

9 NON CURRENT ASSETS HELD FOR SALE

Investment in Dewan Salman Fibre Limited
104,288,773 Fully paid ordinary shares
of Rs. 10/- each

166,862

215,877

10 FINANCE COST AND MARKUP ACCRUED

Company has not made the provision of markup for the period amounting to Rs.34.732 million (upto June 30, 2014: Rs.258.295 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 period would have been higher by Rs.34.732 millions and accrued markup would have been higher and shareholders' equity would have been lower by Rs. 293.027 million. The said non provisioning is departure from the requirements of IAS-23 'Borrowing Costs'.

11 TRANSACTIONS WITH RELATED PARTIES

During the period aggregate transactions made by the company with the associated companies were purchases of Rs. 8.847 Million (Mar,2014: Rs.4.242 million) and sales of Rs. 118.870 million (March, 2014: Rs.84.157 million).

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

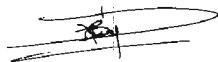
The interim condensed financial information was authorized for issue on April 30, 2015 by the Board of Directors of the Company.

14 GENERAL

Figures have been rounded off to the nearest thousand of rupee.

CONTENTS

| | |
|--|---|
| Company Information..... | 2 |
| Directors' Report..... | 3 |
| Condensed Interim Balance Sheet..... | 4 |
| Condensed Interim Profit and Loss Account | 5 |
| Condensed Interim Statement of Comprehensive Income..... | 6 |
| Condensed Interim Cash Flow Statement..... | 7 |
| Condensed Interim Statement of Changes in Equity..... | 8 |
| Notes to the Condensed Interim Financial Statements..... | 9 |



Dewan Abdul Baqi Farooqui
Chief Executive



Haroon Iqbal
Director

COMPANY INFORMATION

| | | |
|---|---|--|
| Executive Directors | : | Dewan Abdul Baqi Farooqui - Chief Executive Officer |
| Non-Executive Director Board of Directors | : | Dewan Muhammad Yousuf Farooqui - Chairman Dewan Abdul Rehman Farooqui Mr. Haroon Iqbal Mr. Ishtiaq Ahmed Mr. Ghazanfar Babar Siddiqui |
| Independent Director | : | Mr. Aziz-ul-Haque |
| Audit Committee | : | Mr. Aziz-ul-Haque - Chairman Dewan Abdul Rehman Farooqui - Member Mr. Haroon Iqbal - Member |
| Human Resources & Remuneration Committee | : | Dewan Muhammad Yousuf Farooqui - Chairman Dewan Abdul Baqi Farooqui - Member Mr. Haroon Iqbal - Member |
| Auditors | : | Faruq Ali & Co. Chartered Accountants 222-A, K.M.C.H.S. Justice Inamullah Road, Near Hill Park, Karachi |
| Company Secretary | : | Muhammad Hanif German |
| Tax Advisor | : | Sharif & Co. Advocates |
| Legal Advisor | : | A. K. Brohi & Co. (Advocates) |
| Bankers | : | Habib Bank Limited Standard Chartered Bank Pakistan Limited Meezan Bank Limited United Bank Limited Bank Al-Falah Ltd Silk Bank Limited NIB Bank Limited Summit Bank Limited Faysal Bank Limited MCB Bank Limited |
| Registered Office | : | Finance & Trade Centre Block-A, 8th Floor, Shahrah-e-Faisal, Karachi. |
| Shares Registrar & Transfer Agent: | : | BMF Consultants Pakistan (Private) Ltd. Anum Estate Building, Room No. 310 & 311, 3rd Floor, 49, Darul Aman Society, Main Shahrah-e-Faisal, Adjacent Baloch Colony Bridge, Karachi-75350, Pakistan |
| Factory Office | : | H/20 & H/26, S.I.T.E., Kotri, District Dadu, Sind, Pakistan |
| Website | : | www.yousufdewan.com |

6 CONTINGENCIES AND COMMITMENTS

There has been no significant change in the status of contingencies and commitments as reported in the annual financial statements for the year ended June 30, 2014.

| | | March 31, 2015 | June 30, 2014 |
|--|-----|-------------------|------------------|
| Rupees in '000' | | | |
| 7 PROPERTY, PLANT AND EQUIPMENT | | | |
| Operating fixed assets | 7.1 | 1,703,135 | 1,827,262 |
| Capital Work in progress | 7.2 | 3,633 | -- |
| | | <u>1,706,768</u> | <u>1,827,262</u> |

**7.1 Additions and disposals during the period (Operating fixed assets)
Addition in Owned Assets**

| | | |
|---------------------------------|--------------|----------------|
| Plant, machinery and equipments | -- | 88,835 |
| Electric installation | -- | 5,503 |
| Vehicles | 1,480 | 4,380 |
| Furniture and fixture | -- | 1,268 |
| Office equipments | 1,783 | 839 |
| | <u>3,263</u> | <u>100,825</u> |

7.2 Capital Work in progress

| | | |
|----------------------|--------------|-----------|
| Software Development | <u>3,633</u> | <u>--</u> |
|----------------------|--------------|-----------|

8 STOCK IN TRADE

Raw material stocks valuing Rs.265.041 million (June 2014: Rs.112.216 million) were pledged with the banks against the finance facilities obtained by the Company.

