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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 Swaleh Dewan Abdul Rehman Farooqui Mr. Haroon Iqbal

Independent Director : Mr. Aziz-ul-Haque

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 : Muhammad Hanif German
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 & Company
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 condensed interim financial statements of the company for the first quarter ended September 30, 2014 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 Economy

The performance of the agriculture sector was less than expected as heavy rains and floods in the country caused damage to standing crops. The major hurdle in growth remains the ongoing energy crises which has resulted under utilization of installed capacities.

Operating Performance:-

The financial highlights for the first quarter ended September 30, 2014 are as follows:

During the period under review company has achieved net sales of Rs 173.614 million as compared to the Rs 366.308 million of the corresponding period of last year. Company has suffered gross loss of Rs 21.308 million as compared to the gross profit of Rs 30.885 million of comparable period of last year. Operating expenses of the company have been increased by Rs 0.586 million as compared to those of relevant period of last year.

The results of the company could have been better, had there not been power crises, rise in salaries & wages, increase in tariff of gas and hike in freight & transportation costs. Further there were volatile fluctuations in the purchase prices of raw material during the period, which along with above factors have resulted in the higher cost of production. The results were also affected by the increase in costs of stores spares and packing materials.

Outlook

The Management foresees the demand of yarn will be better in the coming period but other factors such as raw material quality and rates, power shortage, law and order situation and other input cost will remain challenges for the industry.

The approaching winter will enhance the menace of load shedding that will further affect the capacity utilization. Moreover the increase in fuel and energy costs will also result in increased cost of production.

Conclusion

With grace of Allah Almighty, the management of the company will put its best endeavors to bring better results in forthcoming quarters.

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



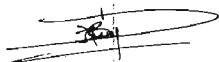
Dewan Abdul Baqi Farooqui
Chief Executive

Dated: October 27, 2014

CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2014

EQUITY AND LIABILITIES		September 30, 2014	June 30, 2014
CAPITAL & RESERVES	Notes	Unaudited	Audited
		(Rupees)	
Authorized			
15,000,000 (June 30, 2014: 15,000,000) Ordinary Shares of Rs. 10/- each		150,000,000	150,000,000
Issued, Subscribed and Paid-up Capital		56,824,590	56,824,590
General Reserve		135,000,000	135,000,000
Reserves & Un-appropriated loss		(93,680,296)	(62,554,183)
		98,144,294	129,270,407
Surplus on revaluation of property plant and equipment		274,111,311	280,110,078
NON CURRENT LIABILITIES			
Syndicated Long Term Loan - Secured		125,289,914	136,679,906
Deferred Liabilities			
Provision for Staff Gratuity		12,340,627	11,881,899
Deferred taxation		75,392,467	84,130,386
		87,733,094	96,012,285
CURRENT LIABILITIES			
Trade and Other Payables		191,286,398	186,281,158
Mark-up accrued on loans		20,416,596	17,800,467
Short Term Borrowings - Secured		283,474,370	291,083,406
Current portion of Syndicated Long Term Loan		45,559,968	45,559,968
Provision for Income Tax		57,826,170	56,087,296
		598,563,502	596,812,295
Contingencies and Commitments	5	--	--
		<u>1,183,842,115</u>	<u>1,238,884,971</u>
ASSETS			
NON-CURRENT ASSETS			
Property, Plant & Equipments	6	581,333,284	595,856,096
Available for sale investment - at fair value	7	60,040,519	66,819,287
Long Term Deposits		41,075	41,075
CURRENT ASSETS			
Stores, Spares and Loose Tools		19,747,497	20,295,071
Stock-in-Trade		183,949,300	179,484,656
Trade Debts - Considered Good		243,117,717	281,679,663
Loans and Advances - Unsecured, Considered		5,948,867	5,558,899
Trade Deposits, Prepayments and Statutory Balances - Considered good		27,740,531	29,380,300
Other Receivables - Unsecured, Considered good		2,799,999	2,000,000
Income Tax Refunds and Advances		53,950,806	53,636,281
Cash and Bank Balances	9	5,172,520	4,133,643
		542,427,237	576,168,513
		<u>1,183,842,115</u>	<u>1,238,884,971</u>

