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## DEWAN MUSHTAQ TEXTILE MILLS LIMITED

### COMPANY INFORMATION

|  |   |
|--|---|
| BOARD OF DIRECTORS                       |   |
| Executive Director                       | : Mr. Ishtiaq Ahmed<br>Chief Executive Officer & Director   |
| Non-Executive Directors                  | : Syed Muhammad Anwar<br>Chairman, Board of Directors<br>Mr. Zafar Asim<br>Mr. Imran Ahmed Javed<br>Syed Maqbool Ali<br>Mr. Muhammad Baqar Jafferri   |
| Independent Director                     | : Mr. Aziz-ul-Haque   |
| Audit Committee                          | : Mr. Aziz-ul-Haque (Chairman)<br>Syed Maqbool Ali (Member)<br>Mr. Imran Ahmed Javed (Member)   |
| Human Resources & Remuneration Committee | : Mr. Aziz-ul-Haque (Chairman)<br>Syed Maqbool Ali (Member)<br>Mr. Ishtiaq Ahmed (Member)   |
| Auditors                                 | : Feroze Sharif Tariq & Co.<br>Chartered Accountants<br>4/N/4 Block-6, P.E.C.H.S.,<br>Karachi 75400, Pakistan.  |
| Company Secretary                        | : Mr. Muhammad Hanif German   |
| Chief Financial Officer                  | : Mr. Muhammad Irfan Ali  |
| Tax Advisor                              | : Sharif & Co. Advocates  |
| Legal Advisor                            | : A. K. Brohi & Co. Advocates   |
| Bankers                                  | : Habib Bank Limited<br>Bank Islami Pakistan Limited<br>MCB Bank Limited<br>Silk Bank Limited   |
| Registered Office                        | : Dewan Centre, 3-A Lalazar<br>Beach Hotel Road<br>Karachi  |
| Shares Registrar & Transfer Agent        | : BMF Consultants Pakistan (Private) Limited<br>Anum Estate Building, Room No. 310 & 311,<br>3rd Floor, 49, Darul Aman Society,<br>Main Shahrah-e-Faisal, adjacent to Baloch<br>Colony Bridge, Karachi 75350, Pakistan. |
| Factory Office                           | : A-30, S.I.T.E., Hyderabad, Sindh, Pakistan.   |
| Website                                  | : <a href="http://www.yousufdewan.com">www.yousufdewan.com</a>  |

## 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 July 2016 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 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.

### **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.

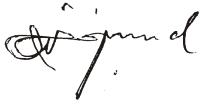
The government is aimed to document the economy for long term sustainability and growth of the Country and for which aggressive steps are being taken. It is expected that these steps will slow down the economic activity in following financial year. If Pakistan is to progress and achieve economic stability 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**  
CEO & Director



**S.M. Anwar**  
Chairman Board of Directors

Dated: February 24, 2020

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

**Introduction**

We have reviewed the accompanying Condensed interim Statement of financial Position of Dewan Mushtaq Textile Mills Limited ("the company") as at December 31, 2019 and the related Condensed interim statement of profit or loss and other comprehensive income, Condensed interim Statement of cash flow, Condensed interim statement of changes in equity, and the notes to the financial statement for the six months period then ended (hereinafter referred to as the "interim financial statements"). Management is responsible for the preparation and Presentation of these Condensed interim financial statements in accordance with approved 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 of Adverse Conclusion**

