



For the Nine Months Period Ended September 30, 2013 (Un-audited)



Contents

Notes to the Condensed Interim

Financial Information

2	Vision and Mission	22	Condensed Interim Consolidated Balance Sheet	
3	Company Information			
	Directors' Report	23	Condensed Interim Consolidated Profit & Loss Account	
6	Condensed Interim Balance Sheet	0.4		
	Condensed Interim Profit & Loss Account	24	Condensed Interim Consolidated Statement of Comprehensive Income	
8	Condensed Interim Statement of Comprehensive Income	25	Condensed Interim Consolidated Cash Flow Statement	
		26	Condensed Interim Consolidated	
9	Condensed Interim Cash Flow Statement		Statement of Changes in Equity	
10		28	Notes to the Condensed Interim	
10	Condensed Interim Statement of Changes in Equity		Consolidated Financial Information	



Vision

To pursue sustained growth through a diversified business portfolio for enhancing stakeholder value

Mission

To be a responsible corporate citizen with respect for the society

To achieve a safe and healthy business environment

To provide an excellent working environment and growth potential for employees

To strive for excellence through commitment, integrity, honesty and teamwork

To make honest and ethical behavior a way of life

To improve quality of life for our employees

Company Information

Board of Directors

Shahid H. Pracha (Chairman)
Inam ur Rahman (Chief Executive)
Shafiq Ahmed
A. Samad Dawood
Shahzada Dawood
Haroon Mahenti
Sulaiman S. Mehdi
Mir Muhammad Nasir
Sarfaraz Ahmed Rehman
Ali Aamir

Board Audit Committee

Ali Aamir (Chairman) Sulaiman S. Mehdi Haroon Mahenti Shafiq Ahmed

Human Resource and Remuneration Committee Shahid H. Pracha (Chairman)

A. Samad Dawood
Mir Muhammad Nasir
Sarfaraz Ahmed Rehman

CFO and Company Secretary

Hafsa Shamsie

Auditors

M. Yousuf Adil Saleem & Co. (Chartered Accountants)

Bankers

Bank Al-Habib Limited Habib Bank Limited National Bank of Pakistan MCB Bank Limited Barclays Bank PLC

Legal Advisor

Zia Law Associates 17-Second Floor Shah Chiragh Chambers The Mall, Lahore

Share Registrar

C&K Management Associates (Pvt.) Ltd. 404-Trade Tower, Abdullah Haroon Road, Near Metropole Hotel Karachi-75530

Ph#: 021-35685930, 35687839

Registered / Head Office

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Karachi-75530

Ph#: 021-35632200-09 Fax#: 021-35633970

E-mail: info.reon@dawoodhercules.com Website: www.dawoodlawrencepur.com

Mills

Landhi

Landhi Industrial Area Karachi. Ph#: 021-35018476, 35018751 Fax#: 021- 35018463, 35024520

Dawoodabad

District Vehari

Ph#: 067-3353347, 3353145, 3353246

Fax#: 067-3354679

Dawoodpur

District Attock

Ph#: 0597-2641074-6 Fax#: 0597-2641073

Directors' Report

The Directors are pleased to present their report and the un-audited financial statements of Dawood Lawrencepur Limited for the nine months ended September 30, 2013.

OPERATING RESULTS

Turnover of the Company for the nine months ended September 30, 2013 was Rs. 131.11 million as against Rs. 312.11 million for the same period last year. Turnover suffered on account of low fabric demand and declining margins due to an unfavorable sales mix and high fixed costs of the production unit.

Sales generated from robust margin yielding renewable energy products helped lift overall gross margins. A decline in profitability of the textiles business coupled with startup costs associated with a new business, have led to an increase in the operating loss of the Company to Rs. 334.76 million as compared to a loss of Rs. 32.42 million last year.

The summary of operating results is as follows:

	Nine months ended September 30, 2013 Rupees (million)	Nine months ended September 30, 2012 Rupees (million)
Turnover	131.11	312.11
Operating Loss	(334.76)	(32.42)
Share of profit from associate	374.85	230.74
Other operating income	31.68	71.57
Adjustment of impairment loss of Associate	-	(37.99)
Profit after taxation from continuing operations	23.75	204.67
(Loss) / Profit from discontinued operations	(26.18)	8.47
(Loss)/Profit	(2.43)	213.13

FARNINGS PER SHARE

Loss per share on standalone basis for the nine months was Rs. 4.25 as compared to earnings of Rs. 2.02 per share for the same period last year. Loss per share for the Group was Rs. 0.05 as compared to earnings of Rs. 3.61 per share for the same period last year.

