half Year Ended		Quarter Ended	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
----- (Rupees) -----				
Sales - Net	--	--	--	--
Cost of sales	(84,653,319)	(96,345,816)	(43,000,649)	(46,730,990)
Gross loss	(84,653,319)	(96,345,816)	(43,000,649)	(46,730,990)
<b>Operating expenses</b>				
Administrative and general expenses	(3,369,952)	(4,794,462)	(2,227,933)	(2,877,028)
Operating loss	(88,023,271)	(101,140,278)	(45,228,582)	(49,608,018)
Finance cost	11 (106,142,176)	(103,248,575)	(53,786,628)	(51,801,720)
Other charges	(104,050,442)	(95,251,078)	(104,050,442)	(95,251,078)
Other income	516,503	--	--	--
	(209,676,115)	(198,499,653)	(157,837,070)	(147,052,798)
Loss before taxation	(297,699,386)	(299,639,931)	(203,065,652)	(196,660,816)
Taxation				
- Current	--	--	--	--
- Deferred	10,990,009	13,019,128	5,495,005	6,292,579
	10,990,009	13,019,128	5,495,005	6,292,579
<b>Loss for the period</b>	<b>(286,709,377)</b>	<b>(286,620,803)</b>	<b>(197,570,647)</b>	<b>(190,368,237)</b>
Loss per share - Basic and diluted 12	(6.22)	(6.22)	(4.28)	(4.13)

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

**Ishtiaq Ahmed**  
Chief Executive Officer

**S.M. Raza**  
Chief Financial Officer

**Imran Ahmed Javed**  
Director

**DEWAN TEXTILE MILLS LIMITED**

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

	Half Year Ended		Quarter Ended	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
		(Restated)		(Restated)
	----- (Rupees) -----			
Loss for the period	(286,709,377)	(286,620,803)	(197,570,647)	(190,368,237)
<b>Other comprehensive income:</b>				
Effect of change in tax rates on balance of revaluation on property, plant and equipment	6,882,837	7,750,779	--	--
<b>Total comprehensive loss for the period</b>	<b>(279,826,540)</b>	<b>(278,870,024)</b>	<b>(197,570,647)</b>	<b>(190,368,237)</b>

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



**Ishtiaq Ahmed**  
Chief Executive Officer



**S.M. Raza**  
Chief Financial Officer



**Imran Ahmed Javed**  
Director





A YOUSUF DEWAN COMPANY

## CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED DECEMBER 31, 2018

		31 December 2018	31 December 2017
	Notes	----- (Rupees) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before taxation		(297,699,386)	(299,639,931)
<b>Adjustment for non-cash and other items:</b>			
Depreciation / amortisation expense	8.1	76,255,369	86,409,775
Provision for doubtful debts		49,228,551	41,944,344
Provision for obsolete stock		50,431,744	53,306,734
Provision for slow moving stores		4,390,147	--
Gain on sale of fixed assets		(516,503)	--
Unwinding of discount		5,786,547	5,342,544
Finance cost		100,355,629	97,906,031
Cash outflows before working capital changes		(11,767,902)	(14,730,503)
<b>Working capital changes</b>			
(Increase) / decrease in current assets			
Stores and spares		282,594	--
Trade debtors		20,170,033	16,324,304
Advances		(27,409)	--
Short term deposit and other receivable		--	(12,155)
		20,425,218	16,312,149
Increase / (decrease) in current liabilities			
Trade and other payables		1,549,172	544,979
Short term borrowings		--	8,350,000
		1,549,172	8,894,979
Cash generated / (used in) from operations		10,206,488	10,476,625
<b>Payments for:</b>			
Income tax refund / (paid) - Net		(35,947)	(71,666)
Finance cost paid		(8,927,236)	(6,571,574)
<b>Net cash generated from / (used in) operating activities</b>		<b>1,243,305</b>	<b>3,833,385</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds against sale of fixed assets		1,200,000	--
<b>Net cash generated from investing activities</b>		<b>1,200,000</b>	<b>--</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term financing paid		(2,498,207)	(2,498,208)
Net increase / (decrease) in cash and cash equivalents		(54,902)	1,335,177
Cash and cash equivalents at the beginning of the period		8,474,273	6,128,607
<b>Cash and cash equivalents at the end of the period</b>		<b>8,419,371</b>	<b>7,463,784</b>