- a) The Condensed interim financial statements of the company for the Six months ended December 31, 2019 as disclosed in note 1.1 to the Condensed interim financial Statements reflect loss after taxation of Rs. 52.817 (December 31, 2018: Rs. 50.213) million and as of that date it has accumulated losses of Rs. 500.116 (June 30, 2019: Rs. 458.671) million and its current liabilities exceeded its current assets by Rs. 271.601 (June 30, 2019: Rs. 245.638) million without providing markups of Restructured and other liabilities and as refer in below para (b). The operations of the company were closed from July 2016 due to working capital constraints. Furthermore, the company defaulted in repayments of installments of restructured liabilities and short term finance facilities have expired and not been renewed by banks amounting to Rs. 100.00 million, hence as per the terms of the restructuring under clause 10.2 of the compromise agreement the entire restructured debt amounting to Rs. 176.359 million along with mark up of Rs. 119.824 million (eligible for waiver outstanding as of date of restructuring) have immediately become payable therefore provision for markup should be made in these financial statements. Further some of the lenders filed suit for execution of decree. These conditions lead us to believe that the going concern assumption used in preparation of these Condensed interim financial Statements is inappropriate; consequently the assets and liabilities should have been stated at their realizable and settlement amounts respectively.
- b) In addition to above, since the proposal, has not been accepted so far and the lenders, instead of the accepting the restructuring Proposal, the provision of mark up should be made in the Condensed interim financial statements. Had the provisions for the mark up, as discussed in preceding paragraph, been made in these financial statements, the loss after taxation and Mark up payable would have been higher and shareholders' equity would have been lower by Rs. 119.824 million.

**Adverse Conclusion**

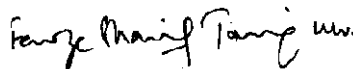
Our review indicates that, because of the significance of the matter discussed in paragraph (a) coupled with financial impact of matter discussed in paragraph (b) above, these accompanying interim financial Statements as of and for the six months period ended December 31, 2019 is not prepared, in all material respects, in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial Reporting.

**Other matter**

The figures of the condensed interim statement of profit or loss and condensed interim statement of other comprehensive income for the quarters ended December 31, 2019 and December 31, 2018 have not been reviewed and we do not express a conclusion on them, we are required to review only the cumulative figures for the Six month ended December 31, 2019.

The engagement partner on the review resulting in this independent auditor's review report is Mohammad Tariq.

Dated: February 24, 2020  
Place: Karachi

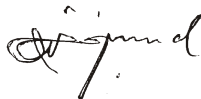


CHARTERED ACCOUNTANTS

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

|   |   | (Un-Audited)<br>December 31,<br>2019 | (Audited)<br>June 30,<br>2019 |
|---|---|--------------------------------------|-------------------------------|
|   |   | Notes -----(Rupees)-----             |                               |
| <b>EQUITY AND LIABILITIES</b>   |   |                                      |                               |
| <b>CAPITAL &amp; RESERVES</b>   |   |                                      |                               |
| <b>Authorized</b>   |   |                                      |                               |
| 12,000,000 (June 30, 2019: 12,000,000) Ordinary Shares of Rs. 10/- each |   | <b>120,000,000</b>                   | 120,000,000                   |
| Issued, Subscribed and Paid-up Capital                                  |   | <b>115,610,280</b>                   | 115,610,280                   |
| Revenue Reserves  |   | <b>(500,116,371)</b>                 | (458,671,894)                 |
| Revaluation surplus on property plant and equipment (Capital Reserve)   |   | <b>599,934,299</b>                   | 611,306,848                   |
|   |   | <b>215,428,208</b>                   | 268,245,234                   |
| <b>NON-CURRENT LIABILITIES</b>  |   |                                      |                               |
| Long term loan  | 5 | <b>153,449,079</b>                   | 147,444,503                   |
| <b>Deferred Liabilities</b>   |   |                                      |                               |
| Provision for staff gratuity  |   | <b>42,443,114</b>                    | 42,680,407                    |
| Deferred taxation   |   | <b>87,796,484</b>                    | 92,441,609                    |
|   |   | <b>130,239,598</b>                   | 135,122,016                   |
| <b>CURRENT LIABILITIES</b>  |   |                                      |                               |
| Trade and other Payables  |   | <b>101,575,641</b>                   | 98,964,589                    |
| Mark-up accrued on loans  |   | <b>90,909,078</b>                    | 77,568,877                    |
| Unclaimed dividend  |   | <b>308,319</b>                       | 308,319                       |
| Current and over due portion long term loans                            |   | <b>176,358,892</b>                   | 176,358,892                   |
| Short Term Borrowings   |   | <b>45,639,984</b>                    | 45,639,984                    |
| Provision for Taxation  |   | <b>5,607,122</b>                     | 5,607,122                     |
|   |   | <b>420,399,036</b>                   | 404,447,783                   |
| Contingencies and Commitments   | 6 | <b>--</b>                            | --                            |
|   |   | <b>919,515,921</b>                   | 955,259,536                   |
| <b>ASSETS</b>   |   |                                      |                               |
| <b>NON-CURRENT ASSETS</b>   |   |                                      |                               |
| Property Plant and Equipment  | 7 | <b>768,387,850</b>                   | 794,120,327                   |
| Long term Investment  | 8 | <b>--</b>                            | --                            |
| Long Term Deposits  |   | <b>2,329,728</b>                     | 2,329,728                     |
| <b>CURRENT ASSETS</b>   |   |                                      |                               |
| Stores, Spares and Loose Tools  |   | <b>16,683,420</b>                    | 16,683,420                    |
| Stock-in-Trade  |   | <b>37,638,566</b>                    | 37,638,566                    |
| Trade Debts - Considered Good   |   | <b>47,538,711</b>                    | 57,418,532                    |
| Advances - Considered good  |   | <b>3,282,658</b>                     | 3,283,658                     |
| Short term deposits and other receivable                                |   | <b>15,814,943</b>                    | 15,814,943                    |
| Other Receivables - Unsecured, Considered good                          |   | <b>7,441,000</b>                     | 7,441,000                     |
| Income Tax Refunds and Advances   |   | <b>17,092,144</b>                    | 17,090,405                    |
| Cash and Bank Balances  | 9 | <b>3,306,901</b>                     | 3,438,957                     |
|   |   | <b>148,798,343</b>                   | 158,809,481                   |
|   |   | <b>919,515,921</b>                   | 955,259,536                   |

