

Finished goods stocks valuing Rs.116.977 million (June 2014: Rs.119.737 million) were pledged with the banks against the finance facilities obtained by the Company.

9 NON CURRENT ASSETS HELD FOR SALE

Investment in Dewan Salman Fibre Limited

104,288,773 Fully paid ordinary shares
of Rs. 10/- each

<u>199,192</u>	<u>215,878</u>
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The above 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. The approval of shareholders is being obtained in upcoming annual general meeting of the company. As required by IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' the investment has been carried at lower of carrying amount and fair value less cost to sell. The fair value of investments as of reporting date based on quoted prices was Rs.201.277 million.

10 FINANCE COST AND MARKUP ACCRUED

Company has not made the provision of markup for the period amounting to Rs.23.547 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. 23.547 millions and accrued markup would have been higher and shareholders' equity would have been lower by Rs. 281.842 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.6.683 million (December,2013: Nil) and sales of Rs. 80.617 million (December,2013: Rs.70.019 million).

12 CORRESPONDING FIGURES

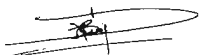
In order to comply with the requirements of International Accounting Standard 34 "Interim Financial Reporting", balance sheet has been compared with the balances of annual financial statements, whereas profit and loss account, statement of comprehensive income, cash flow statement and statement of changes 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 February 24, 2015 by the Board of Directors of the Company.

14 GENERAL

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



Dewan Abdul Baqi Farooqui
Chief Executive



Haroon Iqbal
Director

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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

4 ACCOUNTING POLICIES

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, except as described below:

	December 31, 2014	June 30, 2013
	Rupees in '000'	
5 RESERVES AND SURPLUS		
Revenue reserves		
General reserve	333,000	333,000
Accumulated loss	(1,190,960)	(985,636)
Capital reserves		
Un-realized gain due to change in fair value of investment	40,673	57,359
	<u>(817,287)</u>	<u>(595,277)</u>
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.		
	2014	2014
	Rupees in '000'	
7 PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets - At cost less accumulated depreciation	<u>1,742,461</u>	<u>1,827,262</u>
	December 31, 2014	June 30, 2014
	Rupees in '000'	
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	--	4,380
Furniture and fixture	--	1,268
Office equipments	--	839
	<u>--</u>	<u>100,825</u>
8 STOCK IN TRADE		
Raw material stocks valuing Rs.301.637 million (June 2014: Rs.112.216 million) were pledged with the banks against the finance facilities obtained by the Company.		

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2014

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 half year ended December 31, 2014 reflects that company has sustained a net loss after taxation of Rs.229.668 million (June 2014: Rs.274.911 million) and as of that date company's negative reserves of Rs.817.287 million (June 2014: Rs.595.277 million) have resulted in negative equity of Rs.682.241 million (June 2014: Rs.460.231 million). Further the company's short term borrowing facilities having limit to the extent of Rs.315 million have expired and not been renewed. The 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, therefore the company may not be able to realize its started to be reversed, so accordingly the preparation of financial information using going concern assumption is justified.

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

The Interim condensed financial information is un-audited but subject to limited scope review by the auditors. This is required to be presented to the shareholders under Section 245 of the Companies Ordinance, 1984 and has been prepared in accordance with the requirements of the International Accounting Standard (IAS)-34 "Interim Financial Reporting". The interim condensed financial information does not include all the information and disclosures 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, 2014. The figures of the Interim condensed profit and loss account and interim condensed statement of comprehensive income for the quarters ended December 31, 2014 and December 31, 2013 have not been reviewed by the auditor of the Company as they have reviewed the cumulative figures for the half years ended December 31, 2014 and December 31, 2013.

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 period ended December 31, 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.

Operating Performance:-

The financial highlights for the period ended December 31, 2014 are as follows:

Company has achieved net sales of Rs 961.897 million during the period under review as compared to Rs 2,018.644 million of the corresponding period of last year. Company has suffered gross loss of Rs 84.818 million as compared to the gross profit of Rs 135.465 million of comparable period of last year. Operating expenses of the company have been decreased by Rs 41.913 million as compared to those of relevant period of last year.

The results of the company had been disturbed due to 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. 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 factor 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.

The auditors have qualified review report due to significance of the matter of non-provisioning of Rs 23.547 (up to December 31, 2014 accumulated markup of Rs 281.842 million). Non-provisioning relates to certain banks those have not yet accepted the restructuring proposal and the management of the company is quite hopeful that these banks will also accept the restructuring proposal in near future.

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 cost will remain challenges for the industry. Moreover the increase in energy costs will also result in increased cost of production.