PROGRESS REVIEW:

The new direction of the Company demands alignment of resources to keep up with the challenging and fast paced environment of the renewable energy market. Towards this end, the Company is gearing itself up by employing high quality human resource with the technical competence and know-how to establish itself in the market as credible solution providers.

Earlier in the year, the Company successfully test-marketed and launched portable solar light solutions. In the business-to-business market, the Company is targeting high potential clients for specialized solutions like solar Base Transceiver Station (BTS), milk chillers and

ATMs. Display centers for retail clients are being set up in big cities to familiarize potential consumers with application of solar power to meet their day to day needs. A separate business unit for biogas was established targeting dairy farmers in the first phase with more products being developed for offering to the market in the coming months.

As a step towards transitioning away from the worsted textile fabric business in light of falling demand, the Company suspended its textile operations and offered a Voluntary Separation Scheme to the workers of Lawrencepur Woolen and Textile Mills. The process was successfully managed with no impact on the 'Lawrencepur' brand which continues to operate and grow under license having increased its outreach by establishing retail outlets in major cities of the country to ensure wider presence and subsequent shareholder returns.

The Company's wholly owned subsidiary, Tenaga Generasi has applied for the Upfront Tariff as announced by NEPRA for the 50 MW wind power plant. The application was accepted by NEPRA which brings TGL in the list of projects that will be given grid-interconnectivity latest by June 2015. It is expected that the award will be made by December 2013. Given the delay in tariff announcement, the Company is now expecting to achieve financial close in the first half of 2014.

BUSINESS OUTLOOK

Across much of the globe, there is an insatiable hunger for energy to fuel growing economies. While the U.S. and Europe could see relatively flat-lined energy use in coming decades, it will rise considerably in the rest of the world owing to high population growth and economic development. This is a huge opportunity for businesses to enter the market now and reap benefits in long term.

As with most startups, the initial days are challenging. Based on the critical learning points received from test marketing of certain products, the Company's operational processes are expected to refine over time in order to target customers with the best combination of products and channels to deliver value in long run. This will be achieved by entering segments with high entry barriers using competencies like internationally acclaimed products and components, high quality design engineering, world class HSE standards and after sales support.

The recent payment of outstanding circular debt has provided the right encouragement to all developers in the power sector. There is also progress on the draft Energy Purchase Agreement with National Transmission and Despatch Company and the Implementation Agreement with Alternative Energy Development Board. Wind Energy is cost competitive, especially after the recent increase in electricity tariff, with other conventional energy forms and also provides energy security hence it will maintain its importance in the energy mix in any medium to long term energy strategy.

Karachi: October 31, 2013 INAM UR RAHMAN Chief Executive

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Condensed Interim Balance Sheet (Un-Audited)

As at September 30, 2013

ASSETS	Note	(Unaudited) September 30, 2013Rupees	(Audited) December 31, 2012 (restated) s in '000
Non-current assets Property, plant and equipment Intangible assets Long term investments Long term deposits	4 5	42,256 929 443,939 10,544 497,668	40,962 1,294 342,475 10,544 395,275
Current assets			
Stores and spares Stock-in-trade Trade debts Loans and advances Deposits, prepayments and other receivables Short term investments Cash and bank balances	6 7	36,945 323,141 78,173 41,654 94,683 2,278 15,441	37,531 295,152 159,017 15,651 69,983 554,448 23,394
		592,315	1,155,176
Assets classified as "held for sale"		194,529	194,529
		1,284,512	1,744,980
SHARE CAPITAL AND RESERVES			
Authorized 75,000,000 (2012: 75,000,000) -Ordinary shares of Rs. 10/- each		750,000	750,000
Issued, subscribed and paid up capital Reserves Unappropriated profit		590,578 607,683 (250,528)	590,578 606,219 355,168
LIABILITIES		947,733	1,551,965
Non current liabilities Deferred liability		91,077	82,555
Current liabilities Trade and other payables Provision for taxation	8	225,104 20,598	99,854 10,606
		245,702	110,460
CONTINGENCIES AND COMMITMENTS	9	1,284,512	1,744,980

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

INAM UR RAHMAN Chief Executive

Condensed Interim Profit and Loss Account (Un-Audited)