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



**Ishtiaq Ahmed**  
CEO & Director



**Muhammad Irfan Ali**  
Chief Financial Officer



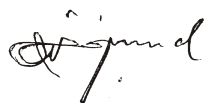
**S.M. Anwar**  
Chairman Board of Directors

DEWAN MUSHTAQ TEXTILE MILLS LIMITED

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

|  | Half Year Ended      |                      | Quarter Ended        |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | December 31,<br>2019 | December 31,<br>2018 | December 31,<br>2019 | December 31,<br>2018 |
| <b>Notes</b>                                     | ------(Rupees)-----  |                      |                      |                      |
| Sales - Net                                      | --                   | --                   | --                   | --                   |
| Cost of Sales                                    | <u>(30,130,821)</u>  | (34,343,206)         | <u>(14,181,668)</u>  | (17,251,155)         |
| Gross (loss)                                     | <u>(30,130,821)</u>  | (34,343,206)         | <u>(14,181,668)</u>  | (17,251,155)         |
| <b>Operating expenses</b>                        |                      |                      |                      |                      |
| Administrative and General Expenses              | <u>(6,196,048)</u>   | (6,457,494)          | <u>(3,154,245)</u>   | (3,642,954)          |
| Operating (Loss)                                 | <u>(36,326,869)</u>  | (40,800,700)         | <u>(17,335,913)</u>  | (20,894,109)         |
| Finance Cost                                     | <u>(21,135,283)</u>  | (14,623,882)         | <u>(10,775,589)</u>  | (7,835,508)          |
| <b>(Loss) before taxation</b>                    | <u>(57,462,152)</u>  | (55,424,582)         | <u>(28,111,502)</u>  | (28,729,617)         |
| Taxation   |                      |                      |                      |                      |
| Deferred   | <u>4,645,126</u>     | 5,211,209            | <u>2,322,563</u>     | 2,605,604            |
|  | <u>4,645,126</u>     | 5,211,209            | <u>2,322,563</u>     | 2,605,604            |
| <b>(Loss) after taxation</b>                     | <u>(52,817,026)</u>  | (50,213,373)         | <u>(25,788,939)</u>  | (26,124,013)         |
| (Loss) Per Share - Basic and diluted (Rupees) 11 | <u>(4.57)</u>        | (4.34)               | <u>(2.23)</u>        | (2.26)               |