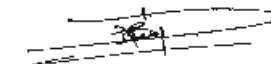
Conclusion

With grace of Allah Almighty, the management of the company will 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 Basit Farooqui
Chief Executive

Karachi: February 24, 2015

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

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

Introduction

We have reviewed the accompanying interim condensed balance sheet of Dewan Textile Mills Limited as at December 31, 2014, 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, 2014 and December 31, 2013 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

- The interim condensed financial information for the period ended December 31, 2014 has been prepared on going concern assumption despite of the fact that company incurred loss after taxation of Rs. 229,688 million and as of that date it has accumulated losses of Rs. 1,190,960 million which resulted in negative equity of Rs. 682,241 million and its current liabilities (including the effect of non provided markup and restructured liabilities classified under non-current liabilities) exceeded its current assets by Rs. 3,689,332 million and total assets by Rs. 1,593,569 million. During the period company defaulted in repayment of installments of restructured liabilities, hence as per terms of restructuring, the entire restructured liabilities along with markup of Rs. 1,821,421 million (eligible for waiver outstanding as of date of restructuring) have now become immediately payable, therefore provision for markup should be made in this interim condensed financial information and the entire long term financing of Rs. 2,580,105 million should be classified under current liabilities. Furthermore, company is facing litigations from its lenders, the aggregate suits amount to Rs. 419,085 million, out of which lenders having suits amount to the extent of Rs. 359,439 million have also filed winding up petition vide 305 of the Companies Ordinance, 1984. These conditions lead us to be believe that 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.
- In addition to above, the company has not made provision of markup for the period amounting to Rs. 23,547 million (up to June 30, 2014: Rs. 258,286 million) (refer note 10) on account of restructuring proposal offered to the lenders. Non-provisioning of markup is based on management's hope that the said restructuring proposal will be accepted in the same manner as accepted by majority of lenders detailed in note 2 to the interim condensed financial information. In our opinion, since the proposal has not been accepted by the remaining lenders and company has defaulted in repayment of restructured liabilities, therefore the provision of markup should be made in this interim condensed financial information.
- Had the provisions of markups, as discussed in preceding paragraphs, been made in the interim condensed financial information, the loss after taxation for the period would have been higher by Rs. 1,644,968 million and markup payable would have been higher and shareholders' equity would have been lower by Rs. 1,903,283 million.

Adverse Conclusion

Our review indicates that, because of the significance of the matters discussed in paragraph (a) to (c) above, this interim condensed financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Engagement Partner : Faish uz zaman
Dated: February 24, 2014
Place: Karachi

Faish uz zaman
FARUQ ALI & CO.
CHARTERED ACCOUNTANTS

	Issued Subscribed and Paid up Capital	General reserve	Unrealized gain due to change in fair value of Investment	Accumulated Loss	Total
Rupees in '000'					
Balance as at July 01, 2013 - As reported	135,046	333,000	83,431	(756,268)	(204,791)
Effect of change in accounting policy	-	-	-	(2,130)	(2,130)
Balance as at July 01, 2013 - As restated	135,046	333,000	83,431	(758,398)	(206,821)
Total comprehensive income for the period	-	-	-	1,261	1,261
Profit for the period	-	-	-	1,261	1,261
property, plant and equipment in respect	-	-	-	27,795	27,795
incremental depreciation - Net of tax	-	-	-	29,048	29,048
Balance as at December 31, 2013 - As restated	135,046	333,000	83,431	(729,352)	(177,875)
Balance as at July 01, 2014	135,046	333,000	67,369	(885,638)	(480,231)
Total comprehensive income for the period	-	-	-	(229,688)	(229,688)
Loss for the period	-	-	-	(229,688)	(229,688)
Changes in fair values of available for sale Investments	-	-	(16,886)	-	(16,886)
Transfer from surplus on revaluation of property, plant and equipment in respect	-	-	-	24,344	24,344
Incremental depreciation - Net of tax	-	-	-	(16,886)	(16,886)
Balance as at December 31, 2014	135,046	333,000	40,673	(1,180,960)	(682,241)

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

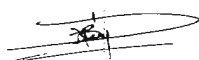
[Signature]
Dewan Abdul Baqi Farooqui
Chief Executive

[Signature]
Haroon Iqbal
Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

	6 months ended December 31, 2014	6 months ended December 31, 2013
	Rupees in '000'	
Cash Flow from Operating Activities		
(Loss) / profit before taxation	(231,402)	8,231
Adjustment for non-cash and other items		
Depreciation	84,801	90,502
Provision for gratuity	7,710	4,984
Finance cost	112,761	66,488
	205,272	161,974
Changes in Operating Assets and Liabilities		
(Increase) / Decrease in Current Assets		
Stores and spares	10,021	(6,812)
Stock in trade	13,638	187,304
Trade debtors	159,906	213,358
Advances	536	12,657
Short term deposits and current account balances with statutory authorities	1,196	(9,358)
Increase / (Decrease) in Current Liabilities		
Trade and other payables	37,573	6,558
	222,870	403,707
Payments for		
Income tax - Net	(8,107)	(26,635)
Financial charges paid	(14,292)	(60,767)
Gratuity	(4,777)	(4,748)
	(27,176)	(92,150)
Net cash inflow from operating activities	169,564	481,762
Cash Flow from Investing Activities		
Fixed capital expenditures	--	(72,859)
Net cash outflow from investing activities	--	(72,859)
Cash Flow from Financing Activities		
Long term financing	(580)	(229,252)
Short term borrowings	(176,197)	(200,264)
Net cash outflow from financing activities	(176,777)	(429,516)
Net decrease in cash and cash equivalents	(7,213)	(20,613)
Cash and cash equivalents at beginning of the period	14,829	40,407
Cash and cash equivalents at end of the period	7,616	19,794

