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## COMPANY INFORMATION

BOARD OF DIRECTORS	
Executive Directors	: Mr. Ishtiaq Ahmed - Chief Executive Officer & Director
Non-Executive Director	: Mr. Ghazanfar Baber Siddiqui (Chairman, Board of Director) Mr. Imran Ahmed Javed 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 Javed (Member)
Human Resources & Remuneration Committee	: Mr. Aziz-ul-Haque - Chairman Syed Maqbool Ali (Member) Mr. Ishtiaq Ahmed -(Member)
Auditors	: Faruq Ali & Co. C-88, Ground Floor, KDA Scheme No. 1, Main Karsaz Road, Opp. Maritime Museum Karachi.
Company Secretary	: Mr. Muhammad Hanif German
Chief Financial Officer	: Mr. Shafqatullah
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	: Dewan Centre, 3-A Lalazar Beach Hotel Road 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 Jamshoro, 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, 2019 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. In addition to this, cost of utilities, finance cost and labor in Pakistan is significantly higher than other regional market players to compete in international market, which ultimately increases the cost of doing business. Through Finance Act, 2019 tax credit on investment under section 65(B) of the Income Tax Ordinance, 2001 has been withdrawn for tax year 2020 onwards and has also been reduced for the tax year 2019. At present overall industry is facing challenges due to withdrawal of zero rating for five export oriented sectors, extreme volatility in exchange rates thereby increasing the cost of imported goods and power, increasing trend in KIBOR rates are ultimately increasing in financing costs, increase in turnover tax, hence the overall working capital requirements have increased.

However, we hope that the Government will introduce some measures for revival of textile sector, including but not limited to payment of tax refunds, settlement of GIDC matter, smooth supply of gas to the industry at affordable rates.

The government is aimed to document the economy for long term sustainability and growth of the Country and for which aggressive steps are being taken. It is expected that these steps will slow down the economic activity in following financial year. If Pakistan is to progress and achieve economic stability and aggressive growth the need for a long-term stable and progressive textile and cotton policy has to be underscored.

#### 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



**Ghazanfar Baber Siddiqui**

Chairman Board of Directors

Dated: February 24, 2020



222-A, Karachi Memon Telephone : (021) 34301966  
Cooperative Housing Society : (021) 34301967  
Justice Inaummullah Road, : (021) 34301968  
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**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 2019 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. The figures of the condensed interim statement of profit or loss and other comprehensive income for the three months period ended 31 December 2019 and 31 December 2018 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 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 2019 have been prepared on going concern assumption despite of the fact that the Company incurred loss after taxation of Rs.271.018 million and as of that date it has negative revenue reserves of Rs.4,629.667 million which resulted in negative equity of Rs.3,065.529 million and its current liabilities exceeded its current assets by Rs.4,357.041 million and total assets by Rs.2,761.009 million (excluding the effect of non-provided markup and restructured liabilities classified under non-current liabilities). 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.1,452.610 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.33.635 million (up to the period ended 31 December 2019: Rs.509.447 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.509.447 million and markup payable would have been higher and shareholders' equity would have been lower by Rs.509.447 million.
- c) The trade debts include receivables of Rs.585.202 million which are past due and impaired, against which a provision for doubtful debts to the extent of Rs.440.607 million has been made up to the 31 December 2019 which should have been increased by Rs.144.595million. 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.144.595 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.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Faisal Nini.

