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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 Farooqui
 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 : Syed Muhammad Salahuddin

CHIEF FINANCIAL OFFICER : Mehmood-UI-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

BEGIN 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 half year ended December 31, 2013, in compliance with requirements of section 245 of the Company's Ordinance 1984 and Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan.

The highlights for the company for the half year ended December 31, 2013 are as follows: During the period under review the company has achieved net sales of Rs.742.218 million as compared to the Rs.653.003 million of the corresponding period of the last year. Company has earned the gross profit of Rs.52.250 million as compared to the gross profit of Rs.34.572 million of the corresponding period of last year. Operating expenses have been increased by Rs.8.211 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 loans have been rescheduled in the form of long term loan 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 auditors have qualified review report due to significance of the matter of non-provisioning of Rs. 14.325million (up to December 31, 2013 accumulated mark up Rs. 158.901million). The management has explained the status of matter in note 8 of the half yearly interim condensed financial information.

The management foresees that in winter 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 challenging 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.

It is matter of great satisfaction that company has honored its commitments relating to restructuring of loan.

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; SummaAmeen

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: February 27, 2014

Independent Auditors' Report to the Members on Review of Condensed Interim Financial Statement

Introduction

We have reviewed the accompanying Condensed balance sheet of Dewan Khalid Textile Mills Limited ("the company") as at December 31, 2013 and the related Condensed profit and loss account, Condensed Statement of Comprehensive Income, Condensed cash flow statement, Condensed statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the 'Condensed interim financial statements') for the six months period then ended. Management is responsible for the preparation and Presentation of this Condensed interim financial statements in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this Condensed interim financial statements based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2013 and December 31, 2012 have not been reviewed as we are required to review only the cumulative figures for the Six month ended December 31, 2013.

Scope of Review

We conducted our review in accordance with the International Standard on review engagements 2410, "Review of Condensed interim financial statements performed by the independent Auditor of the Entity". A review of Condensed 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 Qualified conclusion

- a) The company has not made provision of mark up in its Condensed interim financial statements amounting to Rs. 14.325 million for the period ended December 31, 2013 as disclosed in note 8 to the Condensed interim financial statements. Had the provision of mark up been made in the Condensed interim financial statements, the profit for the current period would be reduced by Rs. 14.325 million and accumulated loss and mark up payable would have been higher by Rs. 158.901 million and shareholders' equity would be lower by same. Furthermore, one of the banks has filed recovery suit for its loan amounting to Rs. 167.806 million through sale of hypothecated assets of the company and has also filed winding up petition against the company for recovery.

Qualified Conclusion

Based on our review, except for the matter discussed in Preceding Paragraph "a" of this report and the extent to which this may affect the accompanying financial statements nothing has come to our attention that causes us to believe that the accompanying Condensed interim financial statements as of and for the six months period ended December 31, 2013 are not prepared, in all material respects, in accordance with approved accounting standard as applicable in Pakistan.

Audit Engaging Partner: Mohammad Tariq
Dated: February 27, 2014
Place: Karachi

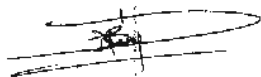


CHARTERED ACCOUNTANTS

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2013

	December 31, 2013 (Un-Audited) Notes	June 30, 2013 (Audited) (Rupees in "000") Restated
EQUITY AND LIABILITIES		
CAPITAL & RESERVES		
Authorized		
15,000,000 (June 30, 2013: 15,000,000) Ordinary Shares of Rs. 10/- each	150,000	150,000
Issued, Subscribed and Paid-up Capital	56,825	56,825
General Reserve	135,000	135,000
Reserves & Un-appropriated loss	25,958	(10,893)
	217,783	180,932
Surplus on revaluation of property plant and equipment	293,951	307,792
NON CURRENT LIABILITIES		
Syndicated Long Term Loan - Secured	159,460	182,240
Deferred Liabilities		
Provision for Staff Gratuity	10,120	9,560
Deferred taxation	65,195	74,185
	75,315	83,745
CURRENT LIABILITIES		
Trade and Other Payables	162,340	220,095
Mark-up accrued on loans	18,962	19,688
Short Term Borrowings - Secured	273,070	263,622
Current portion of Syndicated Long Term Loan	45,560	45,560
Provision for Income Tax	51,054	43,627
	550,986	592,591
Contingencies and Commitments	5	-
	1,297,495	1,347,300
ASSETS		
NON-CURRENT ASSETS		
Property, Plant & Equipments	6	627,874
Available for sale investment - at fair value	7	84,573
Long Term Deposits		41
CURRENT ASSETS		
Stores, Spares and Loose Tools		21,774
Stock-in-Trade		197,544
Trade Debts - Considered Good		279,582
Loans and Advances - Unsecured, Considered good		5,577
Trade Deposits, Prepayments and Statutory Balances - Considered good		27,192
Other Receivables - Unsecured, Considered good		1,000
Income Tax Refunds and Advances		50,872
Cash and Bank Balances		1,466
		585,007
		1,297,495
		1,347,300