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



**Ishtiaq Ahmed**  
CEO & Director



**Muhammad Irfan Ali**  
Chief Financial Officer

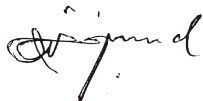


**S.M. Anwar**  
Chairman Board of Directors

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

|   | <b>Half Year Ended</b>       |                              | <b>Quarter Ended</b>         |                              |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
|   | <b>December 31,<br/>2019</b> | <b>December 31,<br/>2018</b> | <b>December 31,<br/>2019</b> | <b>December 31,<br/>2018</b> |
| ------(Rupees)-----   |                              |                              |                              |                              |
| (Loss) for the period   | <b>(52,817,026)</b>          | (50,213,373)                 | <b>(25,788,939)</b>          | (17,251,155)                 |
| <b>Other comprehensive Income:</b>  | --                           | --                           | --                           | --                           |
| Effect of change in tax rates on balance<br>of revaluation on property, plant and equipment | --                           | 3,547,036                    | --                           | --                           |
| <b>Total comprehensive (Loss) for the period</b>  | <b><u>(52,817,026)</u></b>   | <b><u>(46,666,337)</u></b>   | <b><u>(25,788,939)</u></b>   | <b><u>(17,251,155)</u></b>   |

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



**Ishtiaq Ahmed**  
CEO & Director



**Muhammad Irfan Ali**  
Chief Financial Officer



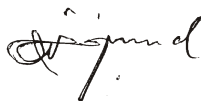
**S.M. Anwar**  
Chairman Board of Directors

DEWAN MUSHTAQ TEXTILE MILLS LIMITED

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

|  | December 31,<br>2019 | December 31,<br>2018 |
|--|----------------------|----------------------|
| Notes  | ----- (Rupees) ----- |                      |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                   |                      |                      |
| (Loss) before Taxation                                       | (57,462,152)         | (55,424,582)         |
| <b>Adjustment for Non-Cash and Other Items:</b>              |                      |                      |
| Depreciation   | 25,732,477           | 28,331,865           |
| Finance Cost   | 21,135,283           | 14,623,882           |
|  | 46,867,760           | 42,955,747           |
|  | (10,594,392)         | (12,468,835)         |
| <b>Working Capital Changes</b>                               |                      |                      |
| <b>(Increase) / Decrease in Current Assets</b>               |                      |                      |
| Trade Debts  | 9,879,822            | 10,845,678           |
| Loans and Advances   | 1,000                | (89,970)             |
| Trade deposits, Prepayments & Statutory balance              | --                   | 1,538,197            |
| <b>(Increase) / Decrease in Current Liabilities</b>          |                      |                      |
| Trade Creditors, Payable & others borrowings                 | 2,611,052            | (3,389,583)          |
|  | 12,491,874           | 8,904,322            |
| Taxes Paid   | (1,739)              | (18,490)             |
| Gratuity Paid  | (237,293)            | --                   |
|  | (239,032)            | (18,490)             |
| <b>Net Cash Inflow/ (Outflow) from Operating Activities</b>  | 1,658,450            | (3,583,003)          |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                   |                      |                      |
| Long term deposits   | --                   | --                   |
| <b>Net Cash Inflow / (Outflow) from Investing Activities</b> | --                   | --                   |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                   |                      |                      |
| Finance Cost Paid  | (1,790,506)          | (2,126,065)          |
| <b>Net Cash Inflow/ (Outflow) from Financing Activities</b>  | (1,790,506)          | (2,126,065)          |
| Net (decrease) / Increase in Cash and Cash Equivalents       | (132,056)            | (5,709,068)          |
| Cash and Cash Equivalents at the Beginning of the period     | (42,201,027)         | (86,664,548)         |
| Issuance of shares against Short term borrowing              | --                   | 50,000,000           |
| <b>Cash and cash equivalents at the end of the period</b> 9  | <b>(42,333,083)</b>  | <b>(42,373,616)</b>  |

