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COMPANY INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTOR : DEWAN MUHAMMAD YOUSUF FAROOQUI
CEO & CHAIRMAN BOARD OF DIRECTORS

NON-EXECUTIVE DIRECTORS : DEWAN ABDUL REHMAN FAROOQUI
DEWAN ABDUL BAQI FAROOQUI
MR. HAROON IQBAL
MANSUR-UL-HAQUE
MR. ISHTIAQ AHMED

INDEPENDENT DIRECTOR : MR. AZIZ-UL-HAQUE

AUDIT COMMITTEE : MR. AZIZ-UL-HAQUE - CHAIRMAN
HAROON IQBAL - MEMBER
MR. MANSUR-UL-HAQUE - MEMBER

HUMAN RESOURCE & REMUNERATION COMMITTEE : MR. HAROON IQBAL - CHAIRMAN
DEWAN MUHAMMAD YOUSUF FAROOQUI - MEMBER
MR. MANSUR-UL-HAQUE - MEMBER

CHIEF FINANCIAL OFFICER : ZAFAR ASIM

COMPANY SECRETARY : SYED MUHAMMAD SALAHUDDIN

AUDITORS : FARUQ ALI & CO.
CHARTERED ACCOUNTANTS

: FEROZE SHARIF TARIQ & CO.
CHARTERED ACCOUNTANTS

LEGAL ADVISORS : KHALID ANWER & COMPANY - ADVOCATES

TAX ADVISORS : SHARIF & COMPANY - ADVOCATES

FACTORY OFFICE : PLOT NO 1, DEWAN FAROOQUE INDUSTRIAL PARK,
HATTAR, DISTRICT HARIPUR (K.P.K.)

HEAD OFFICE : FINANCE & TRADE CENTRE BLOCK-A, 8TH FLOOR,
SHAHRAH-E-FAISAL, KARACHI

REGISTERED OFFICE : DEWAN CENTRE, 58 MAIN MARGALLA ROAD F-7/2 ISLAMABAD

**SHARE REGISTRAR/
TRANSFER AGENTS** : **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, PAKISTAN.

BANKERS : AL BARAKA ISLAMIC INVESTMENT BANK LIMITED
ALLIED BANK LIMITED
ASKARI BANK LIMITED
BANK ALFALAH LIMITED
BANK OF KHYBER LIMITED
BANK OF PUNJAB LIMITED
FAYSAL BANK LIMITED
HABIB BANK LIMITED
HABIB METROPOLITAN BANK LIMITED
HONG KONG & SHANGHAI BANKING CORPORATION
KASB BANK LIMITED
MEEZAN BANK LIMITED
SUMMIT BANK LIMITED
MCB BANK LIMITED
NATIONAL BANK OF PAKISTAN LIMITED
NIB BANK LIMITED
STANDARD CHARTERED BANK LIMITED (PAKISTAN)
SILK BANK LIMITED
UNITED BANK LIMITED

DIRECTORS' REVIEW

**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 present un-audited Condensed Interim Financial Statements of the Company for the Half year ended on December 31, 2013 in compliance with the requirements of section 245 of the Company's Ordinance 1984, as amended through Companies (amendment) Ordinance 2002 and Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan

Operating Performance

Despite of our best efforts during the period under review, we were unable to start the plants of your company due to unavailability of Working Capital. However, management of your company believes that largest unit of the country is still a viable project and after restructuring it can bring laurels to all the stake holders as done in the past.

The Company is successfully facing litigations with lenders as elaborated in our previous audited financial statements. The Management is fully confident that the Company will have favorable decision from the concerned courts.

INDUSTRY OVERVIEW

During the half year under review, the polyester plant of your company remained closed. The demand of PSF during the last two quarters squeezed down due to low capacity utilization of the spinning mills as the shortage of electricity and gas played a major role. Moreover, another factor which largely affected the local PSF sales is the import of Chinese PSF. Despite valiant efforts by the PSF manufacturers, NTC has withdrawn the anti-dumping duty on Chinese PSF w.e.f. July 31, 2013 which further paved the way of dumping their PSF at lesser prices. On the contrary, the electricity tariffs in Pakistan had been extra ordinarily raised by the new Government which rattled the economics of the industry. Hence the local PSF makers could not be able to compete with the imported Chinese prices which resulted in their low capacity utilization and low or negative margins.