Dated: February 24, 2020  
Place: Karachi

  
CHARTERED ACCOUNTANTS

DEWAN TEXTILE MILLS LIMITED

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2019**

<b>EQUITY AND LIABILITIES</b>		(Un-audited) 2019	(Audited) 2019
<b>SHARE CAPITAL AND RESERVES</b>	Notes	----- (Rupees) -----	
Authorised share capital 50,000,000 (June 2019: 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			
General reserve		<b>333,000,000</b>	333,000,000
Accumulated losses		<b>(4,629,667,301)</b>	(4,382,247,527)
Capital reserves			
Surplus on revaluation of property, plant and equipment		<b>770,492,492</b>	794,090,283
		<b>(3,065,528,719)</b>	(2,794,511,154)
<b>NON-CURRENT LIABILITIES</b>			
Long term financing		<b>136,535,760</b>	132,766,516
Deferred taxation	6	<b>167,983,722</b>	177,622,257
		<b>304,519,482</b>	310,388,773
<b>CURRENT LIABILITIES</b>			
Trade and other payables		<b>181,417,946</b>	179,890,705
Mark-up accrued		<b>1,223,980,095</b>	1,030,753,421
Short term borrowings		<b>553,565,566</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>2,931,879,689</b>	2,930,630,586
		<b>4,941,905,628</b>	4,778,347,610
<b>CONTINGENCIES AND COMMITMENTS</b>	7	--	--
		<b>2,180,896,391</b>	<b>2,294,225,229</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	<b>1,584,019,647</b>	1,651,726,329
Long term investment	9	--	--
Long term deposits		<b>12,012,134</b>	12,012,134
		<b>1,596,031,781</b>	1,663,738,463
<b>CURRENT ASSETS</b>			
Stores and spares		<b>37,758,307</b>	37,758,307
Stock in trade	10	<b>256,310,135</b>	256,310,135
Trade debtors - Unsecured		<b>233,766,381</b>	278,657,082
Advances - Considered good		<b>2,366,530</b>	2,360,359
Short term deposits and other receivable		<b>4,120,116</b>	4,120,116
Taxes recoverable - Net		<b>44,104,833</b>	44,081,312
Cash and bank balances		<b>6,438,308</b>	7,199,455
		<b>584,864,610</b>	630,486,766
		<b>2,180,896,391</b>	<b>2,294,225,229</b>

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



**Ishtiaq Ahmed**  
Chief Executive Officer



**Shafqatullah**  
Chief Financial Officer



**Ghazanfar Baber Siddiqui**  
Chairman Board of Directors

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

Note	Half Year Ended		Quarter Ended	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
----- (Rupees) -----				
Sales - Net	--	--	--	--
Cost of sales	<b>(76,330,746)</b>	(84,653,319)	<b>(38,245,334)</b>	(43,000,649)
Gross (loss)	<b>(76,330,746)</b>	(84,653,319)	<b>(38,245,334)</b>	(43,000,649)
<b>Operating expenses</b>				
Administrative and general expenses	<b>(3,108,103)</b>	(3,369,952)	<b>(1,822,224)</b>	(2,227,933)
Operating (loss)	<b>(79,438,849)</b>	(88,023,271)	<b>(40,067,558)</b>	(45,228,582)
Finance cost	11 <b>(201,217,251)</b>	(106,142,176)	<b>(100,766,302)</b>	(53,786,628)
Other charges	--	(104,050,442)	--	(104,050,442)
Other income	--	516,503	--	--
	<b>(201,217,251)</b>	(209,676,115)	<b>(100,766,302)</b>	(157,837,070)
(Loss) before taxation	<b>(280,656,100)</b>	(297,699,386)	<b>(140,833,860)</b>	(203,065,652)
Taxation				
- Deferred	<b>9,638,535</b>	10,990,009	<b>4,819,268</b>	5,495,005
<b>(Loss) after taxation</b>	<b>(271,017,565)</b>	<b>(286,709,377)</b>	<b>(136,014,592)</b>	<b>(197,570,647)</b>
(Loss) per share - Basic and diluted 12	<b>(5.88)</b>	(6.22)	<b>(2.95)</b>	(4.28)

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



**Ishtiaq Ahmed**  
Chief Executive Officer



**Shafqatullah**  
Chief Financial Officer



**Ghazanfar Baber Siddiqui**  
Chairman Board of Directors

DEWAN TEXTILE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Half Year Ended		Quarter Ended	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
----- (Rupees) -----				
<b>(Loss) for the period</b>	<b>(271,017,565)</b>	<b>(286,709,377)</b>	<b>(136,014,592)</b>	<b>(197,570,647)</b>
Other comprehensive income:				
Effect of change in tax rates on balance of revaluation on property, plant and equipment	--	6,882,837	--	--
<b>Total comprehensive (loss) for the period</b>	<b><u>(271,017,565)</u></b>	<b><u>(279,826,540)</u></b>	<b><u>(136,014,592)</u></b>	<b><u>(197,570,647)</u></b>