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



Dewan Abdul Baqi Farooqui
Chief Executive

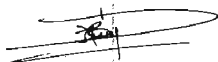


Haroon Iqbal
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014**

	July-September 2014	July-September 2013
Notes	(Rupees)	
Sales - net	173,614,418	366,307,894
Cost of Sales	(194,922,076)	(335,422,750)
Gross (Loss) / Profit	(21,307,658)	30,885,144
Operating Expenses		
Distribution Cost and Selling Expenses	(3,048,300)	(4,045,751)
Administrative and General Expenses	(8,137,827)	(6,553,982)
	(11,186,127)	(10,599,733)
Operating (Loss) / Profit	(32,493,785)	20,285,411
Finance Cost	(4,851,372)	(3,322,212)
(Loss) / Profit before Taxation	(37,345,157)	16,963,199
Other charges		
Workers' profits participation fund	--	(848,160)
Workers' welfare fund	--	(322,301)
	--	(1,170,461)
	(37,345,157)	15,792,738
Taxation - Current	(1,738,874)	(3,753,423)
- Deferred	8,737,919	7,120,621
	6,999,045	3,367,198
(Loss) / Profit after Taxation	(30,346,112)	19,159,936
(Loss) / Earning Per Share - Basic	(5.34)	3.37

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, 2014

	July-September 2014	July-September 2013
	(Rupees)	
(Loss)/ Profit for the quarter	(30,346,112)	19,159,936
Other comprehensive Income:		
Transfer from surplus on revaluation of property plant and equipment in respect of:		
Incremental depreciation	9,089,041	10,485,455
Related deferred tax	(3,090,274)	(3,669,909)
	5,998,767	6,815,546
Changes in fair value of available for sale investment	(6,778,768)	(1,291,194)
Total comprehensive (Loss) / income for the quarter	<u>(31,126,113)</u>	<u>24,684,288</u>

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

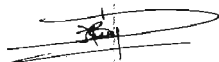
Dewan Abdul Baqi Farooqui
Chief Executive

Haroon Iqbal
Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014**

	July-September 2014	July-September 2013
	(Unaudited)	
	(Rupees)	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / Profit before Taxation	(37,345,157)	15,792,738
Adjustment for Non-Cash and Other Items:		
Depreciation	14,522,811	16,146,876
Provision for Gratuity	1,316,686	1,050,092
Finance Cost	4,851,372	3,322,212
	<u>20,690,869</u>	<u>20,519,180</u>
	(16,654,288)	36,311,918
Working Capital Charges		
(Increase) / Decrease in Current Assets		
Stores, Spares and Loose Tools	547,574	(88,600)
Stock-in-Trade	(4,464,644)	(29,237,502)
Trade Debts	38,561,946	(2,890,357)
Loans and Advances	(389,968)	1,015,823
Trade deposits, Prepayments & Statutory balances	1,639,769	5,897,309
Other Receivables	(799,999)	(1,284,198)
Increase / (Decrease) in Current Liabilities		
Trade creditors, payables and other borrowings	5,005,241	9,956,452
	<u>40,099,919</u>	<u>(16,631,073)</u>
Taxes Paid	(314,525)	(1,456,854)
Gratuity Paid	(857,958)	(938,420)
	<u>(1,172,483)</u>	<u>(2,395,274)</u>
Net Cash Inflow/ (Outflow) from Operating Activities	<u>22,273,148</u>	<u>17,285,571</u>
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)	(11,389,992)
Finance Cost Paid	(2,235,243)	(2,546,867)
Net Cash Inflow/ (Outflow) from Financing Activities	<u>(13,625,235)</u>	<u>(13,936,859)</u>
Net Increase / (Decrease) in Cash and Cash Equivalents	8,647,913	3,348,712
Cash and Cash Equivalents at the Beginning of the year	(286,949,763)	(251,651,517)
Cash and Cash Equivalents at the End of the year	<u>(278,301,850)</u>	<u>(248,302,805)</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 CHANGES IN EQUITY (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