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



**Ishtiaq Ahmed**  
CEO & Director



**Muhammad Irfan Ali**  
Chief Financial Officer

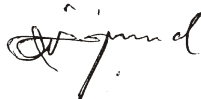


**S.M. Anwar**  
Chairman Board of Directors

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

|   | Issued,<br>subscribed and<br>paid-up capital | Advance<br>against<br>issued of<br>shares | Revenue Reserves   |                     | Capital Reserves  | Total        |
|---|--|---|--------------------|---------------------|---|--------------|
|   |  |   | General<br>Reserve | Accumulated<br>Loss | Revaluation<br>Surplus on<br>property, plant &<br>equipment |              |
| ------(Rupees)-----   |  |   |                    |                     |   |              |
| <b>Balance as at 1st July 2018 - as reported</b>                                    | 65,610,280                                   | -   | 45,000,000         | (424,424,428)       | 633,276,766   | 319,462,618  |
| Advance against issued to share   | -  | 50,000,000                                | -                  | -                   | -   | 50,000,000   |
| Total comprehensive income for period   |  |   |                    |                     |   |              |
| (Loss) for the period   | -  | -   | -                  | (50,213,373)        | -   | (50,213,373) |
| Other comprehensive income for the period   | -  | -   | -                  | -                   | 3,547,036   | 3,547,036    |
|   | -  | -   | -                  | (50,213,373)        | 3,547,036   | (46,666,337) |
| Transfer to accumulated loss in respect of<br>incremental depreciation - net of tax | -  | -   | -                  | 12,758,476          | (12,758,476)  | -            |
| <b>Balance as on Dec'2018</b>   | 65,610,280                                   | 50,000,000                                | 45,000,000         | (461,879,325)       | 624,065,326   | 322,796,281  |
| <b>Balance as on July 01, 2019</b>  | 115,610,280                                  | -   | 45,000,000         | (503,671,894)       | 611,306,848   | 268,245,234  |
| Total comprehensive (loss) for period   |  |   |                    |                     |   |              |
| (Loss) for the period   | -  | -   | -                  | (52,817,026)        | -   | (52,817,026) |
| Other comprehensive income for the period   | -  | -   | -                  | -                   | -   | -            |
|   | -  | -   | -                  | (52,817,026)        | -   | (52,817,026) |
| Transfer to accumulated loss in respect of<br>incremental depreciation - net of tax | -  | -   | -                  | 11,372,549          | (11,372,549)  | -            |
| <b>Balance as on December 31, 2019</b>  | 115,610,280                                  | -   | 45,000,000         | (545,116,371)       | 599,934,299   | 215,428,208  |

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



**Ishtiaq Ahmed**  
CEO & Director



**Muhammad Irfan Ali**  
Chief Financial Officer



**S.M. Anwar**  
Chairman Board of Directors

## DEWAN MUSHTAQ TEXTILE MILLS LIMITED

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

#### 1. CORPORATE INFORMATION

Dewan Mushtaq Textile Mills Limited (the Company) was incorporated in Pakistan, as a public limited company on November 04, 1970, under the Companies Act, 1913 (Now the Companies Ordinance, 1984) and its shares are listed on Pakistan Stock Exchange Limited. The registered office of the company is located at 3-A, Lalazar, Beach Hotel Road, Karachi, Pakistan; while its manufacturing facilities are located at A-30, S.I.T.E., Hyderabad, Sindh, Pakistan. The principal activity of the Company is trading, manufacturing and sale of yarn, however operation are suspended since July'2016.

#### 2 GOING CONCERN ASSUMPTION

The condensed interim financial statements of the company for the Half Year ended December 31, 2019 reflect that company has sustained a net loss after taxation of Rs.52.817 million (2019: Rs.104.764 million) and as of that date company has negative reserves of Rs. 500.116 million have resulted in negative equity of Rs.215.428 million. Further the company's short term borrowing facilities having limit to the extent of Rs.100 million have expired and not been renewed. Company defaulted in repayment of its restructured liabilities due to liquidity crunch caused by the overall lesser market demand and adverse factors being faced by the textile industry in the country. Due to the aforementioned scenario, the Company, for the time being, has also suspended its manufacturing & other operations since July 2016 Accordingly, the entire restructured liabilities along with markup eligible for waiver (as disclosed in note 12.1 to the financial statements) have become immediately repayable. These conditions indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as a going concern, therefore the company may not be able to realize its assets and discharge its liabilities during the normal course of business.