Outlook

We had reported on the debt re-profiling exercise to you in the last audited financial statements for the year ended 30th June 2012. This effort continues. And Inshalla-Allah we expect good progress and conclusion in the near future.

Financial Performance

Company recorded net sales of Rs. nil (2012-Rs. nil) during the period under review suffered gross loss of Rs. 361.432 million. (2012 Rs. 397.486 million) And loss after taxation amounted to Rs. 473.423 million. (2012- 751.606 million)

AUDITORS' OBSERVATION

- a) In Para (a) of their report they did not agree with the going concern assumption used in preparation of interim condensed financial statements accordingly they have given their adverse opinion on the interim condensed financial statements. The management is in process of negotiation with the bankers and is confident that the outcome will be positive. The justification regarding preparation of interim condensed financial statements on going concern assumption are more fully explained in note 2 to the interim condensed financial statements.

- b) The company has not made provision of mark up for the period amounting Rs.0.975 Billion on its markup bearing liabilities. The management has approached its bankers/financial institutions for restructuring of its obligations. The management is confident that the company's restructuring proposals will be accepted by the financial institutions. Therefore the company has not made any provision for mark-up.
- c) Para (c) of the report relates to valuation and classification of investment in Dewan petroleum(pvt) Limited using the equity method as required under International Accounting Standards 28 Investment in Associates which the company has classified as held for sale. The management's intention to sell this investment within next accounting cycle in the manner to be deemed appropriate, equitable, fit and beneficial to the interests of the company, which will enable to resume operation of the company. For the purpose special resolution was passed in 2008 has been expired, however the management will seek further shareholders, approval before disposal of the same.
- d) Trade debts amounting to Rs.2.939 billion are stagnant, not being recovered, against which a provision of Rs.796.507 million has been made so far. Since these trade debts are doubtful of recovery therefore the provision should be made there against. Had provision been made, loss for the period would have been further higher by 2.142 billion. Management of your company taking utmost efforts to recover these debts, we believe that there will be positive response from debtors and will take our position accordingly.

ACKNOWLEDGEMENT

The Board expresses the hope that its valued shareholders, Federal and Provincial Government functionaries, banks, financial institutions and customers of Salsabil, shall continue to extend their cooperation, support and patronage as in the past.

The Board also expresses its appreciation for the valuable services, loyalty and laudable efforts continuously rendered by the executives, staff members and workers of the company and recognize that they are most valuable assets of the Company.

CONCLUSION

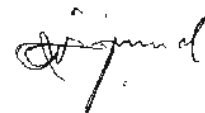
In conclusion, we bow, beg and pray to Almighty Allah, Rahman-o-Raheem, in the name of our beloved prophet Muhammad (Peace Be Upon Him), for continued showering of His blessings, Guidance, Strength, Health and Prosperity on our Nation, Country and also pray to Almighty Allah to bestow peace, harmony, brotherhood and unity in true Islamic spirit to the whole of Muslim Ummah, Aameen, SummaAameen.

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

By and under Authority of the Board of Directors



Haroon Iqbal
Director



Ishtiaq Ahmed
Director

Karachi: February 27, 2014

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying interim condensed balance sheet of **Dewan Salman Fibre Limited** as at December 31, 2013, and the related interim condensed profit and loss account, interim condensed statement of comprehensive income, interim condensed cash flow statement and interim condensed statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "interim condensed financial information") for the six months' period then ended. Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim condensed financial information based on our review. The figures for the quarters ended December 31, 2013 and 2012 in the interim condensed profit and loss account and interim condensed statement of comprehensive income have not been reviewed and we do not express a conclusion thereon.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information 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.