Finished goods stocks valuing Rs.104.433 million (June 2014: Rs.119.737 million) were pledged with the banks against the finance facilities obtained by the Company.

- 3.1** 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, 2014.
- 3.2** These condensed interim financial statements are presented in Pak Rupees which is also the Company's functional & prenotation currency and all figures have been rounded off to the nearest thousand.
- 3.3** These condensed interim financial statements comprise of condensed Interim Balance Sheet as at March 31, 2015 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 nine months period ended March 31, 2015 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 March 31, 2015.
- 3.4** 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 2014, 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 March 31, 2014. The comparative condensed Interim profit and loss account for the quarter ended March 31, 2014 is also included in these condensed interim financial statements, which has not been subject to a review.

4 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, 2014.

5 RESERVES AND SURPLUS

Revenue reserves

| | March 31, 2015 | June 30, (Restated) 2014 |
|-----------------------------|-------------------|--------------------------------|
| General reserve | 333,000 | 333,000 |
| Accumulated loss - restated | (1,322,435) | (985,635) |

Capital reserves

| | | |
|--|------------------|------------------|
| Un-realized gain due to change in fair value of investment | 8,343 | 57,358 |
| | <u>(981,092)</u> | <u>(595,277)</u> |

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 nine months ended March 31, 2015 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.

Operating Performance:-

The financial highlights for the period ended March 31, 2015 are as follows:

Company has achieved net sales of Rs 1,476.056 million during the period under review as compared to Rs 2,952.113 million of the corresponding period of last year. Company has suffered gross loss of Rs 159.889 million as compared to the gross profit of Rs 72.170 million of comparable period of last year. Operating expenses of the company have been decreased by Rs 60.881 million as compared to those of relevant period of previous year.

The increase in the cost of power crises, rise in salaries & wages, increase in tariff of gas, decrease in yarn selling prices and higher freight & transportation costs for the period under review have negatively affected the results of the company. Further there were 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 other major factors of increased cost of production remains the ongoing energy crises and lower market demand which have resulted in under utilization of installed capacities. The results were also affected by the increase in costs of stores spares and packing materials.

Future Outlook

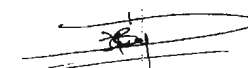
The Management foresees the demand of yarn will be better in the coming period but other factors such as raw material quality and rates, power shortage, law and order situation and other input costs will remain challenges for the industry. Moreover the increase in energy costs will also result in increased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

Conclusion

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

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: April 30, 2015

**CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2015**

| | Note | Un - Audited March 31, 2015 | Audited June 30, 2014 |
|---|------|-----------------------------------|-----------------------------|
| Rupees in '000' | | | |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorized capital (June 2012: 30,000,000 ordinary shares of Rs.10/- each) | | 300,000 | 300,000 |
| Issued, subscribed and paid up capital | | 135,046 | 135,046 |
| Accumulated deficit | | (981,092) | (595,277) |
| | | (846,046) | (460,231) |
| Surplus on revaluation of property plant and equipment | | 684,506 | 726,048 |
| NON CURRENT LIABILITIES | | | |
| Long term financing - Secured | | 2,462,434 | 2,811,361 |
| Deferred liability for staff gratuity | | 41,559 | 39,505 |
| Deferred Tax | | 146,549 | 160,334 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 248,135 | 411,245 |
| Markup accrued | | 175,605 | 34,367 |
| Short term borrowings - Secured | | 603,944 | 816,007 |
| Sponsor Loan | | 279,300 | -- |
| Current and overdue portion of long term financing | | 772,414 | 462,188 |
| | | 2,079,398 | 1,723,807 |
| CONTINGENCIES AND COMMITMENTS | 4 | -- | -- |
| | | 4,568,400 | 5,000,824 |
| ASSETS | | | |
| NON CURRENT ASSETS | | | |
| Property, plant and equipment | 5 | 1,706,768 | 1,827,262 |
| Available for sale investment - At fair value | 6 | -- | -- |
| Long term deposits | | 54,111 | 54,111 |
| CURRENT ASSETS | | | |
| Stores and spares | | 54,180 | 63,292 |
| Stock in trade | | 1,488,071 | 1,494,282 |
| Trade debtors - Considered good | | 996,929 | 1,231,646 |
| Advances - Considered good | | 28,786 | 29,226 |
| Short term deposits and current account balances with statutory authorities | | 18,176 | 19,436 |
| Taxes recoverable - Net | | 43,809 | 50,861 |
| Cash and bank balances | | 10,708 | 14,829 |
| | | 2,640,659 | 2,903,573 |
| Non current assets held for sale | | 166,862 | 215,878 |
| | | 4,568,400 | 5,000,824 |

