

CONTENTS

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



COMPANY INFORMATION

BOARD OF DIRECTORS

Executive Director	:	Dewan Abdul Baqi Farooqui - Chief Executive Officer
Non-Executive Directors	:	Dewan Muhammad Yousuf Farooqui - Chairman, Board of Directors Dewan Asim Mushfiq Farooqui Dewan Abdullah Ahmed Farooqui Dewan Abdul Rehman Farooqui Mr. Haroon Iqbal

Independent Director : Mr. Aziz-ul-Haque

AUDIT COMMITTEE

AUDIT COMMITTEE	:	Mr. Aziz-ul-Haque (Chairman) Dewan Abdul Rehman Farooqui (Member) Mr. Haroon Iqbal (Member)
-----------------	---	---

HUMAN RESOURCE & REMUNERATION COMMITTEE	:	Dewan Muhammad Yousuf Farooqui (Chairman) Dewan Abdul Baqi Farooqui (Member) Mr. Haroon Iqbal (Member)
---	---	--

COMPANY SECRETARY : Syed Muhammad Salahuddin

CHIEF FINANCIAL OFFICER : Mehmood-Ul-Hassan Asghar

LEGAL ADVISORS : A. K. Brohi & Co.
Advocates

BANKERS	:	Habib Bank Limited
	:	Bank Islami Pakistan Limited
	:	MCB Bank Limited
	:	Silk Bank Limited
	:	Bank Al Falah Limited
	:	Askari Commercial Bank Limited

AUDITORS : Feroze Sharif Tariq & Co.
Chartered Accountants
4/N/4 Block-6, P.E.C.H.S.,
Karachi 75400, Pakistan.

TAX ADVISORS : Sharif & Co. Advocates

REGISTERED OFFICE : Finance & Trade Centre
Block-A, 8th Floor,
Shahrah-e-Faisal, Karachi

SHARE REGISTERED / 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 : G/11, S.I.T.E., Kotri, Sindh, Pakistan.

WEBSITE : www.yousufdewan.com

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 un-audited accounts of interim financial statements of the company for the first quarter ended September 30, 2013 in compliance with requirements of section 245 of the company's ordinance 1984 and code of corporate governance issued by Securities and Exchange Commission of Pakistan

The highlights for the company for the first quarter ended September 30, 2013 are as follows:
During the period under review the company has achieved net sales of Rs.336.307 million as compared to the Rs.300.406 million of the corresponding period of the last year. Company has earned the gross profit of Rs.30.885 million as compared to the gross profit of Rs.5.71 million of the corresponding period of last year. Operating expenses have been increased by Rs.2.393 million as compared to those of the corresponding period of last year.

Although raw material prices increased during the period under review but due to better marketing efforts especially development of Faisalabad market and better product mix along with efficient utilization of the mills' capacity the company was able to perform better the company has settled with its lenders through Compromise Agreement and its short term and long term loan have been rescheduled in the form of long term loans which will be repaid in an extended period. Certain banks have not yet accepted the restructuring proposal the management of the company is quite hopeful that these banks will also accept the restructuring proposal in near future.

The management foresees that with winter approaching the menace of load shedding will also affect the capacity utilization. The recent increase in fuel and energy costs will also increase the cost of freight stores, spares, and packing.

The challenges of law & order, power outages and other impact cost will remain challenges for the industry. But with better fund management and good product mix your company is focused, and will bring about improved results in future also.



With Grace of Allah Almighty your company has performed very well and paying its Liabilities on time

In Conclusion , we bow, beg and pray to Almighty Allah , Rahman-o-Ar.Rahim , in the name of our beloved prophet Muhammad (Peace be upon him) for the continued showering of his blessings , Guidance, strength ,health and prosperity to us, our company ,country and nation, and also pray to Almighty Allah to bestow peace , Harmony , brotherhood and unity in true Islamic spirit to whole of Muslim Ummah ;Ameen; Summa Ameen

LO-MY LORD IS INDEED HEARER OF PRAYER (HOLY QURAN)

By and under Authority of the Board of Directors

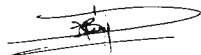
Dewan Abdul Baqi Farooqui
Chief Executive