Bases for adverse conclusion

- a) The interim condensed financial information of the company for the period ended December 31, 2013 reflects loss after taxation of Rs.0.473 billion and as of that date it has accumulated losses of Rs.14.945 billion which resulted in net capital deficiency of Rs. 10.914 billion and its current liabilities exceeded its current assets by Rs.14.601 billion and total assets by Rs.7.231 billion. The operations of the company are closed since December 2008 due to working capital constraints. Furthermore, the company has been unable to ensure timely repayments of debts owing to financial institutions due to liquidity problems and short term finance facilities have expired and not been renewed by banks. Following course, certain lenders have gone into litigation for repayment of liabilities through attachment and sale of company's hypothecated / mortgaged properties and certain lenders have also filed winding up petitions. These conditions lead us to believe that the going concern assumption used in preparation of this interim condensed financial information is inappropriate; consequently the assets and liabilities should have been stated at their realizable and settlement amounts respectively.

Feroze Sharif Tariq & Co.

CHARTERED ACCOUNTANTS

Partners : **FEROZE QAISER FCA**
Ali Husain FCA
Mohammad Tariq FCA, ACMA
4 / N / 4, BLOCK-6, P.E.C.H.S. SOCIETY
KARACHI-75400

FARUQ ALI & CO.

CHARTERED ACCOUNTANTS

222-A, Karachi Memon Cooperative
Housing Society, Justice Inamullah Road,
Near Hill Park, Karachi-74800.
Email: faac@cyber.net.pk

- b) The company has not made provision of markup for the period amounting to Rs. 0.975 billion (up to June 30, 2013: Rs.10.566 billion) (refer note 10) on account of restructuring proposal offered to the lenders as described in note 2 to the interim condensed financial information. Non-provisioning of markup is based on management's hope that the restructuring proposal will be accepted by lenders in the proposed manner. In our opinion, since the proposal has not been accepted by the lenders so far and the lenders, instead of accepting the restructuring proposal, have preferred filing suits against the company, therefore the provision of markup should be made in this interim condensed financial information. Had the provision of markup been made in the interim condensed financial information, the loss after taxation for the period would have been higher by Rs.0.975 billion and markup payable would have been higher and shareholders' equity would have been lower by Rs.11.541 billion.
- c) Investment in associate Dewan Petroleum (Private) Limited is disclosed as non-current assets held for sale (refer note 10 to the interim condensed financial information) although the resolution for the permission to sale the same has been expired during financial year ended June 30, 2008. This investment is to be shown / valued at equity method as prescribed in International Accounting Standard 28 'Investment in associates'. We are unable to quantify the effect of the same as latest audited accounts of Dewan Petroleum (Private) Limited were not made available.
- d) Trade debts amounting to Rs.2.939 billion are stagnant, not being recovered, against which a provision of Rs.0.797 billion has been made so far. Since these trade debts are doubtful of recovery therefore the provision should be made there against. Had the provision been made, loss for the period would have been further higher by 2.142 billion.

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) to (d) above, this interim condensed financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.



Chartered Accountants
(Muhammad Ghalib)



Chartered Accountants
(Muhammad Faisal Nini)