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



Dewan Abdul Baqi Farooqui
Chief Executive



Haroon Iqbal
Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS AND THIRD QUARTER ENDED MARCH 31, 2015**
1 THE COMPANY AND ITS OPERATIONS

The Company is a public limited company incorporated in Pakistan under the Companies Act 1913 (Now Companies Ordinance, 1984) and is listed on the Karachi and Lahore Stock Exchanges. The principal activity of the Company is manufacturing and sale of yarn.

2 GOING CONCERN ASSUMPTION

The interim condensed financial information for the Nine months ended March 31, 2015 reflects that company's negative reserves of Rs.981.092 million (June 2014: Rs.595.277 million) have resulted in negative equity of Rs.846.046 million (June 2014: Rs.460.231 million). Further the company's short term borrowing facilities having limits to the extent of Rs.315 million have expired and not been renewed. Company is facing litigations with three of its lenders for repayment of liabilities through attachment and sale of company's hypothecated / mortgaged properties and out of them two of the lenders had also filed winding up petition under section 305 of the companies ordinance 1984. These conditions indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as a going concern.

The interim condensed financial information has been prepared on going concern assumption because the Company has executed Compromise Agreement dated December 23, 2011 with majority of its lenders and, in this regard, consent decrees have been granted by the Honorable High Court of Sindh, Karachi. Company's liabilities in respect of short term borrowings, long term loans, leases and overdue letters of credit have been rescheduled in the form of a syndicated long term loan of Rs.3.930 billion repayable in nine and half years with progressive mark up rates ranging from 2% to 13% over the period on outstanding principal. Moreover banks / financial institutions have allowed further working capital to the Company upto the limit to Rs.916.800 million. This will streamline the funding requirements of the Company which will ultimately help the management to run the operations smoothly with optimum utilization of production capacity. As the conditions mentioned in the foregoing paragraph are temporary and have started

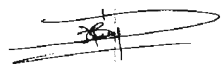
3 BASIS OF PREPARATION

These condensed Interim financial statements of the company for the nine months period ended March' 31, 2015 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.

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2015**

| | Issued Subscribed and Paid up Capital | General reserve | Unrealized gain / (loss) due to change in fair value of Investment | Accumulated Loss | Total |
|---|--|--------------------|--|---------------------|-----------|
| | Rupees in '000' | | | | |
| Balance as at July 01, 2013 | 135,046 | 333,000 | 83,431 | (758,398) | (206,921) |
| Total comprehensive (loss) for the period profit / (Loss) for the period | -- | -- | -- | (153,804) | (153,804) |
| Transfer from surplus on revaluation of property, plant and equipment in respect incremental depreciation - net of tax | -- | -- | -- | 41,692 | 41,692 |
| | -- | -- | -- | (112,112) | (112,112) |
| Balance as at Marh 31, 2014 | 135,046 | 333,000 | 83,431 | (870,510) | (319,033) |
| Balance as on 1st July, 2014 | 135,046 | 333,000 | 57,359 | (985,635) | (460,231) |
| Total comprehensive (loss) for the period profit / (Loss) for the period | -- | -- | -- | (373,868) | (373,868) |
| Changes in fair values of available for sale investments | -- | -- | (49,016) | -- | (49,016) |
| Transfer from surplus on revaluation of property, plant and equipment in respect incremental depreciation - net of tax | -- | -- | -- | 37,069 | 37,069 |
| | -- | -- | (49,016) | (336,799) | (385,815) |
| Balance as on 31st March, 2015 | 135,046 | 333,000 | 8,343 | (1,322,435) | (846,046) |