The 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 further streamline the funding requirements of the Company which will ultimately help the management to run the operations smoothly with optimum utilization of production capacity. As the conditions mentioned in the foregoing paragraph are temporary and would reverse therefore the preparation of financial statements using going concern assumption is justified.

#### 3 BASIS OF PREPARATION

**3.1** These condensed interim financial statements of the Company 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.

**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.

#### 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 2019.

#### 4.2 Adoption of standards and amendments effective during the year

The Company has adopted the following accounting standards, the amendments and interpretations of IFRSs which became effective during the current period:

|          |   |
|----------|---|
| IFRS 3   | Business Combinations: Previously held interests in a joint operation                           |
| IFRS 9   | Prepayment Features with Negative Compensation (Amendments)                                     |
| IFRS 11  | Joint Arrangements: Previously held interests in a joint operation                              |
| IFRS 16  | Leases  |
| IAS 12   | Income Taxes: Income tax consequences of payments on financial instruments classified as equity |
| IAS 19   | Plan Amendment, Curtailment or Settlement (Amendments)  |
| IAS 23   | Borrowing Costs - Borrowing costs eligible for capitalization                                   |
| IAS 28   | Long-term Interests in Associates and Joint Ventures (Amendments)                               |
| IFRIC 23 | Uncertainty over Income Tax Treatments  |

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the condensed interim financial statements.

#### 4.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

##### Standards or Interpretation

|         |  |
|---------|--|
| IFRS 3  | Definition of a Business (Amendments)  |
| IFRS 10 | Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment) |

IAS 1/ IAS 8 Definition of Material (Amendments)

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application. The Company is currently evaluating the impact of these standards.

|  | (Un-Audited)<br>December 31,<br>2019 | (Audited)<br>June 30,<br>2019 |
|--|--------------------------------------|-------------------------------|
|  | ------(Rupees)-----                  |                               |
| <b>5 LONG TERM LOANS</b>                                   |                                      |                               |
| Sponsor Loan-Un secured, Interest free - at amortized cost | <u>153,449,079</u>                   | <u>147,444,503</u>            |
|  | <u>153,449,079</u>                   | <u>147,444,503</u>            |

#### 6 CONTINGENCIES AND COMMITMENTS

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

## DEWAN MUSHTAQ TEXTILE MILLS LIMITED

|   | December 31,<br>2019   | June<br>2019       |
|---|------------------------|--------------------|
| Notes                                     | ------(Rupees)-----    |                    |
| <b>7 PROPERTY, PLANT &amp; EQUIPMENTS</b> |                        |                    |
| Operating Fixed Assets                    | 7.1 <b>768,387,850</b> | 794,120,327        |
|   | <b>768,387,850</b>     | <b>794,120,327</b> |
| <b>7.1 Operating Fixed Assets</b>         |                        |                    |
| Opening written down value                | <b>794,120,327</b>     | 850,784,056        |
| Depreciation during the period / year     | <b>(25,732,477)</b>    | (56,663,729)       |
| Closing written down value                | <b>768,387,850</b>     | <b>794,120,327</b> |
| <b>8 LONG TERM INVESTMENT</b>             |                        |                    |
| <b>Investment in associate</b>            |                        |                    |
| Dewan Salman Fibre Limited                | --                     | --                 |

**8.1** 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, member of yousuf dewan companies and its ownership interest of 5.42% in investee company.