For the Quarter and Nine Months Ended September 30, 2013

		Quarter		Nine Months Ended		
		Sep 30, 2013	Sep 30, 2012	Sep 30, 2013	Sep 30, 2012	
			(restated)		(restated)	
	Note		Rupees	in '000		
CONTINUING OPERATIONS						
Textile						
Sales - net Cost of goods sold		35,583 (41,938)	99,577 (94,363)	111,386 (114,964)	309,469 (269,111)	
Gross (loss) / profit		(6,355)	5,214	(3,578)	40,358	
Renewable energy						
Sales - net		5,875	686	19,724	2,638	
Cost of goods sold		(4,134)	(373)	(14,839)	(1,530)	
Gross profit		1,741	313	4,885	1,108	
Other operating income		5,201	17,346	105,866	143,515	
Selling and distribution expenses		13,768	5,837	36,743	10,802	
Administrative expenses Provision against doubtful debts	11	241,153 1,474	10,950	283,683 1,920	53,176	
. Tovidor against adaptial adpto		(256,395)	(16,787)	(322,346)	(63,978)	
(Loss) / profit before taxation		(255,808)	6,086	(215,173)	121,003	
Taxation		(1,008)	(598)	(9,992)	(10,105)	
(Loss) / profit after taxation from continuing operations		(256,816)	5,488	(225,165)	110,898	
DISCONTINUED OPERATIONS						
(Loss) / profit from						
discontinued operations		(8,640)	(6,394)	(26,184)	8,466	
(Loss) / profit for the period		(265,456)	(906)	(251,349)	119,364	
Earnings per share - Basic and diluted Continuing operations (Rs.)		(4.35)	0.09	(3.81)	1.88	
Earnings per share - Basic and diluted Discontinued operations (Rs.)	d	(0.15)	(0.11)	(0.44)	0.14	

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

INAM UR RAHMAN Chief Executive

Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the Quarter and Nine Months Ended September 30, 2013

	Quarter Ended			Nine Mo	nths Ended
	Sep 30,	Sep 30,		Sep 30,	Sep 30,
	2013	2012		2013	2012
		(restated)			(restated)
Rupees in '000					

(Loss) / profit for the period (restated)	(265,456)	(906)	(251,349)	119,364
Other comprehensive income				
Surplus on remeasurement of 'available for sale' investments	(380)	(42)	1,464	830
Effect of retrospective change in accounting policy with respect to accounting for actuarial gains and losses referred in note 3.1	-	(3,541)	-	(10,634)
Total comprehensive (loss) / income		(=,= : :)		(10,001)
for the period	(265,836)	(4,489)	(249,885)	109,560

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

INAM UR RAHMAN Chief Executive

Condensed Interim Cash Flow Statement (Un-Audited)

For the Nine Months Ended September 30, 2013

			nths ended Sep 3	30, 2013		nths ended Sep	30, 2012
		Continuing Operations	Discontinued Operations	Total	Continuing Operations (Restated)	Discontinued Operations	Total
				Rup	oees in '000´		
A.	CASH FLOWS FROM OPERATING ACTIVITIES						
	Profit /(loss) before taxation Adjustments for:	(215,173)	(26,184)	(241,357)	121,003	8,466	129,469
	Depreciation	3,498	1,078	4,576	4,781	1,552	6,333
	Amortization Provision for staff retirement gratuity	365 13,299	144	365 13,443	344 11,228		344 11,228
	Loss / (Gain) on disposal of property,	10,233	177	10,440	11,220		11,220
	plant and equipment	419	3	422	(14,402)	(1,314)	(15,716)
	Gain on sale of short-term investments	(118,967)	-	(118,967)	(25,997)	-	(25,997)
	Unrealized loss / (gain) on remeasurement of short-term investments	97.138	_	97.138	(21,433)	_	(21,433)
	Dividend income	(78,682)	-	(78,682)	(78,632)	-	(78,632)
	Provision against doubtful trade debts	1,594	326	1,920	-	-	
	(1) /	(296,510)	(24,633)	(321,142)	(3,108)	8,704	5,596
	(Increase) / decrease in current assets Stores and spares	586	-	586	5.703	-	5.703
	Stock in trade	(27,989)	-	(27,989)	8,748	1,783	10,531
	Trade debts	78,921	-	78,921	(73,047)	-	(73,047)
	Loans and advances Deposits, prepayments and other receivables	(14,758) (23,423)	-	(14,758) (23,423)	476 4,045	-	476 4,045
	Increase / (decrease) in current liabilities	(23,423)		(23,423)	4,043	-	- 4,043
	Trade and other payables	59,714	-	59,714	(32,132)	-	(32,132)
		73,051	-	73,051	(86,207)	1,783	(84,424)
	Cash generated from / (used in) operations	(223,459)	(24,633)	(248,091)	(89,315)	10,487	(78,828)
	Gratuity paid	(6,197)	-	(6,197)	(11,307)	-	(11,307)
	Taxes paid	(11,245)	(0.4.000)	(11,245)	(11,848)	- 40 407	(11,848)
	Net cash (used in) / generated from operating activities	(240,900)	(24,633)	(265,533)	(112,470)	10,487	(101,983)
В.	CASH FLOWS FROM INVESTING ACTIVITIES						
	Sale proceeds from disposal of						
	property, plant and equipment Purchase of property, plant and equipment	1,536 (5,945)	18	1,554 (5,945)	17,026 (2,201)	-	17,026 (2,201)
	Capital work in process	(1,900)		(1,900)	(2,201)		(2,201)
	Investment in a subsidiary	(100,000)	-	(100,000)	-	-	-
	Purchase of short term investment	(48,000)	-	(48,000)	(65,000)	-	(65,000)
	Sale proceeds from sale of short term investments Dividend received	622,000 78,682	-	622,000 78,682	152,001 78,632	-	152,001 78,632
	Net cash generated from investing activities	546,373	18	546,391	180,458	-	180,458
C.	CASH FLOWS FROM FINANCING ACTIVITIES						
	Downson of dividend	(200 011)		(200 011)	(E7 000)		(57.000)
	Payment of dividend Net cash used in financing activities	(288,811)	-	(288,811)	(57,928)	-	(57,928)
	according addition	(200,011)		(200,017)	(0.,020)		(0.,020)
	Net increase / (decrease) in cash and cash equivalents	40.000	(0.1.0.15)	(7.056)	40.000	40.40=	00.547
	(A+B+C) Cash and cash equivalents at beginning of the period	16,662 (41,448)	(24,615) 64.842	(7,953) 23,394	10,060 110,439	10,487 (81,169)	20,547 29,270
	Cash and cash equivalents at beginning of the period	(24,786)	40,227	15,441	120,499	(70,682)	49,817
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The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