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



**Ishtiaq Ahmed**  
Chief Executive Officer



**Shafqatullah**  
Chief Financial Officer



**Ghazanfar Baber Siddiqui**  
Chairman Board of Directors

## CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

		31 December 2019	31 December 2018
Notes	-----	(Rupees)	-----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
		(280,656,100)	(297,699,386)
		<i>(Loss) before taxation</i>	
		<b>Adjustment for non-cash and other items:</b>	
		Depreciation / amortisation expense	
8.1	67,706,682	76,255,369	
	--	49,228,551	
	--	50,431,744	
	250,151	356,238	
	--	4,390,147	
	--	(516,503)	
	6,267,450	5,786,547	
	194,949,801	100,355,629	
	(11,482,016)	(11,411,664)	
		<i>Cash outflows before working capital changes</i>	
		<b>Working capital changes</b>	
		<i>(Increase) / decrease in current assets</i>	
		--	282,594
		44,890,701	20,170,033
		(6,171)	(27,409)
		--	--
		44,884,530	20,425,218
		<i>Increase / (decrease) in current liabilities</i>	
		1,277,090	1,549,172
		(32,445,000)	--
		(31,167,910)	1,549,172
		2,234,604	10,562,726
		<b>Cash generated from operations</b>	
		(23,521)	(35,947)
		(1,723,127)	(9,283,474)
		487,956	1,243,305
		<b>Net cash generated from operating activities</b>	
		<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
		--	1,200,000
		<i>Proceeds against sale of fixed assets</i>	
		--	1,200,000
		<b>Net cash generated from investing activities</b>	
		<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
		(1,249,103)	(2,498,207)
		<i>Long term financing paid</i>	
		(761,147)	(54,902)
		<i>Net decrease in cash and cash equivalents</i>	
		7,199,455	8,474,273
		<i>Cash and cash equivalents at the beginning of the period</i>	
		6,438,308	8,419,371
		<b>Cash and cash equivalents at the end of the period</b>	

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



**Ishtiaq Ahmed**  
Chief Executive Officer



**Shafqatullah**  
Chief Financial Officer



**Ghazanfar Baber Siddiqui**  
Chairman Board of Directors

DEWAN TEXTILE MILLS LIMITED

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

Issued, subscribed and paid-up share capital	Revenue Reserves			Capital Reserves	Total equity
	General reserve	Accumulated Loss	Total revenue reserves	Surplus on revaluation of property, plant and equipment	

(Rupees)

Balance as on 1 July 2018 460,646,090 333,000,000 (3,561,889,004) (3,228,889,004) 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
	--	--	(286,709,377)	(286,709,377)	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) --

**Balance as at 31 December 2018**

460,646,090 333,000,000 (3,821,691,806) (3,488,691,806) 820,996,857 (2,207,048,859)

**Balance as on 1 July 2019**

460,646,090 333,000,000 (4,382,247,527) (4,049,247,527) 794,090,283 (2,794,511,154)

**Total comprehensive (loss) for the period**

(Loss) for the period	--	--	(271,017,565)	(271,017,565)	--	(271,017,565)
Other comprehensive income	--	--	--	--	--	--
	--	--	(271,017,565)	(271,017,565)	--	(271,017,565)

Incremental depreciation transferred  
from surplus on revaluation of property,  
plant and equipment - Net of tax

-- -- 23,597,791 23,597,791 (23,597,791) --

**Balance as at 31 December 2019**

460,646,090 333,000,000 (4,629,667,301) (4,296,667,301) 770,492,492 (3,065,528,719)

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



**Ishtiaq Ahmed**  
Chief Executive Officer



**Shafqatullah**  
Chief Financial Officer



**Ghazanfar Baber Siddiqui**  
Chairman Board of Directors

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

### 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 3A Lalazar Beach Hotel Road, 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 condensed interim financial statements of the Company for the period ended 31 December 2019 reflect that the Company has sustained a net loss after taxation of Rs.271.018 million (30 June 2019: Rs.874.172 million) and as of that date the Company's negative revenue reserves of Rs. 4,629.667 million (30 June 2019: Rs.4,049.248 million) have resulted in negative equity of Rs.3,065.529 million (30 June 2019: Rs.2,794.511 million) and its current liabilities exceeded its current assets by Rs. 4,357.041 million (30 June 2019: Rs. 4,147.861 million) and total assets by Rs. 2,761.009 million (30 June 2019: Rs.2,484.122 million). Further the Company's short term borrowing facilities have expired and not been renewed and the Company has been unable to ensure scheduled payments of liabilities due to the liquidity problems. Following course, majority of the lenders had gone into litigation for repayment of liabilities through attachment and sale of Company's hypothecated / mortgaged properties and one lender had also filed winding up petitions under section 301 of the Companies Act, 2017 as more fully explained in note 12.1 and note 12.2 to the annual financial statement. 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 realize 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 statement using going concern assumption is justified.