**8.2 Investment in Dewan Salman Fibre Limited - at equity method**

|                                   |                   |            |
|-----------------------------------|-------------------|------------|
| Number of shares held             | <b>19,864,518</b> | 19,864,518 |
| Cost of investment (Rupees)       | <b>40,000,000</b> | 40,000,000 |
| Fair value of investment (Rupees) | <b>17,480,776</b> | 17,480,776 |
| Ownership interest                | <b>5.42%</b>      | 5.42%      |

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 February 19, 2018.

|   | (Un-Audited)<br>December 31,<br>2019 | (Un-Audited)<br>December 31,<br>2018 |
|---|--------------------------------------|--------------------------------------|
| Notes   | ------(Rupees)-----                  |                                      |
| <b>9 CASH AND CASH EQUIVALENTS</b>  |                                      |                                      |
| Cash and Bank Balances  | <b>3,306,901</b>                     | 3,266,368                            |
| Short term Borrowings   | <b>(45,639,984)</b>                  | (45,639,984)                         |
|   | <b>(42,333,083)</b>                  | <b>(42,373,616)</b>                  |
| <b>10 RELATED PARTY TRANSACTIONS</b>  |                                      |                                      |
| During the period provident fund contribution of Rs.0.145 million (Dec 2018: Rs.0.330 million). |                                      |                                      |

|  | December 31,<br>2019 | December 31,<br>2018 |
|--|----------------------|----------------------|
|  | ------(Rupees)-----  |                      |
| <b>11 (LOSS) PER SHARE - BASIC AND DILUTED</b>       |                      |                      |
| (Loss) after Taxation                                | <u>(52,817,026)</u>  | <u>(50,213,373)</u>  |
| Weighted Average Number of Ordinary Share (Nos)      | <u>11,561,028</u>    | <u>11,561,028</u>    |
| <b>(Loss) Per Share - Basic and diluted (Rupees)</b> | <u>(4.57)</u>        | <u>(4.34)</u>        |

**12 CORRESPONDING FIGURES**

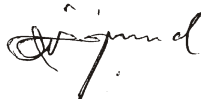
In order to comply with the requirements of International Accounting Standard 34 "Interim Financial Reporting", balance sheet has been compared with the balances of annual financial statements, whereas profit and loss account, statement of comprehensive income, cash flow statement and statement of changes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

**13 DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information was authorized for issue on February 24, 2020 by the Board of Directors of the Company.

**14 GENERAL**

Figures have been rounded off to the nearest rupees unless otherwise stated.



**Ishtiaq Ahmed**  
CEO & Director



**Muhammad Irfan Ali**  
Chief Financial Officer



**S.M. Anwar**  
Chairman Board of Directors

## DEWAN MUSHTAQ TEXTILE MILLS LIMITED

ہم اہمیت امید کرتے ہیں کہ حکومت ضروری ایسے 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 سست 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:

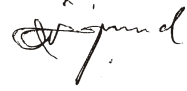
آخر میں ہم اللہ تعالیٰ رحمن و رحیم سے دعا کرتے ہیں کہ وہ اپنے حبیب حضرت محمد ﷺ کے طفیل اپنی رحمت، ہدایات اور فضل و کرم ہم پر اسی طرح قائم رکھے جو کہ نہ صرف ہم پر بلکہ ہماری کھنی اور ہمارے ملک و قوم پر بھی اپنی رحمت نازل کرے، ہم اللہ تعالیٰ سے یہ بھی دعا کرتے ہیں کہ تمام مسلم امتہ کے مابین صحیح اسلامی جذبہ، اخوت اور بھائی چارگی پیدا کرے۔ آمین شہد آمین۔

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



ایس ایم انور

چیئر مین بورڈ آف ڈائریکٹرز



اشتقاق احمد

چیف ایگزیکٹو آفیسر اینڈ ڈائریکٹر

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 ٹھکراؤ کرو گے تو میں تم پر (نعمتوں میں) ضرور اضافہ کروں گا (القرآن)

محترم شیئر ہولڈرز،  
السلام علیکم،

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز نے 2017 کی دفعہ 237 اور سیکورٹی اینڈ اینچینج 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 جولائی 2016ء 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 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۔

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 ٹیکسٹائل کی زیورینٹنگ 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۔