INAM UR RAHMAN Chief Executive

Condensed Interim Statement of Changes in Equity (Un-Audited)

For the Nine Months Ended September 30, 2013

	Total		
Other comprehensive income	Unrealized gain / (loss) on remeasurement of available for sale investments		
Unappropriated Profit			
General			
	Capital Redemption Reserve Fund		
Capital Reserves	Capital Reserve		
Capital F	Share Premium Reserve		
Merger			
	Ordinary		

-----Bunges in '000'----

1,539,875	(7,257)	1,532,618	1,532,618	(10,634)	(29,058)	120,194	1,583,120
2,740		2,740	2,740			830	3,570
344,536	(7,257)	337,279	337,279	(10,634)	(59,058)	119,364	386,951
395,355		395,355	395,355	1			395,355
25,969		25,969	25,969	ı			25,969
33,311		33,311	33,311	ı			33,311
136,865		136,865	136,865	ı		ī	136,865
10,521		10,521	10,521			ı	10,521
590,578	τ	590,578	590,578	1	т	ī	590,578
Balance at December 31, 2011 as previously reported	Effect of retrospective change in accounting policy with respect to accounting for actuarial gains and losses referred in note 3.1	Balance at December 31, 2011 - restated	Balance at January 01, 2012 - restated	Effect of retrospective change in accounting policy with respect to accounting for actuarial gains and losses referred in note 3.1	Final cash dividend for the year ended December 31, 2011 @ Rs. 1 per share	Total comprehensive income for the nine months ended September 30, 2012	Balance at September 30, 2012 - restated

1,532,618	(14,132)	(59,058)	92,537	1,551,965	(249,885)	(295,289)	(59,058)	947,733
2,740			1,458	4,198	1,464	r	ı	2,662
337,279	(14,132)	(59,058)	91,079	355,168	(251,349)	(295,289)	(59,058)	(250,528)
395,355	ı		ı	395,355			ı	395,355
25,969	ı		ı	25,969	,		ı	25,969
33,311	ı	,	1	33,311	,		ı	33,311
136,865	г	,	T	136,865	*	,	ī	136,865
10,521	ı	1	ı	10,521	1	ı	ı	10,521
590,578	т	1	ı	590,578	1	ı	ı	590,578
Balance at January 01, 2012 - restated	Effect of retrospective change in accounting policy with respect to accounting for actuarial gains and losses referred in note 3.1	Final cash dividend for the year ended December 31, 2011 @ Rs. 1 per share	Total comprehensive income for the year ended December 31, 2012	Balance at December 31, 2012 - restated	Total comprehensive loss for the nine months ended September 30, 2013	Final cash dividend for the year ended December 31, 2012 @ Rs. 5 per share	Interim cash dividend for year ended December 31, 2013 @ Rs. 1 per share	Balance at September 30, 2013

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.