Karachi : February 27, 2014

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2013

	Notes	(Un-audited) December 31, 2013 (Rupees in '000)	(Audited) (Restated) June 30, 2013
<u>EQUITY AND LIABILITIES</u>			
SHARE CAPITAL AND RESERVES			
Authorized capital			
630,000,000 (2013: 630,000,000) Ordinary shares of Rs. 10/- each		6,300,000	6,300,000
90,000,000 (2013: 90,000,000) Preference shares of Rs. 10/- each		900,000	900,000
		<u>7,200,000</u>	<u>7,200,000</u>
Issued, subscribed and paid-up capital		3,663,211	3,663,211
Reserves		<u>(14,577,485)</u>	<u>(14,189,278)</u>
		(10,914,274)	(10,526,067)
Surplus on revaluation of property, plant and equipment		2,166,044	2,251,240
NON CURRENT LIABILITIES			
Long term loans		375,945	362,134
Deferred liabilities		1,140,902	1,169,953
CURRENT LIABILITIES			
Trade and other payables		7,565,181	7,557,193
Short term borrowings	5	7,153,055	7,153,055
Overdue portion of long term loans		3,277,224	3,142,824
Overdue portion of liability against assets subject to finance lease		69,724	69,724
Provision for taxation		160,864	160,864
		18,226,048	18,083,660
Contingencies and commitments	6	--	--
		<u>10,994,665</u>	<u>11,340,920</u>
<u>ASSETS</u>			
NON CURRENT ASSETS			
Property, plant and equipment	7	6,981,367	7,309,950
Long term investments	8	158,588	158,569
Long term prepayments		6,391	8,520
CURRENT ASSETS			
Stores and spares		1,021,719	1,021,719
Stock in trade		176,743	176,743
Trade debts		2,142,171	2,158,899
Advances - Considered good		37,975	37,089
Short term deposits and prepayments		161,858	161,858
Other receivables - Considered good		76,617	76,393
Cash and bank balances		8,236	8,180
		3,625,319	3,640,881
Non current assets held for sale	9	223,000	223,000
		<u>10,994,665</u>	<u>11,340,920</u>

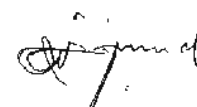
The annexed notes form an integral part of this interim condensed financial information.

Statement Under Section 241(2) of the Companies Ordinance, 1984

The Chief Executive of the company is presently out of the country, therefore these condensed interim financial statements have been signed by two Directors of the company duly authorized by the Board of Directors.



Haroon Iqbal
Director



Ishtiaq Ahmed
Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2013

	Notes	December 31, 2013	December 31, 2012
		(Rupees in '000)	
Sales		--	--
Cost of sales (fixed costs)		361,432	397,486
Gross loss		<u>(361,432)</u>	<u>(397,486)</u>
Distribution cost		2,690	4,703
Administration expenses		21,172	35,920
		23,862	40,623
Operating loss		<u>(385,294)</u>	<u>(438,109)</u>
Finance cost	10	134,004	60,745
Provision for obsolescence and slow moving stocks		--	8,749
Provision for doubtful debt and receivable		--	295,925
Other income		--	(950)
		134,004	364,469
Loss before taxation		<u>(519,298)</u>	<u>(802,578)</u>
Taxation			
Current		--	--
Deferred		(45,875)	(50,972)
		(45,875)	(50,972)
Loss after taxation		<u>(473,423)</u>	<u>(751,606)</u>
Loss per share - Basic (Rupees)		<u>(1.29)</u>	<u>(2.05)</u>
Loss per share - Diluted (Rupees)		<u>(1.23)</u>	<u>(1.95)</u>

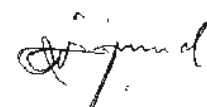
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Haroon Iqbal
Director



Ishtiaq Ahmed
Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

	Dec 31, 2013	Dec 31, 2012
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(519,298)	(802,578)
Adjustments for non cash and other items:		
Depreciation	328,582	365,435
Amortization of prepayments	2,129	2,129
Other income	--	--
Provision for obsolescence and slow moving stocks	--	8,749
Provision for doubtful debt and receivable	--	295,925
Provision for gratuity	17,032	19,720
Financial charges	134,498	60,745
	<u>(37,057)</u>	<u>(49,875)</u>
Movement in working capital (Note – A)	23,606	47,258
	<u>(13,451)</u>	<u>(2,617)</u>
Cash generated from / (used in) operations		
Payments for:		
Staff gratuity	(209)	(4,397)
Financial charges	(12)	(30)
Taxes	(83)	(174)
	<u>(304)</u>	<u>(4,601)</u>
Net cash inflow / (outflow) from operating activities	<u>(13,755)</u>	<u>(7,218)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	--	--
Net cash used in investing activities	--	--
CASH FLOW FROM FINANCING ACTIVITIES		
Long term loans - Net	13,811	1,800
Repayment of lease liability	--	--
Net cash (outflow) / inflow from financing activities	<u>13,811</u>	<u>1,800</u>
Net increase / (decrease) in cash and cash equivalents	56	(5,418)
Cash and cash equivalents at beginning	(2,964,715)	(2,958,640)
Cash and cash equivalents at 31 December (Note – B)	<u><u>(2,964,659)</u></u>	<u><u>(2,964,058)</u></u>