### 3 BASIS OF PREPARATION

3.1 These condensed interim financial statements of the Company for the half year ended 31 December 2019 have been prepared in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as 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 the provisions of and directives issued under the Companies Act, 2017 differ with 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 2019.
- 3.3 The figures included in the condensed interim statement of profit or loss and other comprehensive income for the quarters ended 31 December 2019 and 2018 and 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 2019 and 2018.

#### 4 SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

4.1 The accounting policies and methods of computation adopted in the preparation of these condensed interim financial information are consistent with those applied in the preparation of annual audited financial statements of the Company for the year ended 30 June 2019 except those that stated in note 4.2 (a) below.

4.2 Change in accounting standards, Interpretations and amendments to published accounting and reporting standards

a) **Standards and amendments to published accounting and reporting standards which were effective during the half year ended 31 December 2019**

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17: Leases. As the distinction between operating and finance lease is eliminated, it has resulted in leases being recognised on the statement of financial position except for short-term and low-value leases. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised.

However, the application of IFRS 16 does not have any material impact on the Company's books of account.

The amendments that were mandatory for the half year ended 31 December 2019 are considered not to be relevant for the Company's financial reporting process and hence have not been disclosed here.

b) **Standards and amendments to approved accounting and reporting standards that are not yet effective**

There is a new standard and certain amendments and interpretation to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after 01 July 2020. However, these standard, amendments and interpretation 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.

#### 5 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from these judgements, estimates and assumptions.

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied in the Company's annual audited financial statements for the year ended 30 June 2019.

The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's annual audited financial statements for the year ended 30 June 2019.

		(Un-audited) 31 December 2019	(Audited) 30 June 2019
	Notes	----- (Rupees) -----	
<b>6 DEFERRED TAXATION</b>			
<b><i>Credit balance arising due to:</i></b>			
- Accelerated tax depreciation		80,322,811	100,036,354
- Revaluation - Net of related depreciation		167,983,722	177,622,257
- Finance lease transactions		6,313,423	6,586,421
<b><i>Debit balance arising due to:</i></b>			
- Staff gratuity		(14,734,357)	(14,734,357)
- Provision for doubtful debts		(127,776,145)	(127,776,145)
- Provision for obsolete stock		(14,625,061)	(14,625,061)
- Provision for slow-moving stores and spares		(5,211,471)	(5,211,471)
- Carried over losses		(1,011,526,553)	(742,924,399)
		<u>(919,253,631)</u>	<u>(621,026,401)</u>
Deferred tax asset not recognised		<u>1,087,237,353</u>	<u>798,648,658</u>
		<u>167,983,722</u>	<u>177,622,257</u>

**7 CONTINGENCIES AND COMMITMENTS**

There is no material change in the contingencies and commitments since the last audited financial statements for the year ended June 30, 2019.

**8 PROPERTY, PLANT AND EQUIPMENT**

Operating fixed assets	8.1	1,573,714,258	1,641,420,940
Capital work in progress - At cost			
Civil works		10,305,389	10,305,389
		<u>1,584,019,647</u>	<u>1,651,726,329</u>
<b>8.1 Operating fixed assets</b>			
Opening net book value (NBV)		1,641,420,940	1,794,763,464
Disposal (NBV) during the period / year		--	(669,735)
Depreciation charged for the period / year		(67,706,682)	(152,672,789)
Closing net book value (NBV)		<u>1,573,714,258</u>	<u>1,641,420,940</u>

**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 2019	(Audited) 30 June 2019
	----- (Rupees) -----	
<b>9.2 Investment in Dewan Salman Fibre Limited - At equity method</b>		
Number of shares held	104,288,773	104,288,773
Cost of investment (Rupees)	210,000,000	210,000,000
Fair value of investment (Rupees)	91,774,120	91,774,120
Ownership interest	28.47%	28.47%

## DEWAN TEXTILE MILLS LIMITED

**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**

Entire stock of raw material and finished goods is pledged with the banks against the financing 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 annual financial statement for the year ended 30 June 2019, Company has not made the provision of mark-up for the period amounting to Rs.33.635 million (up to 31 December 2019: Rs.509.447 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.33.635 million and accrued mark-up would have been higher and shareholders' equity would have been lower by Rs.509.447 million. The said non-provisioning is departure from the requirements of IAS 23 - 'Borrowing Costs'.