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



Dewan Abdul Baqi Farooqui
Chief Executive



Haroon Iqbal
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS AND THIRD QUARTER ENDED MARCH 31, 2015**

| Note | 9 months | | 3 months | |
|--|-------------------|-------------------|-------------------|-------------------|
| | Jul - Mar 2015 | Jul - Mar 2014 | Jan - Mar 2015 | Jan - Mar 2014 |
| | Rupees in '000' | | Rupees in '000' | |
| Sales - Net | 1,476,056 | 2,952,113 | 514,158 | 933,469 |
| Cost of sales | (1,635,945) | (2,879,943) | (589,230) | (996,764) |
| Gross (Loss) /profit | (159,889) | 72,170 | (75,072) | (63,295) |
| OPERATING EXPENSES | | | | |
| Distribution cost | (19,302) | (74,206) | (4,788) | (22,187) |
| Administrative expenses | (27,517) | (33,493) | (10,310) | (11,880) |
| | (46,819) | (107,699) | (15,098) | (34,067) |
| OPERATING LOSS | (206,708) | (35,530) | (90,170) | (97,363) |
| OTHER CHARGES / INCOME | | | | |
| Finance cost | (166,756) | (121,714) | (53,995) | (55,226) |
| Other Charges | (2,610) | (2,960) | (785) | (532) |
| Other income | 277 | 15,695 | -- | 381 |
| | (169,089) | (108,978) | (54,780) | (55,376) |
| Loss before taxation | (375,797) | (144,507) | (144,950) | (152,738) |
| Taxation - Current | (16,330) | (30,774) | (5,523) | (9,476) |
| Deferred | 18,258 | 21,478 | 5,717 | 7,160 |
| | 1,928 | (9,297) | 194 | (2,316) |
| Loss after taxation | (373,868) | (153,804) | (144,756) | (155,054) |
| Earnings/ loss per share - basic and diluted | (27.68) | (11.39) | (10.68) | (11.48) |

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



Dewan Abdul Baqi Farooqui
Chief Executive

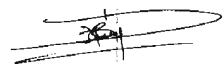


Haroon Iqbal
Director

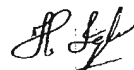
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS AND THIRD QUARTER ENDED MARCH 31, 2015**

| | 9 months | | 3 months | |
|---|-------------------|-------------------|-------------------|-------------------|
| | Jul - Mar 2015 | Jul - Mar 2014 | Jan - Mar 2015 | Jan - Mar 2014 |
| | Rupees in '000' | | | |
| Loss for the period | (373,868) | (153,804) | (144,756) | (155,055) |
| Other comprehensive income: | | | | |
| Available for sale financial assets: | | | | |
| - Changes in fair value | (37,260) | -- | (18,630) | -- |
| Transfer from surplus on revaluation of fixed assets in respect of | | | | |
| Incremental depreciation | 55,327 | 63,170 | 18,442 | 21,057 |
| Related deferred tax | (18,258) | (21,478) | (6,086) | (7,160) |
| | 37,069 | 41,692 | 12,356 | 13,897 |
| Total comprehensive income / (loss) for the period | (374,059) | (112,112) | (151,030) | (141,158) |

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



Dewan Abdul Baqi Farooqui
Chief Executive



Haroon Iqbal
Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2015**

| | 9 months ended | 9 months ended |
|--|-------------------|-------------------|
| | March 31, 2015 | March 31, 2014 |
| | Rupees in '000' | |
| Cash Flow from Operating Activities | | |
| Loss profit before taxation | (375,797) | (144,507) |
| Adjustment for non-cash and other items | | |
| Depreciation | 127,390 | 137,339 |
| Provision for gratuity | 11,565 | 7,475 |
| Finance cost | 166,756 | 121,714 |
| | 305,712 | 266,528 |
| | (70,085) | 122,020 |
| Changes in Operating Assets and Liabilities (Increase) / Decrease in Current Assets | | |
| Stores and spares | 9,112 | (9,327) |
| Stock in trade | 6,210 | 161,583 |
| Trade debtors - Considered good | 234,718 | 255,812 |
| Advances - Considered good | 440 | (9,782) |
| Short term deposits and current account balances with statutory authorities | - | 5,183 |
| | 1,260 | 5,183 |
| Increase / (Decrease) in Current Liabilities | | |
| Trade creditors, payable & others borrowings | (375,173) | 37,585 |
| | (123,432) | 441,054 |
| Payments for | | |
| Income tax - net | (9,278) | (39,814) |
| Gratuity | (9,512) | (7,245) |
| | (18,790) | (47,059) |
| Net cash inflow from operating activities | (212,307) | 516,015 |
| Cash Flow from Investing Activities | | |
| Fixed capital expenditures | (6,896) | (90,089) |
| Long term deposit | - | (189) |
| Net cash outflow from investing activities | (6,896) | (90,278) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Long term financing | (38,700) | (304,124) |
| Sponsor loan | 279,300 | - |
| Financial cost paid | (25,518) | (116,476) |
| Net cash outflow from financing activities | 215,082 | (420,600) |
| Net decrease in cash and cash equivalents | (4,121) | 5,137 |
| Cash and cash equivalents at beginning of the period | 14,829 | 40,407 |
| Cash and cash equivalents at the end of period | 10,708 | 45,544 |

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



Dewan Abdul Baqi Farooqui
Chief Executive



Haroon Iqbal
Director