Karachi: October 29, 2013

**CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2013**

	September 30, 2013 (Un-Audited)	June 30, 2013 (Audited)
Notes	(Rupees)	
EQUITY AND LIABILITIES		
CAPITAL & RESERVES		
Authorized	<u>150,000,000</u>	<u>150,000,000</u>
Issued, Subscribed and Paid-up Capital	<u>56,824,590</u>	<u>56,824,590</u>
General Reserve	<u>135,000,000</u>	<u>135,000,000</u>
Reserves & Un-appropriated loss	<u>16,197,243</u>	<u>(8,487,045)</u>
	<u>208,021,833</u>	<u>183,337,545</u>
Surplus on revaluation of property plant and equipment	<u>300,976,133</u>	<u>307,791,678</u>
NON CURRENT LIABILITIES		
Syndicated Long Term Loan - Secured	<u>170,849,883</u>	<u>182,239,875</u>
Deferred Liabilities		
Provision for Staff Gratuity	<u>7,265,944</u>	<u>7,154,272</u>
Deferred taxation	<u>67,064,234</u>	<u>74,184,855</u>
	<u>74,330,178</u>	<u>81,339,127</u>
CURRENT LIABILITIES		
Trade and Other Payables	<u>230,051,014</u>	<u>220,094,562</u>
Mark-up accrued on loans	<u>20,463,495</u>	<u>19,688,150</u>
Short Term Borrowings - Secured	<u>271,669,977</u>	<u>263,622,531</u>
Current portion of Syndicated Long Term Loan	<u>45,559,969</u>	<u>45,559,969</u>
Provision for Income Tax	<u>47,380,234</u>	<u>43,626,811</u>
	<u>615,124,689</u>	<u>592,592,023</u>
Contingencies and Commitments	5 --	--
	<u>1,369,302,716</u>	<u>1,347,300,248</u>
ASSETS		
NON-CURRENT ASSETS		
Property, Plant & Equipments	6 <u>644,000,230</u>	<u>660,147,106</u>
Available for sale investment - at fair value	7 <u>80,054,026</u>	<u>81,345,219</u>
Long Term Deposits	<u>41,075</u>	<u>41,075</u>
CURRENT ASSETS		
Stores, Spares and Loose Tools	<u>18,503,193</u>	<u>18,414,593</u>
Stock-in-Trade	<u>233,008,207</u>	<u>203,770,705</u>
Trade Debts - Considered Good	<u>292,634,551</u>	<u>289,744,194</u>
Loans and Advances - Unsecured, Considered good	<u>5,660,482</u>	<u>6,676,305</u>
Trade Deposits, Prepayments and Statutory Balances - Considered good	<u>23,274,266</u>	<u>29,171,575</u>
Other Receivables - Unsecured, Considered good	<u>2,617,559</u>	<u>1,333,361</u>
Income Tax Refunds and Advances	<u>46,141,955</u>	<u>44,685,101</u>
Cash and Bank Balances	9 <u>23,367,172</u>	<u>11,971,014</u>
	<u>645,207,385</u>	<u>605,766,848</u>
	<u>1,369,302,716</u>	<u>1,347,300,248</u>

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



Dewan Abdul Baqi Farooqui
Chief Executive



Haroon Iqbal
Director



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

	July to September 2013	July to September 2012
Notes		(Rupees)
Sales - net	366,307,894	300,406,421
Cost of Sales	<u>(335,422,750)</u>	<u>(294,698,358)</u>
Gross Profit	30,885,144	5,708,063
Operating Expenses		
Distribution Cost and Selling Expenses	(4,045,751)	(2,475,784)
Administrative and General Expenses	(6,553,982)	(5,731,166)
	<u>(10,599,733)</u>	<u>(8,206,950)</u>
Operating Profit / (Loss)	20,285,411	(2,498,887)
Finance Cost	8 (3,322,212)	(4,541,411)
Profit / (Loss) Before Taxation	<u>16,963,199</u>	<u>(7,040,298)</u>
Other charges		
Workers' profit participation fund	(848,160)	-
Workers' welfare fund	(322,301)	-
	<u>(1,170,461)</u>	<u>-</u>
Taxation - Current	(3,753,423)	(1,502,897)
- Deferred	7,120,621	4,258,008
	<u>3,367,198</u>	<u>2,755,111</u>
Profit / (Loss) after Taxation	<u>19,159,936</u>	<u>(4,285,187)</u>
Earning / (Loss) Per Share - Basic	<u>3.37</u>	<u>(0.75)</u>

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

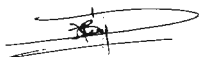
Dewan Abdul Baqi Farooqui
Chief Executive