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

**Ishtiaq Ahmed**  
Chief Executive Officer

**S.M. Raza**  
Chief Financial Officer


**Imran Ahmed Javed**  
Director

# DEWAN TEXTILE MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Issued, subscribed and paid-up share capital	Revenue reserves			Capital reserves		Total capital reserves	Total equity
		General reserve	Accumulated losses	Total revenue reserves	Unrealised gain due to change in fair value of investment	Surplus on revaluation of property, plant and equipment		
----- (Rupees) -----								
Balance as on 1 July 2017 - As reported	460,646,090	333,000,000	(2,862,140,556)	(2,529,140,556)	57,358,822	--	57,358,822	(2,011,135,644)
Impact of change in accounting policy - Note 4.2	--	--	(158,518,938)	(158,518,938)	(57,358,822)	894,025,745	836,666,923	678,147,985
Balance as on 1 July 2017 - As restated	460,646,090	333,000,000	(3,020,659,494)	(2,687,659,494)	--	894,025,745	894,025,745	(1,332,987,659)
Total comprehensive loss for the period								
Loss for the period	--	--	(286,620,803)	(286,620,803)	--	--	--	(286,620,803)
Other comprehensive income	--	--	--	--	--	7,750,779	7,750,779	7,750,779
	--	--	(286,620,803)	(286,620,803)	--	7,750,779	7,750,779	(278,870,024)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - Net of tax	--	--	30,377,965	30,377,965	--	(30,377,965)	(30,377,965)	--
Balance as at 31 December 2017 - As restated	460,646,090	333,000,000	(3,276,902,333)	(2,943,902,333)	--	871,398,560	871,398,560	(1,611,857,683)
Balance as on 1 July 2018	460,646,090	333,000,000	(3,561,889,004)	(3,228,889,004)	--	841,020,595	841,020,595	(1,927,222,319)
Total comprehensive loss for the period								
Loss for the period	--	--	(286,709,377)	(286,709,377)	--	--	--	(286,709,377)
Other comprehensive income	--	--	--	--	--	6,882,837	6,882,837	6,882,837
	--	--	(286,709,377)	(286,709,377)	--	6,882,837	6,882,837	(279,826,540)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - Net of tax	--	--	26,906,575	26,906,575	--	(26,906,575)	(26,906,575)	--
Balance as at 31 December 2018	460,646,090	333,000,000	(3,821,691,806)	(3,488,691,806)	--	820,996,857	820,996,857	(2,207,048,859)

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

  
Ishtiaq Ahmed  
Chief Executive Officer

  
S.M. Raza  
Chief Financial Officer

  
Imran Ahmed Javed  
Director



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - (Un-audited) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

### 1 STATUS AND NATURE OF BUSINESS

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. However, the Company has suspended its manufacturing operations since December 2015.

The geographical location and address of Company's business units including plant is as under:

- Company's registered office is located at 8th Floor, Block-A, Finance & Trade Centre, Shahrah-e-Faisal, Karachi.
- Company's production plant is situated at H/20 & H/26, S.I.T.E., Kotri, District Jamshoro, Sindh, Pakistan.

### 2 GOING CONCERN ASSUMPTION

The financial statements of the Company for the year ended 31 December 2018 reflect that the Company has sustained a net loss after taxation of Rs.286.709 million (June 2018: Rs.601.985 million) and as of that date the Company's negative revenue reserves of Rs.3,488.692 million (June 2018: Rs.3,228.889 million) have resulted in negative equity of Rs.2,207.049 million (June 2018: Rs.1,927.222 million) and its current liabilities (including the effect of non-provided mark-up) exceeded its current assets by Rs.5,653.478 million (June 2018: Rs.5,408.508 million) and total assets by Rs.3,913.336 million (June 2018: Rs.3,591.427 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 one 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 along with mark-up eligible for waiver (as disclosed in note 14.3 of the annual financial statements) have become immediately repayable. The Company 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 statements have 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 statements using going concern assumption is justified.