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2013

<u>Note - A</u>	Dec 31, 2013	Dec 31, 2012
	(Rupees in '000)	
Movement in Working Capital		
<i>(Increase) / decrease in current assets</i>		
Trade debts	16,728	--
Advances	(886)	263
Short term deposits and prepayments	--	473
Other receivables	(224)	(473)
<i>Increase / (decrease) in current liabilities</i>		
Trade and other payables	7,988	46,995
	23,606	47,258

Note - B

Cash and Cash Equivalents

Cash and cash equivalents include:

Cash and bank balances	8,236	8,837
Short term finances:		
- Short term running finances	(2,970,019)	(2,970,019)
- Book overdraft	(2,876)	(2,876)
	(2,972,895)	(2,972,895)
	(2,964,659)	(2,964,058)

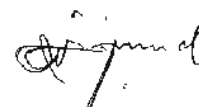
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Statement Under Section 241(2) of the Companies Ordinance, 1984

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Haroon Iqbal
Director



Ishtiaq Ahmed
Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013

	Issued, subscribed and paid-up capital	General Reserve	Unrealized gain due to changes in fair value of investments	Accumulated Loss	Total
	(Rupees in '000)				
Balance as at July 01, 2012 - As reported	3,663,211	350,000	7,159	(13,601,686)	(9,581,316)
Effect of change in accounting policy	--	--	--	(7,904)	(7,904)
Balance as at July 01, 2012 - As restated	3,663,211	350,000	7,159	(13,609,590)	(9,589,220)
Total comprehensive (loss) for the period					
Loss for the period	--	--	--	(751,606)	(751,606)
Net change in fair value of available-for-sale financial assets	--	--	5,905	--	5,905
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - Net of tax	--	--	--	94,663	94,663
	--	--	5,905	(656,943)	(651,038)
Balance as at December 31, 2012 - As restated	3,663,211	350,000	13,064	(14,266,533)	(10,240,258)
Balance as at July 01, 2013 - As reported	3,663,211	350,000	17,396	(14,558,997)	(10,528,390)
Effect of change in accounting policy	--	--	--	2,323	2,323
Balance as at July 01, 2013 - As restated	3,663,211	350,000	17,396	(14,556,674)	(10,526,067)
Total comprehensive (loss) for the period					
Loss for the period	--	--	--	(473,423)	(473,423)
Net change in fair value of available-for-sale financial assets	--	--	19	--	19
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - Net of tax	--	--	--	85,197	85,197
	--	--	19	(388,226)	(388,207)
Balance as at December 31, 2013	3,663,211	350,000	17,415	(14,944,900)	(10,914,274)

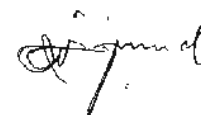
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Statement Under Section 241(2) of the Companies Ordinance, 1984

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Haroon Iqbal
Director



Ishtiaq Ahmed
Director

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

	Dec 31, 2013	Dec 31, 2012
	(Rupees in '000)	
Net loss after taxation	(473,423)	(751,606)
Net change in fair value of available-for-sale financial assets	19	5,905
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	131,072	145,635
Related deferred tax	(45,875)	(50,972)
	85,197	94,663
Total comprehensive loss for the period	<u>(388,207)</u>	<u>(651,038)</u>
Component of comprehensive income not reflected in equity	--	--
Total comprehensive loss transferred to equity	<u><u>(388,207)</u></u>	<u><u>(651,038)</u></u>

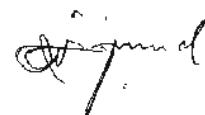
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Statement Under Section 241(2) of the Companies Ordinance, 1984

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Haroon Iqbal
Director



Ishtiaq Ahmed
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2013

1 THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan on October 04, 1989 and its shares are listed on Karachi, Lahore and Islamabad Stock Exchanges. It is engaged in manufacture and sale of polyester, acrylic fibre and tow products. The registered office of the Company is situated at Dewan Centre, House No. 58, Margalla Road, F-7/2, Islamabad, Pakistan.