	Share Capital	General Reserve	Unrealized gain / (loss) due to change in fair value of investment (Rupees)	Unappropri- ated Profit / (Loss)	Total
					<u>RESTATED</u>
Balance as on July 01, 2013 -Restated	56,824,590	135,000,000	32,279,849	(42,330,867)	181,773,572
Total comprehensive income for the quarter	--	--	(1,291,194)	25,975,482	24,684,288
Balance as on September 30, 2013 - Restated	<u>56,824,590</u>	<u>135,000,000</u>	<u>30,988,655</u>	<u>(16,355,385)</u>	<u>206,457,860</u>
Balance as on July 01, 2014	56,824,590	135,000,000	17,753,917	(80,308,100)	129,270,407
Total comprehensive income for the quarter	--	--	(6,778,768)	(24,347,345)	(31,126,113)
Balance as on September 30, 2014	<u>56,824,590</u>	<u>135,000,000</u>	<u>10,975,149</u>	<u>(104,655,445)</u>	<u>98,144,294</u>

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, 2014

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 This condensed interim financial information of the Company for the quarter ended September 30, 2014 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.
- 2.2 This condensed interim financial information is presented in Pakistani Rupees which is also the Company's functional currency and all financial information presented has been rounded off to the nearest rupee except otherwise stated.
- 2.3 This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2014.

3 Estimates, Judgements and Financial Risk Management

- 3.1 In preparing of this condensed interim financial information, management make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, incomes and expenses. Actual results may differ from these estimates.
- 3.2 The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual financial statements as at and for the year ended June 30, 2014.

4 Significant Accounting Policies

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of annual financial statements of the Company as at and for the year ended June 30, 2014. Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Company's operations and did not have any significant impact on the accounting policies of the Company.

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, 2014.

	September 30, 2014 (Un-Audited)	June 30, 2014 (Audited)
	(Rupees)	
6 Property, Plant & Equipments		
Operating Fixed Assets	581,333,284	595,856,096
	<u>581,333,284</u>	<u>595,856,096</u>
6.1 Operating Fixed Assets		
Opening written down value	595,856,096	660,147,106
Additions during the period / year	-	1,771,007
Depreciation during the period / year	<u>(14,522,812)</u>	<u>(66,062,017)</u>
	<u>581,333,284</u>	<u>595,856,096</u>
	September 30, 2014	September 30, 2013
6.2 Additions to the operating fixed assets during the quarters are	<u>Nil</u>	<u>Nil</u>
7 Available for sale investment - at fair value In related party		
Shares in Dewan Salman Fibre Limited (Public, quoted company)		
32,279,849 (June 30, 2014: 32,279,849) fully paid up ordinary shares of Rs.10/- each. (including 25,779,849 bonus shares)	65,000,000	65,000,000
(Deficit)/Surplus on revaluation of investment	<u>(4,959,481)</u>	<u>1,819,287</u>
	<u>60,040,519</u>	<u>66,819,287</u>
Percentage of Holding	<u>8.81%</u>	<u>8.81%</u>
Market value (Rupees per share)	<u>1.86</u>	<u>2.07</u>

8 Finance Cost

Company has not made the provision of markup for the quarter amounting to Rs. 7.661 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 quarter would have been higher by Rs. 7.661 million.

September 30,	September 30,
2014	2013
(Un-Audited)	(Un-Audited)

(Rupees)

9 Cash and Cash Equivalents

Cash and Bank Balances

Short term Borrowings

5,172,520	23,367,172
(283,474,370)	(271,669,977)
(278,301,850)	(248,302,805)

July to Sept	July to Sept
2014	2013

(Rupees)

10 Related Party Transactions

Sales

Purchases

Donation to Dewan Farooque Trust

Provident Fund

NIL	1,063,725
4,644,470	16,103,650
750,000	750,000
1,099,842	911,352

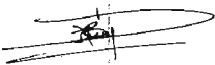
All transactions have been carried out at commercial terms & conditions and valued at arm's length price.

11 Earning Per Share -Basic

	July to September 2014	July to September 2013
	(Rupees in "000")	
Net(Loss) / Profit for the quarter	<u>(30,346,112)</u>	<u>19,159,936</u>
Weighted average number of ordinary shares	<u>5,682,459</u>	<u>5,682,459</u>
(Loss)/ Earning Per Share - Basic (Rs)	<u>(5.34)</u>	<u>3.37</u>

12 Date of Authorization for issue

These financial statements were authorized for issue on October 27, 2014 by the Board of Directors of the Company.



Dewan Abdul Baqi Farooqui
Chief Executive



Haroon Iqbal
Director