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



Dewan Abdul Baqi Farooqui
Chief Executive

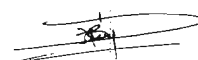


Haroon Iqbal
Director

**CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2014**

	Note	Un - Audited December 31, 2014	Audited June 30, 2014
		Rupees in '000'	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital (30,000,000 Ordinary shares of Rs. 10/- each)		300,000	300,000
Issued, subscribed and paid up capital		135,046	135,046
Reserves and surplus	5	(817,287)	(595,277)
		(682,241)	(460,231)
Surplus on revaluation of property, plant and equipments		697,231	726,048
NON CURRENT LIABILITIES			
Long term financing - Secured		2,580,105	2,811,361
Deferred liability for staff gratuity		42,437	39,505
Deferred taxation		152,267	160,334
CURRENT LIABILITIES			
Trade and other payables		448,818	411,245
Markup accrued		132,836	34,367
Short term borrowings - Secured		639,810	816,007
Current and overdue portion of long term financing		692,864	462,188
		1,914,328	1,723,807
CONTINGENCIES AND COMMITMENTS	6	--	--
		4,704,127	5,000,824
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	7	1,742,461	1,827,262
Long term deposits		54,111	54,111
CURRENT ASSETS			
Stores and spares		53,271	63,292
Stock in trade	8	1,480,646	1,494,284
Trade debtors - Considered good		1,071,740	1,231,646
Advances - Considered good		28,690	29,226
Short term deposits and current account balances with statutory authorities		18,240	19,436
Taxes recoverable - Net		48,161	50,861
Cash and bank balances		7,616	14,829
		2,708,364	2,903,574
Non current assets held for sale	9	199,192	215,878
		4,704,127	5,000,824

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



Dewan Abdul Baqi Farooqui
Chief Executive

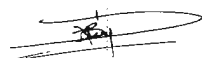


Haroon Iqbal
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2014**
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2014**

Note	3 months		6 months	
	Oct - Dec 2014	Oct - Dec 2013	July - Dec 2014	July - Dec 2013
	Rupees in '000'			
Sales - Net	505,761	971,045	961,897	2,018,644
Cost of sales	515,944	939,168	1,046,715	1,883,179
Gross (loss) / profit	(10,183)	31,877	(84,818)	135,465
Operating expenses				
Distribution cost	7,166	24,591	14,513	52,019
Administrative expenses	8,993	10,885	17,208	21,613
	16,159	35,476	31,721	73,632
Operating (loss) / profit	(26,342)	(3,599)	(116,539)	61,833
Other charges / income				
Finance cost	57,003	40,668	112,761	66,488
Other charges - Donations	925	1,502	1,825	2,428
Other income	286	(8,756)	277	(15,314)
	58,214	33,414	114,863	53,602
(Loss) / profit before taxation	(84,556)	(37,013)	(231,402)	8,231
Taxation - Current	5,084	10,563	10,807	21,298
- Deferred	(6,271)	(6,948)	(12,541)	(14,318)
	(1,187)	3,615	(1,734)	6,980
(Loss) / profit after taxation	(83,369)	(40,628)	(229,668)	1,251
(Loss) / earnings per share - basic and diluted	(6.17)	(3.01)	(17.01)	0.09

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



Dewan Abdul Baqi Farooqui
Chief Executive



Haroon Iqbal
Director

	3 months		6 months	
	Oct - Dec 2014	Oct - Dec 2013	July - Dec 2014	July - Dec 2013
	Rupees in '000'			
(Loss) / profit for the period	(83,369)	(40,628)	(229,668)	1,251
Other comprehensive income: Available for sale financial assets: - Changes in fair value	5,215	--	(16,686)	--
Transfer from surplus on revaluation of property, plant and equipment in respect Incremental depreciation Related deferred tax	18,443 (6,271) 12,172	21,056 (6,948) 14,108	36,885 (12,541) 24,344	42,113 (14,318) 27,795
Total comprehensive (loss) / income for the period	(65,982)	(26,520)	(222,010)	29,046

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



Dewan Abdul Baqi Farooqui
Chief Executive



Haroon Iqbal
Director