Notes to the Condensed Interim Financial Information (Un-Audited)

For the Nine Months Ended September 30, 2013

1. GENERAL INFORMATION

- Dawood Lawrencepur Limited, "the Company" was incorporated in Pakistan 1.1 in the year 2004 as a public limited company formed as a result of Scheme of Arrangement for Amalgamation in terms of the provisions of the Companies Ordinance, 1984 between Dawood Cotton Mills Limited, Dilon Limited, Burewala Textile Mills Limited and Lawrencepur Woolen and Textile Mills Limited. The shares of the Company are listed on the Karachi and Lahore Stock Exchanges. The Company is engaged in the business of trading and marketing renewable energy solutions, mainly solar, to domestic and industrial consumers, along with the legacy textile business. The registered office of the Company is situated at 3rd Floor, Dawood Centre, M.T. Khan Road, Karachi.
- 1.2 During the period, the Company has suspended operations of Lawrencepur Woolen and Textile Mills (LWTM) due to falling demand and its adverse impact on the worsted fabric industry in the country. However, the 'Lawrencepur' brand name will continue to operate under license.
- 1.3 The Company in the year 2008 suspended its manufacturing operations located at Burewala, District Vehari and closed down the mills in 2009, All assets relating to the closed down unit have been classified as discontinued operations, and are accounted for as per the requirement of IFRS - 5 'Non-current Assets Held for Sale and Discontinued Operations'. The Company is currently negotiating terms and conditions for sale of these assets.

2. BASIS OF PREPARATION

This condensed interim financial information has been prepared on the historical cost convention except that certain investments are carried at fair value and staff retirement benefits have been measured at present value. All amounts are in Pakistani Rupees which is the functional and presentation currency of the Company unless stated otherwise.

2.1 Statement of compliance

This condensed interim financial information of the Company for the nine months ended September 30, 2013 has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting.

2.2 The disclosures made in this condensed interim financial information have been limited based on the International Accounting Standard 34 - Interim Financial Reporting. This does not include all of the information and disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2012. The profit and loss account has been prepared using a classification based on function of income and expenses of the Company.

Notes to the Condensed Interim Financial Information (Un-Audited)

For the Nine Months Ended September 30, 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND RISK MANAGEMENT POLICIES

3.1 The accounting policies, underlying estimates and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of annual audited financial statements of the Company for the year ended December 31, 2012 except for the adoption of IAS 19 as given below.

Application of amendments in IAS - 19, (revised) ' Employee Benefits'

Consequent to the revision of IAS 19 "Employee Benefits" which is effective for annual periods beginning on or after January 1, 2013, the Company has changed its accounting policy wherein, the actuarial gains and losses on employees' retirement benefit plans are recognized immediately in other comprehensive income.

Previously, the actuarial gains/losses in excess of the corridor limit were recognized in profit and loss account over the remaining service life of the employees. The change in accounting policy has been accounted for retrospectively and the comparative figures have thereby been restated.

3.1.1 Effect of retrospective application of change in accounting policy are as follows:

As previously reported on December 31, 2012	Effect of prior period restatement on January 1, 2012	Effect of restatement for the year December 31, 2012	Restatement amount as on December 31, 2012
	Ru _l	pees in '000	
61,166	7,257	14,132	82,555
376,557	7,257	14,132	355,168

Effect on balance sheet
Deferred liability - staff gratuity
Net decrease in unappropriated
profit

Notes to the Condensed Interim Financial Information (Un-Audited)

For the Nine Months Ended September 30, 2013

	9 Months ended September 30, 2012	Prior to 1 January 2012
	Rupees	in '000
Effect on profit and loss account		
Net increase in profit before tax	35	-
Effect on other comprehensive		
Income Net decrease in other comprehensive income		
Amortization of actuarial gains / (losses)		
-transferred from profit and loss account	35	-
-adjusted against deferred liability-staff gratuity	10,599	-
	10.634	_

3.2 The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the financial statements of the Company for the year ended December 31, 2012.

(Unaudited)	(Audited)
September	December
30, 2013	31, 2012

-----Rupees in '000-----

4. PROPERTY, PLANT AND EQUIPMENT

Operating assets - at net book value Capital work in progress - at cost

40,356	40,962
1,900	-
42,256	40,962

(Unaudited)	(U	(Unaudited)		
September 30, 2	013 Septer	nber 30, 2012		
Acquisition Disp	osal Acquisition	n Disposal		
at cost at wr	itten at cost	at written		
down	value	down value		

4.1 Plant and machinery Office equipment Computer equipment Vehicles

Rupees in '000					
320	-	1	25		
2,860	350	644	-		
2,052	520	322	-		
713	1,099	2,403	1,286		
5,945	1,969	3,370	1,311		

4.2 Property, plant and equipment include temporary idle property relating to discontinued operations with a carrying value of Rs. 13.01 million (December 31, 2012: Rs. 14.174 million).