### 3 BASIS OF PREPARATION

3.1 These condensed interim financial statements of the Company for the six months ended 31 December 2018 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

## DEWAN TEXTILE MILLS LIMITED

**3.2** These condensed interim financial statements 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 2018.

**3.3** The figures included in the condensed interim profit and loss account for the quarters ended 31 December 2018 and 2017 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 2018 and 2017.

#### **4 SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES**

**4.1** The accounting policies and methods of computation adopted and applied in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 30 June 2018.

##### **4.2 Change in accounting policies**

During the financial year ended 30 June 2018 Company has changed its accounting policies for investment in associated company and revaluation surplus on property, plant and equipment. The detailed impacts of the said change are more fully explained in note 5.19 of the annual financial statement for the year ended 30 June 2018. The comparative figures in statement of comprehensive income and statement of changes in equity have been restated due to same.

##### **4.3 New standards, amendments and interpretation to published approved accounting and reporting standards which are effective during the half year ended 31 December 2018**

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Company's annual accounting period which began on 1 July 2018. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these condensed interim financial statements.

In addition to that two new standards (i.e. IFRS 9 and IFRS 15) have become applicable to the Company effective 1 July 2018. Because of these new standards certain changes to the Company's accounting policies have been made in light of the following paragraphs:

- IFRS 9 'Financial instruments' - This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.
- IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The changes laid down by these standard do not have any significant impact on these condensed interim financial statements of the Company.



#### 4.4 New standards and amendments to published approved accounting and reporting standards that are not yet effective

There is a new standard, certain amendments and an interpretation to the approved accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after 1 July 2019. However, these will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim financial statements.

		(Un-audited) 31 December 2018	(Audited) 30 June 2018
	Notes	(Rupees)	
<b>5 REVENUE RESERVES</b>			
General reserve		333,000,000	333,000,000
Accumulated losses		(3,821,691,806)	(3,561,889,004)
		<u>(3,488,691,806)</u>	<u>(3,228,889,004)</u>
<b>6 DEFERRED TAXATION</b>			
<i>Credit balance arising due to:</i>			
- Accelerated tax depreciation		95,618,516	112,330,811
- Revaluation - Net of related depreciation		188,612,266	206,485,112
- Finance lease transactions		6,567,760	6,774,931
<i>Debit balance arising due to:</i>			
- Staff gratuity		(14,734,357)	(15,242,438)
- Provision for doubtful debts		(109,067,915)	(98,060,312)
- Provision for obsolete stock		(119,051,382)	(108,027,079)
- Provision for slow-moving stores and spares		(4,060,407)	(2,883,377)
- Carried over losses		(732,931,536)	(803,074,967)
		<u>(689,047,055)</u>	<u>(701,697,319)</u>
Deferred tax asset not recognised		877,659,321	908,182,431
		<u>188,612,266</u>	<u>206,485,112</u>
<b>7 CONTINGENCIES AND COMMITMENTS</b>			
There is no material change in the contingencies and commitments since the last audited financial statements for the year ended June 30, 2018.			
<b>8 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	8.1	1,717,824,598	1,794,763,464
Capital work in progress - At cost			
Civil works		10,305,389	10,305,389
		<u>1,728,129,987</u>	<u>1,805,068,853</u>
<b>8.1</b>			
Opening net book value (NBV)		1,794,763,464	1,967,766,364
Disposal (NBV) during the period / year		(683,497)	(183,353)
Depreciation charged for the period / year		(76,255,369)	(172,819,547)
Closing net book value (NBV)		<u>1,717,824,598</u>	<u>1,794,763,464</u>

## DEWAN TEXTILE MILLS LIMITED

### 9 INVESTMENT IN AN ASSOCIATE COMPANY

9.1 Associate is an entity over which the Company has significant influence but no control. Company's investee company is considered to be its associate by virtue of common directorship and its ownership interest of 28.47% in investee company.