Haroon Iqbal
Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

	<u>July to September</u> <u>2013</u>	<u>July to September</u> <u>2012</u>
	(Rupees)	
Profit / (Loss) for the period	19,159,936	(4,285,187)
Other comprehensive income		
Transfer from surplus on revaluation of property plant and equipment in respect of:		
Incremental depreciation	10,485,455	12,165,738
Related deferred tax	(3,669,909)	(4,258,008)
	6,815,546	7,907,730
Changes in fair value of available for sale investment	(1,291,194)	14,525,932
Total comprehensive income / (Loss) for the period	24,684,288	18,148,475

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



Dewan Abdul Baqi Farooqui
Chief Executive



Haroon Iqbal
Director



CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

	July to September 2013	July to September 2012
CASH FLOW FROM OPERATING ACTIVITIES	(Rupees)	
Profit / (Loss) before Taxation	16,963,199	(7,040,298)
Adjustment for Non-Cash and Other Items:		
Depreciation	16,146,876	18,370,456
Workers' profit participation fund	(848,160)	--
Workers' welfare fund	(322,301)	--
Provision for Gratuity	1,050,092	862,630
Finance Cost	3,322,212	4,541,411
	19,348,719	23,774,497
Working Capital Changes	36,311,918	16,734,199
(Increase) / Decrease in Current Assets		
Stores, Spares and Loose Tools	(88,600)	3,629,273
Stock-in-Trade	(29,237,502)	--
Trade Debts	(2,890,357)	18,589,861
Loans and Advances	1,015,823	1,674,041
Trade deposits, Prepayments & Statutory balances	5,897,309	(598,632)
Other Receivables	(1,284,198)	(3,725,146)
Increase / (Decrease) in Current Liabilities		
Trade creditors, payables and other borrowings	9,956,452	(8,759,337)
	(16,631,073)	10,810,060
Taxes Paid	(1,456,854)	(103,461)
Gratuity Paid	(938,420)	(380,400)
	(2,395,274)	(483,861)
Net Cash Inflow/ (Outflow) from Operating Activities	17,285,571	27,060,398
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed Capital Expenditure	--	--
Net Cash Inflow/ (Outflow) from Investing Activities	--	--
CASH FLOW FROM FINANCING ACTIVITIES		
Syndicated Long Term Loan	(11,389,992)	(10,000,000)
Finance Cost Paid	(2,546,867)	(3,458,271)
Net Cash Inflow/ (Outflow) from Financing Activities	(13,936,859)	(13,458,271)
Net Increase / (Decrease) in Cash and Cash Equivalents	3,348,712	13,602,127
Cash and Cash Equivalents at the Beginning of the period	(251,651,517)	(282,009,917)
Cash and Cash Equivalents at the End of the period	(248,302,805)	(268,407,790)

9

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

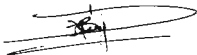
Dewan Abdul Baqi Farooqui
Chief Executive

Haroon Iqbal
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013**

	Share Capital	General Reserve	Unrealized (loss) / gain due to change in fair value of investment	Unappropriated Profit / (Loss)	Total
(Rupees)					
Balance as on July 01, 2012	56,824,590	135,000,000	3,873,582	(73,666,074)	122,032,098
Total comprehensive income for the period	--	--	14,525,932	3,622,543	18,148,475
Balance as on September 30, 2012	56,824,590	135,000,000	18,399,514	(70,043,531)	140,180,573
Balance as on July 01, 2013	56,824,590	135,000,000	32,279,849	(40,766,894)	183,337,545
Total comprehensive income for the period	--	--	(1,291,194)	25,975,482	24,684,288
Balance as on September 30, 2013	56,824,590	135,000,000	30,988,655	(14,791,412)	208,021,833

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



Dewan Abdul Baqi Farooqui
Chief Executive



Haroon Iqbal
Director



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

1 Corporate Information

Dewan Khalid Textile Mills Limited (the Company) was incorporated in Pakistan, as a public limited company on April 03, 1978, under the Companies Act, 1913 (Now the Companies Ordinance, 1984) and its shares are listed on the Karachi and Lahore Stock Exchanges in Pakistan. The registered office of the company is located at Finance & Trade Center, Block A, 8th Floor, Shahrah-e-Faisal, Karachi, Pakistan; while its manufacturing facilities are located at G-11, S.I.T.E., Kotri, Sind, Pakistan. The Principal activity of the Company is trading, manufacturing and sale of yarn.