Notes to the Condensed Interim Financial Information (Un-Audited)

For the Nine Months Ended September 30, 2013

			Note	(Unaudited) September 30, 2013Rupees	(Audited) December 31, 2012 S in '000
5.	LON	G TERM INVESTMENTS			
		Investments in related parties at cost Other investments in listed and	5.1	435,822	335,822
		unlisted securities		8,117	6,653
				443,939	342,475
	5.1	Investments in related parties at cost			
		Wholly owned subsidiary - unquoted Tenaga Generasi Limited			
		Percentage holding 100% (December 31, 2012: 100%) 34,600,000 (December 31, 2012: 24,600,000) fully paid ordinary shares of Rs. 10/- each		370,528	270,528
		Associated company - quoted Dawood Hercules Corporation Limite	d		
		Percentage holding 16.19% (December 31, 2012: 16.19%) 77,931,896 (December 31, 2012: 77,931,896) fully paid ordinary shares of Rs. 10/- each Market value Rs. 3,593 million (December 31, 2012: 2,535 million)		65,294	65,294
				435,822	335,822
6.	LOAN	NS AND ADVANCES			
	Unse	ecured - Considered good			
		Advance income tax		23,853	12,608
		Loans and advances to staff		7,472	1,949
		Advances to suppliers		8,496	997
		Advances to others		1,833	97
				41,654	15,651

Notes to the Condensed Interim Financial Information (Un-Audited)

For the Nine Months Ended September 30, 2013

(Unaudited)	(Audited)
September	December
30, 2013	31, 2012

-----Rupees in '000-----

SHORT TERM INVESTMENTS

Financ	Financial assets at fair value through profit or loss			2,278	554,448
Financial assets at fair value through profit or loss					
	Sep 30, 2013 No. of	Dec 31, 2012 Units	Name of Investee		
	11,322	2,950,257	Meezan Cash Fund	568	147,926
	6,692	1,494,217	UBL Liquidity Plus Fund	672	149,837
	5,729	1,307,736	MCB Cash Management Optimizer	573	131,127
	46,319	12,489,024	NAFA Government Securities Liquid Fund	465	125,558
				2,278	554,448

8. TRADE AND OTHER PAYABLES

Trade and other payables include amount payable under 'Voluntary Separation Scheme for LWTM Workers and Management' of Rs. 116.02 million (2012: Nil) and Unclaimed Dividend of Rs. 87.67 million (2012: 22.14 million)

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

9.1.1 For the tax year 2003 the Taxation Officer while framing assessment disallowed expenses relating to gratuity, lease rentals, employee perguisites and utilities amounting to Rs. 29.34 million. The Company had filed an appeal against these issues before Appellate Tribunal Inland Revenue (ATIR). The appeal has been heard and the issues have been set aside by the said Tribunal and remanded to the taxation officer for reconsideration. The tax incidence of above mentioned issues is Rs. 10.27 million.

For the tax years 2004 to 2005 the Additional Commissioner Inland Revenue. during the period set aside proceedings of the appeal filed by the Company on account of allocation of expenses amounting to Rs. 47.64 million and has raised additional tax demands amounting to Rs. 15.32 million. In reply, the Company has filed an appeal before the Commissioner Inland Revenue contesting on the grounds of refund adjustment not considered in the said demands amounting to Rs. 39.34 million, tax charged at higher rates amounting to Rs. 2.26 million and erroneous allocation of common expenses amounting to Rs. 21.88 million.

Further for the tax year 2004 ATIR disallowed Rs. 20.62 million as adjustment of brought forward losses of the Company, however, the Company has filed an appeal before the High Court and a decision is awaited. The tax incidence of this adjustment amounts to Rs. 7.22 million.

Notes to the Condensed Interim Financial Information (Un-Audited)

For the Nine Months Ended September 30, 2013

For the tax years 2006, 2008 & 2009, during the period, the Deputy Commissioner Inland Revenue (DCIR) has made a decision on application filed by the Company and raised tax demand of Rs. 19.98 million as against original demand of Rs. 59.4 million. The Company again filed an appeal in respect of minimum taxation, dividend income and export sales before Appellate Tribunal Inland Revenue (ATIR) and a decision is awaited, the amount contested in the appeal is Rs. 26.07 million.

Since the outcome of the above appeals and tax thereon are pending and in view of the fact that management is confident that the appeals will be decided in the Company's favor, no provision has been made in these financial statements relating to above appeals.

9.1.2 The Company is contingently liable against guarantees and counter guarantees amounting to Rs 12.29 million (December 31, 2012: Rs. 106.29 million).