(Un-audited) 31 December 2018	(Audited) 30 June 2018
----- (Rupees) -----	

#### 9.2 Investment in Dewan Salman Fibre Limited - At equity method

Number of shares held	<u>104,288,773</u>	104,288,773
Cost of investment (Rupees)	<u>210,000,000</u>	210,000,000
Fair value of investment (Rupees)	<u>91,774,120</u>	91,774,120
Ownership interest	<u>28.47%</u>	28.47%

9.3 Investment in associated company was made in accordance with the requirement of then effective Companies Ordinance, 1984. As the Company's share of losses exceed its interest in the associate, the Company has discontinued recognising its share of further losses. Market value is based on last available quoted price as of 19 February 2018.

### 10 STOCK IN TRADE

Stocks valuing Rs.277.532 million (June 2018: Rs.277.532 million) was pledged with the banks against the finance facilities obtained by the Company.

### 11 FINANCE COST AND MARK-UP ACCRUED

In addition to the non-provisioning of mark-up eligible for waiver as disclosed in note 14.3 of the annual financial statement for the year ended 30 June 2018, Company has not made the provision of mark-up for the period amounting to Rs.27.497 million (up to 31 December 2018: Rs.439.955 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.439.955 million and accrued mark-up would have been higher and shareholders' equity would have been lower by Rs.439.955 million. The said non-provisioning is departure from the requirements of IAS 23 - 'Borrowing Costs'.

(Un-audited) 31 December 2018	(Audited) 30 December 2017
----- (Rupees) -----	

#### 12 LOSS PER SHARE - Basic and diluted

Loss after taxation	<u>(286,709,377)</u>	(286,620,803)
	----- (Number of shares) -----	
Weighted average number of shares	<u>46,064,609</u>	46,064,609
Loss per share - Basic and diluted (Rupees)	<u>(6.22)</u>	(6.22)

**13 TRANSACTIONS WITH RELATED PARTIES**

Related parties include associated group companies, directors, executives, key management personnel and staff retirement funds. Details of transactions with related parties during the period other than those which have been disclosed elsewhere in these condensed interim financial statements are given below:

	(Un-audited) 31 December 2018	(Un-audited) 31 December 2017
	----- (Rupees) -----	
Staff retirement benefits	<u>29,836</u>	<u>120,852</u>

**14 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 comparative figures of the condensed interim statements of comprehensive income and changes in equity have been restated, as more fully explained in note 4.2 to the financial statements.

**15 DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on February 26, 2019 by the Board of Directors of the Company.

**16 GENERAL**

Figures have been rounded off to the nearest rupee.

**Ishtiaq Ahmed**  
Chief Executive Officer


**S.M. Raza**  
Chief Financial Officer

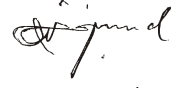
**Imran Ahmed Javed**  
Director

ظہار تشکر اور نتیجہ:

آخر میں ہم اللہ تعالیٰ رحمن و رحیم سے دعا کرتے ہیں 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 ثمرہ آمین۔

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

  
عمران احمد جاوید  
ڈائریکٹر

  
اشتیاق احمد  
چیف ایگزیکٹو آفیسر

کراچی؛

تاریخ: 26 فروری 2019ء



**YD**

A YOUSUF DEWAN COMPANY

## ڈائریکٹرز رپورٹ

محترم شیئر ہولڈرز،

السلام علیکم،

آپ کی کمپنی کے بورڈ آف ڈائریکٹر کمینیز ایکٹ، 2017 کی دفعہ 237 اور سیکیورٹی اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ کوڈ آف کارپوریٹ گورننس کے تحت 31 دسمبر 2018ء کو ختم ہونے والی پہلی ششماہی کے غیر آڈٹ شدہ عبوری مالیاتی حسابات پیش کر رہے ہیں۔

مالیاتی نتائج اور کارکردگی: (پیداوار معطل)

کمپنی کی فروخت اس سال اور گزشتہ سال کی پہلی ششماہی میں پیداوار معطل ہونے کی وجہ سے صفر رہی۔ 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 جس سے کمپنی کو اپنی پیداوار بحال کرنے میں مدد ملے گی۔ انتظامیہ مسلسل وصولیات کو پرکھتی ہے اور اسی حساب سے پروویژن کرتی ہے۔

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 ہو گئے۔