2 GOING CONCERN ASSUMPTION

The interim condensed financial information for the half year ended December 31, 2013 reflects loss after taxation of Rs.0.473 billion (June 2013: Rs. 1.147 billion) and as of that date it has accumulated losses of Rs.14.945 billion (June 2013: Rs.14.194 billion) which have resulted in net capital deficiency of Rs.10.914 billion (June 2013: Rs.10.531 billion) and its current liabilities exceeded its current assets by Rs.14.601 billion (June 2013: Rs.14.443 billion) and total assets by Rs.7.231 billion (June 2013: 6.743 billion). The operations of the company are closed since December 2008 due to working capital constraints. Further, the Company has been unable to ensure timely repayments of debts owing to financial institutions due to liquidity problems and short term finance facilities have not been renewed by banks. Following course most of the lenders have gone into litigation for repayment of liabilities through attachment and sale of company's hypothecated/ mortgaged properties and certain lenders have

The interim condensed financial information has been prepared on going concern assumption because the above conditions are temporary and would reverse. The management is confident that the outcome will be positive as the company is negotiating re-profiling of the debt with all the lenders and is expected to be closed in near future. Accordingly, the company has approached its lenders for the restructuring of its entire debt in the following manner:

- a) All the debt obligations of the company be converted into Interest Bearing Long Term Loan in proportion to their respective current exposures;
- b) Principal to be repaid in 12 years in equal quarterly installments commencing from the 28th month of the restructuring date;
- c) Mark-up payable as on December 31, 2008 to be freezed and paid quarterly over a period of three years commencing after 3 months from the restructuring date;

The management believes that the restructuring proposal presented is workable and would enable the company to service its debts. Therefore, the management is confident that the proposal will be accepted by its lenders. Accordingly, the interim condensed financial information has been prepared on a going concern basis.

3 BASIS OF PREPRATION

The interim condensed financial information is un audited but subject to limited scope review by the auditors and is required to be presented to the share holders under section 245 of the ordinance and has been prepared in a condensed form in accordance with the requirements of the international accounting standard (IAS-34) "interim financial reporting" as applicable in Pakistan. The figures of the interim condensed profit and loss account for the quarters ended 31, December 2013 and 2012 have not been reviewed by the auditors of the company as they have reviewed the cumulative figures for the half year ended December 31, 2013 and 2012. The interim condensed financial information does not include all the information and disclosure required in the annual financial statements, and should be read in conjunction with the company's annual financial statements for the year ended June 30, 2013.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 The accounting policies, significant accounting estimates and judgments adopted and applied in the preparation of the interim condensed financial information are consistent with those followed in the preparation of the company's annual financial statements 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 decrease in benefits payables and accumulated loss as of June 30, 2013 by Rs.2.323 million (increase in benefits payables and accumulated loss as of June 30, 2012 Rs. 7.904 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.

5 SHORT TERM BORROWINGS

The short term borrowings has not been renewed by the Banks as of balance sheet date.

6 CONTINGENCIES AND COMMITMENTS

The status of contingencies and commitments are same as reported in the annual financial statements for the year ended June 30, 2013.