	(Un-audited) 31 December 2019	(Un-Audited) 31 December 2018
	----- (Rupees) -----	
<b>12 (LOSS) PER SHARE - Basic and diluted</b>		
(Loss) after taxation	<u>(271,017,565)</u>	<u>(286,709,377)</u>
	----- (Number of shares) -----	
Weighted average number of shares	<u>46,064,609</u>	<u>46,064,609</u>
(Loss) per share - Basic and diluted (Rupees)	<u>(5.88)</u>	<u>(6.22)</u>

### **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 2019	(Un-audited) 31 December 2018
	----- (Rupees) -----	
Staff retirement benefits	<u>46,176</u>	<u>29,836</u>

**14 CORRESPONDING FIGURES**

In order to comply with the requirements of International Accounting Standard 34 "Interim Financial Reporting", condensed interim statement of financial position has been compared with the balances of annual financial statements, whereas condensed interim statement of profit or loss, statement of cash flows and statement of changes in equity have been compared with the balances of comparable period of immediately preceding financial year.

**15 DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on February 24, 2020 by the Board of Directors of the Company.

**16 GENERAL**

Figures have been rounded off to the nearest rupee.



**Ishtiaq Ahmed**  
Chief Executive Officer



**Shafqatullah**  
Chief Financial Officer



**Ghazanfar Baber Siddiqui**  
Chairman Board of Directors

## DEWAN TEXTILE MILLS LIMITED


ہم البتہ امید کرتے ہیں کہ حکومت ضروری اقدامات متعارف کروائے گی جس سے ٹیکسٹائل کی صنعت کے حالات میں بہتری آئے، جن میں GIDC کے مسئلے کا حل، بالخصوص قابل برداشت گیس کی قیمتوں اور اس کی رسد کو موثر بنانا شامل ہیں۔

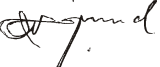
حکومت ملک کے طویل مدتی معاشی استحکام کے لئے معیشت کو ڈاکومنٹ کرنے کے لئے کچھ جارحانہ اقدامات کر رہی ہے، جس سے معیشت وقتی طور پر ست روی کا شکار ہوگی۔ اگر پاکستان ترقی اور معاشی استحکام حاصل کرنا چاہتا ہے تو طویل مدتی استحکام اور ترقی یافتہ ٹیکسٹائل اور کپاس کی پالیسی کی ضرورت کو سمجھنا ہوگا۔

اظہار 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 کئی 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 ثمہ آمین۔

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

  
غضنفر بار صدیقی  
چیئر مین بورڈ آف ڈائریکٹرز

  
اشتیاق احمد  
چیف ایگزیکٹو آفیسر

کراچی:

تاریخ: 24 فروری 2020ء



## ڈائریکٹرز رپورٹ

شروع کرتا ہوں اللہ تعالیٰ کے نام سے جو بڑا مہربان اور نہایت رحم والا ہے  
اگر تم ٹھکرا کر دو گے تو میں تم پر (نعمتوں میں) ضرور اضافہ کروں گا (القرآن)

محترم شیئر ہولڈرز،  
السلام علیکم،

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کیٹ، 2017 کی دفعہ 237 اور سیکورٹی اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ کوڈ آف کارپوریٹ گورننس کے تحت 31 دسمبر 2019ء 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:

ٹیکسٹائل کی صنعت کاروباری لاگت میں اضافے کی وجہ سے مشکلات کا شکار ہے جس کی وجہ پاکستانی روپے کی قدر اور اسٹیٹ بینک آف پاکستان کے شرح سود کی غیر یقینی صورتحال ہے، اسی لئے پاکستان کی برآمدات عالمی مارکیٹ میں مقابلہ کرنے سے قاصر ہے۔ فنانس ایکٹ 2019 کے ذریعے سرمایہ کاری پر انکم ٹیکس آرڈیننس 2001 کے سیکشن 65B کے تحت ٹیکس کریڈٹ کو ٹیکس سال 2020 سے ختم کر دیا گیا ہے اور 2019 کے لیے اس کی شرح کو 10 فیصد سے گھٹا کر 5 فیصد کر دیا گیا ہے۔ ٹیکسٹائل کی صنعت مجموعی طور پر چیلنجز سے ہمکنار ہے جس کی وجہ سے ٹیکس کی زیر پر بینگ کے خاتمے، روپے کی قدر میں عدم استحکام کی وجہ سے گیس اور بجلی کی قیمتوں میں اضافے، بڑھتے ہوئے KIBOR اور ٹرن اوور ٹیکس مجموعی کاروباری لاگت میں اضافے کا باعث ہیں، جن کی وجہ سے کاروباری سرمائے کی ضرورت میں خاطر خواہ اضافہ ہو گیا ہے۔