9.2 Commitments

The Company has commitments against letters of credit for purchase of renewable energy products amounting to Rs. 9.74 million (December 31, 2012: Nil).

10. SEGMENT REPORTING

During the period management has determined the operating segments for allocation of resources and assessment of performance. The Company is organized into the following two reportable operating segments;

- Textile
- Renewable energy solutions

Textile is further subdivided into two segments i.e. continued and discontinued operations, results of which are separately given in profit and loss account.

Segment analysis is as under;

		(Unaudited) Quarter ended		(Unau	dited)
				Nine mon	ths ended
10.1	Segment Results	September	September	September	September
		30, 2013	30, 2012	30, 2013	30, 2012
			Rupees in	'000	

Textile:

Revenue Segment results (loss)	35,583 (204,990)	99,577 (13,655)	111,386 (264,418)	309,469 (10,842)
Renewable energy				
Revenue Segment results (loss)	5,875 (63,185)	(3,999)	19,724 (82,805)	2,638 (3,204)

Notes to the Condensed Interim Financial Information (Un-Audited)

For the Nine Months Ended September 30, 2013

Reconciliation of segment results with (loss) / profit after tax is as follows:

	(Unaudited)		(Unaudited)		
	Quarter ended		Nine mon	ths ended	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012	
		Rupee	es in '000		
Gross (loss) / profit for reportable segments	(4,614)	5,527	1,307	41,466	
Other operating expenses	(256,395)	(16,787)	(322,346)	(63,978)	
(Loss) / profit from discontinued operations	(8,640)	(6,394)	(26,184)	8,466	
	(269,649)	(17,654)	(347,223)	(14,046)	
Other operating income	5,201	17,346	105,866	143,515	
Taxation	(1,008)	(598)	(9,992)	(10,105)	
Net (loss) / profit	(265,456)	(906)	(251,349)	119,364	

(Linaudited)

10.2 Segment assets

Textile	Renewable	Total	
	Energy		
Rupees in '000			

(Linaudited)

Α	s at September 30, 20	13
Α	at December 31, 201	2

503,341	113,510	616,851
603,978	14,318	618,296

Reconciliation of segment assets with total assets in the balance sheet is as follows:

	(Unaudited)	(Audited)
	September	December
	30, 2013	31, 2012
	Rupees	in '000
Total for reportable segment assets	616,851	618,296
Other assets	473,132	932,155
Assets held for sale	194,529	194,529
Total as per balance sheet	1,284,512	1,744,980

Notes to the Condensed Interim Financial Information (Un-Audited)

For the Nine Months Ended September 30, 2013

11. ADMINISTRATIVE EXPENSES

Administrative expenses include Rs. 198.75 million as provision against 'Voluntary Separation Scheme for LWTM Workers and Management' announced by the management during the period.

12. TRANSACTIONS WITH RELATED PARTIES

The Company in the normal course of business carries out transactions with various related parties. Related parties comprise of a subsidiary company, associated undertakings, other related group companies, directors of the Company and key management personnel. Other significant transactions with related parties are as follows:

			September 30, 2013	(Unaudited) September 30, 2012
Rela	ationship	Nature of Transaction	Rupees	s in '000
a.	Subsidiary Company			
	Tenaga Generasi Limited	Reimbursement of expenses Subscription of ordinary shares	10,480 100,000	8,022
b.	Associated Companies			
	Dawood Hercules Corporation Limited	Dividend income Purchase of asset Reimbursement of expenses	77,932 - 3,271	77,832 855 170
	Sach International (Pvt) Limited	Sale of fabric Reimbursement of expenses Royalty charged Retirement and other benefits	104,594 2,485 2,648	201,281 3,502 1,592
		transferred to the Company Purchase of fabric Transfer of assets by the Company Transfer of assets to the Company	1,113 - 1,514 395	4,329 - -
	D H Fertilizer Limited	Reimbursement of expenses	665	887
	Cyan Limited	Insurance claim received Reimbursement of expenses	- 44	430
	Sui Northern Gas Pipelines Limited	Utility charges paid Sale of fabric	6,757	14,700 2,590
	Dawood Foundation	Rental charges paid Reimbursement of expenses	3,622 1,236	5,862 1,169
	Inbox Business Technologies (Pvt) Limited	Hardware maintenance charges paid	250	751
C.	Dawood Lawrencepur Limited (Burewala Mills) - Staff Provident Fund	Contribution by the Company	73	86
d.	Key management personnel	Salaries and employee benefits	14,633	17,307

(Unaudited) (Unaudited)

Notes to the Condensed Interim Financial Information (Un-Audited)

For the Nine Months Ended September 30, 2013

13. RECLASSIFICATION

Corresponding figures have been rearranged and reclassified to reflect more appropriate presentation of events and transactions for the purpose of comparison. Reclassification made during the period is due to segment reporting of a new segment "Renewable Energy" where the comparative amount of Rs. 1.1 million in profit and loss account of the segment has been shown separately from other income as results of Renewable Energy segment.