	(Un-audited) Dec. 31, 2013	(Audited) June 30, 2013
7 PROPERTY PLANT AND EQUIPMENT	(Rupees in '000)	
Operating fixed assets - At cost less accumulated depreciation	6,838,554	7,167,137
Capital work in progress	142,813	142,813
	6,981,367	7,309,950
8 LONG TERM INVESTMENTS		
Investment in listed securities		
Meezan Balance Fund		
(500,000 certificates of Rs.10/- each)	5,000	5,000
Pakistan Strategic Allocation Fund		
(2,568,612 certificates (June 2013: 2,568,612 certificates) of Rs.10/- each)	22,040	22,040
	27,040	27,040
Accumulated gain	8,597	8,578
	35,637	35,618

Investment in non-listed securities

Global Securities (Pvt) Limited		
- 495,000 shares of Rs. 10/- each at a premium of Rs.40.92/- per share	25,205	25,205
Equity investment in Dewan Petroleum (Pvt) Limited.		
- 12,000,000 (June 2013: 12,000,000) shares of Rs.10/- premium of Rs.8.583/- per share	223,000	223,000
Shares application money - Dewan Petroleum (Pvt.) Ltd	97,746	97,746
	320,746	320,746
Less: classified under non-current assets held for sale	(223,000)	(223,000)
	<u>158,588</u>	<u>158,569</u>

9 NON CURRENT ASSETS HELD FOR SALE

This represent equity investment in Dewan Petroleum (Pvt.) Limited representing 12 million ordinary shares of Rs. 10/- each. The investment has been classified as held for sale upon management's intention to sell the same within next accounting cycle in the manner to be deemed appropriate, equitable, fit and beneficial to the interests of the company, which will enable to resume operations of the company. For the purpose special resolution was passed by the shareholders in the Extra Ordinary General Meeting of the Company held on June 23, 2008, which was expired during the preceding financial year, however the management will seek further shareholders' approval before disposal of the same.

10 FINANCE COST

The Company has not made the provision of markup amounting to Rs.0.975 billion (Upto June 30, 2013: Rs.10.566 billion) keeping in view of the financial restructuring proposed to the lenders as disclosed in note 2. Management is hopeful that the restructuring proposal will be accepted by the lenders. Had the provision been made the loss for the year would have been higher by Rs. 1.975 billion and accrued markup would have been higher and shareholders' equity would have been lower by Rs.11.541 billion. The said non provisioning is departure from the requirements of IAS-23 'Borrowing Costs'.

(Un-audited) (Un-audited)
Dec 31, Dec 31,
2013 2012

11 TRANSACTIONS WITH RELATED PARTIES

(Rupees in '000)

Director:

Long term loan received	13,811	1,800
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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

These financial statement have been authorized for issue on February 27, 2014 by the Board of Directors of the Company.

14 GENERAL

The figures have been rounded off to the nearest thousand rupees.



Haroon Iqbal
Director



Ishtiaq Ahmed
Director

**CONDENSED INTERIM OPERATING RESULT (UN-AUDITED)
FOR THE QUARTER ENDED DECEMBER 31, 2013**

	Qtr Ended Dec 31, 2013	Qtr Ended Dec 31, 2012
	(Rupees in '000)	
Sales	--	--
Cost of sales	181,269	198,623
Gross loss	<u>(181,269)</u>	<u>(198,623)</u>
Distribution cost	1,333	1,884
Administration expenses	9,511	14,890
	10,844	16,774
Operating loss	<u>(192,113)</u>	<u>(215,397)</u>
Finance cost	(6,192)	50,259
Provision for obsolescence and slow moving stocks	--	8,749
Provision for doubtful debt and receivable	--	295,925
Other income	--	(950)
	(6,192)	353,983
Loss before taxation	<u>(185,921)</u>	<u>(569,380)</u>
Taxation		
Current	--	--
Deferred	(22,937)	(25,486)
	<u>(22,937)</u>	<u>(25,486)</u>
Loss after taxation	<u>(162,984)</u>	<u>(543,894)</u>
Loss per share - Basic (Rupees)	<u>(0.44)</u>	<u>(1.48)</u>
Loss per share - Diluted (Rupees)	<u>(0.42)</u>	<u>(1.41)</u>

The annexed notes form an integral part of this interim condensed financial information.

Statement Under Section 241(2) of the Companies Ordinance, 1984

The Chief Executive of the company is presently out of the country, therefore these condensed interim financial statements have been signed by two Directors of the company duly authorized by the Board of Directors.



Haroon Iqbal
Director



Ishtiaq Ahmed
Director