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



Dewan Abdul Baqi Farooqui
Chief Executive



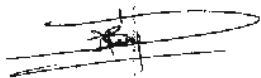
Haroon Iqbal
Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2013

Notes	6 Months		3 Months	
	July to Dec 2013	July to Dec 2012	Oct to Dec 2013	Oct to Dec 2012
	(Rupees in "000")		(Rupees in "000")	
Sales - net	742,218	653,003	375,910	352,597
Cost of Sales	(689,968)	(618,431)	(354,545)	(323,733)
Gross Profit	52,250	34,572	21,365	28,864
Operating Expenses				
Distribution Cost and Selling Expenses	(6,917)	(5,926)	(2,871)	(3,450)
Administrative and General Expenses	(19,214)	(11,994)	(12,660)	(6,263)
	(26,131)	(17,920)	(15,531)	(9,713)
Operating Profit	26,119	16,652	5,834	19,151
Finance Cost	(6,550)	(8,062)	(3,228)	(3,521)
Profit Before Taxation	19,569	8,590	2,606	15,630
Other charges				
Workers' profit participation fund	(978)	-	(130)	-
Workers' welfare fund	(372)	-	(50)	-
	(1,350)	-	(180)	-
Taxation - Current	(7,427)	(3,267)	(3,674)	(1,764)
- Deferred	8,990	8,516	1,870	4,258
	1,563	5,249	(1,804)	2,494
Profit after Taxation	19,782	13,839	622	18,124
Earning Per Share - Basic	3.48	2.44	0.11	3.19

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



Dewan Abdul Baqi Farooqui
Chief Executive

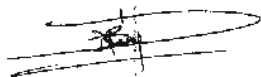


Haroon Iqbal
Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2013

	6 Months		3 Months	
	July to Dec 2013	July to Dec 2012	Oct to Dec 2013	Oct to Dec 2012
Profit for the period	19,782	13,839	622	18,124
Other comprehensive income				
Transfer from surplus on revaluation of property plant and equipment in respect of:				
Incremental depreciation	20,971	24,332	10,486	12,166
Related deferred tax	(7,130)	(8,516)	(3,460)	(4,258)
	13,841	15,816	7,026	7,908
Changes in fair value of available for sale investment	3,228	24,533	4,519	10,007
Total comprehensive income for the period	36,851	54,188	12,167	36,039

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



Dewan Abdul Baqi Farooqui
Chief Executive



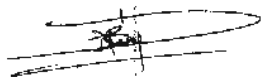
Haroon Iqbal
Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2013

	6 Months ended December'31 2013	6 Months ended December'31 2012
Notes		
	(Rupees in "000")	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / Profit before Taxation	19,569	8,590
Adjustment for Non-Cash and Other Items:		
Depreciation	32,295	36,741
Workers' profit participation fund	(978)	--
Workers' welfare fund	(372)	--
Provision for Gratuity	2,100	2,100
Finance Cost	6,550	8,062
	39,595	46,903
Working Capital Changes	59,164	55,493
(Increase) / Decrease in Current Assets		
Stores, Spares and Loose Tools	(3,359)	2,111
Stock-in-Trade	6,227	17,337
Trade Debts	10,162	17,446
Loans and Advances	1,099	4,275
Trade deposits, Prepayments & Statutory balances	1,980	(327)
Other Receivables	333	(59)
Increase / (Decrease) in Current Liabilities		
Trade creditors, payables and other borrowings	(57,754)	(24,047)
	(41,312)	16,736
Taxes Paid	(6,187)	(11,197)
Gratuity Paid	(1,540)	(1,074)
	(7,727)	(12,271)
Net Cash Inflow/ (Outflow) from Operating Activities	10,125	59,958
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed Capital Expenditure	(21)	--
Net Cash Inflow/ (Outflow) from Investing Activities	(21)	--
CASH FLOW FROM FINANCING ACTIVITIES		
Syndicated Long Term Loan	(22,780)	(20,000)
Finance Cost Paid	(7,276)	(7,666)
Net Cash Inflow/ (Outflow) from Financing Activities	(30,056)	(27,666)
Net Increase /(Decrease) in Cash and Cash Equivalents	(19,952)	32,292
Cash and Cash Equivalents at the Beginning of the period	(251,652)	(282,009)
Cash and Cash Equivalents at the End of the period	(271,604)	(249,717)

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 HALF YEAR ENDED DECEMBER 31, 2013