2 Basis of Preparation

- 2.1 These condensed Interim financial statements of the company for the three months period ended September 30, 2013 has been prepared in accordance with the requirements of International Accounting Standard 34 (IAS 34) "Interim Financial Reporting" and being submitted to the shareholders under section 245 of the Companies Ordinance 1984 and provision of the directive issued under the companies ordinance, 1984 and listing regulations of Karachi and Lahore Stock Exchanges. In case where the requirements differ, the provisions of or directives issued under the companies ordinance, 1984 have been followed.
- 2.2 These condensed interim financial statements of the Company do not include all of the statements required for full annual financial statements and should be read in conjunction with the audited annual separate financial statements of the Company as at and for the year ended June 30, 2013.
- 2.3 These condensed interim financial statements are presented in Pak Rupees which is also the Company's functional & prentation currency and all figures have been rounded off to the nearest rupee.
- 2.4 These condensed interim financial statements comprise of condensed Interim Balance Sheet as at September 30, 2013 and the condensed Interim profit and loss account, condensed Interim statement of comprehensive Income, condensed Interim statement of changes in equity and the condensed Interim cash flow statement for the three months period ended September 30, 2013 which have been subjected to a review but not audited. These condensed interim financial statements also include the condensed Interim profit and loss account for the quarter ended September 30, 2013.
- 2.5 The comparative balance sheet presented in these condensed interim financial statements has been extracted from the audited annual separate financial statements of the Company for the year ended 30 June 2013, whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial statements for the period ended September 30, 2013. The comparative condensed Interim profit and loss account for the quarter ended September 30, 2013 is also included in these condensed interim financial statements, which has not been subject to a review.

3 Accounting Policies

- 3.1 The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of audited annual separate financial statements of the Company for the year ended June 30' 2013.
- 3.2 Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Company's operations and did not have any impact on the accounting policies of the Company except where changes affected, presentation and disclosures have been made in these condensed interim financial statements.

4 Estimates and Judgements

- 4.1 The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.
- 4.2 Estimates and judgements made by management in the preparation of these condensed interim financial statements are the same as those were applied to the audited annual separate financial statements of the Company as at and for the year ended June 30' 2013.

5 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, 2013.

	Notes	September 30, 2013 (Un-Audited)	June 30, 2013 (Audited)
		(Rupees)	
6 Property, Plant & Equipments			
Operating Fixed Assets	6.1	<u>644,000,230</u>	<u>660,147,106</u>
		<u>644,000,230</u>	<u>660,147,106</u>
6.1 Operating Fixed Assets			
Opening written down value		660,147,105	729,772,230
Additions during the period / year		-	4,285,223
Surplus on revaluation		-	-
Written down value of disposals		-	-
Depreciation during the period / year		<u>(16,146,875)</u>	<u>(73,910,348)</u>
		<u>644,000,230</u>	<u>660,147,105</u>
7 Available for sale investment - at fair value			
In related party (A listed associated company)			
Shares in Dewan Salman Fibre Limited (Public, quoted company) 32,279,849 (June 30, 2013: 32,279,849) fully paid up ordinary shares of Rs.10/- each. (including 25,779,849 bonus shares)		65,000,000	65,000,000
Surplus / (deficit) on revaluation of investment		<u>15,054,026</u>	<u>16,345,219</u>
		<u>80,054,026</u>	<u>81,345,219</u>
Percentage of Holding		<u>8.81%</u>	<u>8.81%</u>
Market value (Rupees per share)		<u>2.48</u>	<u>2.52</u>

8 Finance Cost

Company has not made the provision of markup for the period amounting to Rs. 6.985 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 profit for the period would have been lower by Rs. 6.985 million.

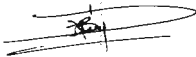
	September 30, 2013 (Un-Audited)	June 30, 2013 (Audited)
9 Cash and Cash Equivalents		
Cash and Bank Balances	23,367,172	11,971,014
Short term Borrowings	<u>(271,669,977)</u>	<u>(263,622,531)</u>
	<u>(248,302,805)</u>	<u>(251,651,517)</u>

	July to Sept 2013 (Rupees)	July to Sept 2012
10 Related Party Transactions		
Sales	1,063,725	2,518,139
Purchases	16,103,650	20,712,360
Donation to Dewan Farooque Trust	750,000	750,000
Provident Fund	911,352	779,518

All transactions have been carried out commercial terms & conditions and valued at arm's length price.

11 Date of Authorization for issue

These financial statements were authorized for issue on October 29, 2013 by the Board of Directors of the Company.



Dewan Abdul Baqi Farooqui
Chief Executive



Haroon Iqbal
Director