	Share Capital	General Reserve	Unrealized (loss) / gain due to change in fair value of investment	Unappropriat ed Profit / (Loss)	Total
(Rupees)					
Balance as on July 01, 2012 - As reported	56,825	135,000	3,874	(73,667)	122,032
Effect of change in accounting policy	--	--	--	(1,701)	(1,701)
Balance as at July 01, 2012 - As restated	56,825	135,000	3,874	(75,368)	120,331
Total comprehensive income for the period	--	--	24,533	29,655	54,188
Balance as on December 31, 2012	56,825	135,000	28,407	(45,713)	174,519
Balance as on July 01, 2013 - as reported	56,825	135,000	32,280	(40,767)	183,338
Effect of change in accounting policy	--	--	--	(2,406)	(2,406)
Balance as at July 01, 2013 - As restated	56,825	135,000	32,280	(43,173)	180,932
Total comprehensive income for the period	--	--	3,228	33,623	36,851
Balance as on December 31, 2013	56,825	135,000	35,508	(9,550)	217,783

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 FOR THE HALF YEAR ENDED DECEMBER 31, 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 six months period ended December 31, 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 & presentation currency and all figures have been rounded off to the nearest thousand.
- 2.4 These condensed interim financial statements comprise of condensed Interim Balance Sheet as at December 31, 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 December 31, 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 December 31, 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 December 31, 2012. The comparative condensed Interim profit and loss account for the quarter ended December 31, 2012 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. except as described below:

IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendment that requires an entity to recognise actuarial gains and losses (renamed as remeasurements) immediately in other comprehensive income. Actuarial gains and losses will no longer be deferred using the corridor approach or recognised in profit or loss. Past service costs will be recognised in the period of a plan amendment and will no longer be spread over a future-service period.

Consequent to the application of amended IAS 19, the Company's policies for staff retirement benefits in respect of remeasurements and past service costs stand amended as 'past service costs and amounts arising as a result of remeasurements are recognized in balance sheet immediately with a charge or credit to other comprehensive income in the periods in which they occur.

The change in accounting policy has been applied retrospectively and comparative figures of balance sheets have been restated. The change resulted in increase in benefits payables and accumulated loss as of June 30, 2013 by Rs. 2.406 million (June 30, 2012: Rs. 1.701 million). The actuarial valuations are carried out on annual basis therefore the impacts on this and comparative interim condensed financial information are not quantifiable and also considered immaterial.

4 Estimates and Judgments

- 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 judgments 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	December 31, 2013 (Un-Audited) (Rupees in "000")	June 30, 2013 (Audited)
6 Property, Plant & Equipments			
Operating Fixed Assets	6.1	<u>627,874</u>	<u>660,147</u>
		<u>627,874</u>	<u>660,147</u>
6.1 Operating Fixed Assets			
Opening written down value		660,147	729,772
Additions during the period / year		-	4,285
Surplus on revaluation		-	-
Written down value of disposals		-	-
Depreciation during the period / year		<u>(32,295)</u>	<u>(73,910)</u>
		<u>627,852</u>	<u>660,147</u>

	December 31, 2013 (Un-Audited)	June 30, 2013 (Audited)
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	65,000
Surplus / (deficit) on revaluation of investment	19,573	16,345
	<u>84,573</u>	<u>81,345</u>
Percentage of Holding	<u>8.81%</u>	<u>8.81%</u>
Market value (Rupees p per share)	<u>2.62</u>	<u>2.52</u>

8 Finance Cost

The Company has not made the provision of markup for the period ended December 31, 2013 amounting to Rs. 14.325 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. 14.325 million and accumulated Loss would be higher by Rs. 158.901 million.

9 Cash and Cash Equivalents

Cash and Bank Balances	1,466	11,971
Short term Borrowings	(273,070)	(263,623)
	<u>(271,604)</u>	<u>(251,652)</u>

July to Dec 2013	July to Dec 2012
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10 Related Party Transactions

	(Rupees in "000")	
Sales	2,720	44,141
Purchases	41,623	46,787
Donation to Dewan Farooque Trust	1,500	1,500
Provident Fund	1,958	1,581

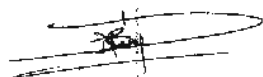
All transactions have been carried out commercial terms & conditions and valued at arm's length price.

11 Earning Per Share -Basic

Net Profit for the period	<u>19,782</u>	<u>13,839</u>
Number of Shares	<u>5,682</u>	<u>5,682</u>
Earning /(Loss) Per Share - Basic (Rs)	<u>3.48</u>	<u>2.44</u>

12 Date of Authorization for issue

These Interim Condensed Financial Statements authorized for issue on February 27, 2014 by the Board of Directors of the Company.



Dewan Abdul Baqi Farooqui
Chief Executive



Haroon Iqbal
Director