14. APPROVAL OF CONDENSED INTERIM FINANCIAL INFORMATION

This condensed interim financial information was authorized for issue on October 31. 2013 by the Board of Directors of the Company.

15. GENERAL

Figures have been rounded off to the nearest thousand rupee.

INAM UR RAHMAN Chief Executive

Director

Condensed Interim Consolidated Financial Information (Un-audited)



Condensed Interim Consolidated Balance Sheet (Un-Audited)

As at September 30, 2013

ASSETS	Note	(Unaudited) September 30, 2013Rupees	(Audited) December 31, 2012 (restated) s in '000
N			
Non-current assets Property, plant and equipment Intangible assets Long term investments Long term deposits	4 5	229,712 23,950 4,483,363 10,544 4,747,569	215,565 24,378 4,224,682 10,544 4,475,169
Current assets Stores and spares Stock-in-trade Trade debts Loans and advances Deposits, prepayments and other receivables Short term investments Cash and bank balances	6 7	36,945 323,141 78,173 42,098 91,642 115,285 29,185	37,531 295,152 159,017 15,919 71,229 575,658 48,916
		716,469	1,203,422
Assets classified as "held for sale"		194,529	194,529
		5,658,567	5,873,120
SHARE CAPITAL AND RESERVES			
Share Capital Authorized 75,000,000 (December 31, 2010: 75,000,000) Ordinary shares of Rs. 10/- each		750,000	750,000
Issued, subscribed and paid up capital Reserves Unappropriated profit		590,578 598,085 4,125,084 5,313,747	590,578 598,750 4,481,865 5,671,193
Non current liabilities Deferred liability		92,822	83,572
Current liabilities Trade and other payables Provision for taxation	8	230,212 21,786	106,892 11,463
CONTINGENCIES AND COMMITMENTS	9	251,998	118,355

The annexed notes from 1 to 15 form an integral part of this condensed interim consolidated financial information.

+ Calmon INAM UR RAHMAN Chief Executive

Condensed Interim Consolidated Profit And Loss Account (Un-Audited)

For the Quarter and Nine Months Ended September 30, 2013

	Quarter	ended	Nine Months Ended		
	Sep 30, 2013	Sep 30, 2012	Sep 30, 2013	Sep 30, 2012	
Note		(restated)	in '000	(restated)	
		Rupees	III 000		
CONTINUING OPERATIONS					
Textile Sales - net Cost of goods sold Gross (loss) / profit	35,583 (41,938) (6,355)	99,577 (94,363) 5,214	111,386 (114,964) (3,578)	309,469 (269,111) 40,358	
Renewable energy Sales - net Cost of goods sold Gross profit	5,875 (4,134) 1,741	686 (373) 313	19,724 (14,839) 4,885	2,638 (1,530) 1,108	
Other operating income	7,478	19,111	31,676	71,568	
Selling and distribution expenses Administrative expenses 11 Provision against doubtful debts	(13,768) (245,328) (1,474)	(5,837) (14,745) -	(36,743) (297,401) (1,920)	(10,802) (63,083)	
	(260,570)	(20,582)	(336,064)	(73,885)	
(Loss) / profit from operations	(257,705)	4,056	(303,081)	39,149	
Finance cost Impairment loss on 'available for sale' investments of associated company	(40)	(158)	(124)	(515) (37,988)	
Share of profit from associate excluding impairment loss on 'available for sale' investments	228,533 228,493	(44,192) (44,350)	374,847 374,723	230,743 192,240	
(Loss) / profit before taxation Provision for taxation - Current	(29,212)	(40,294)	71,642	231,389	
- Share of taxation from associate	(1,140) (22,461) (23,601)	(874) 9,486 8,612	(10,323) (37,569) (47,892)	(10,742) (15,979) (26,721)	
(Loss) / profit after taxation from continuing operations	(52,813)	(31,682)	23,750	204,668	
DISCONTINUED OPERATIONS					
(Loss) / profit from discontinued operations (Loss) / profit for the period	(8,640) (61,453)	(6,394) (38,076)	(26,184)	8,466 213,134	
Earnings per share - Basic and diluted Continuing operations (Rs.)	(0.89)	(0.54)	0.39	3.47	
Earnings per share - Basic and diluted Discontinued operations (Rs.)	(0.15)	(0.11)	(0.44)	0.14	

The annexed notes from 1 to 15 form an integral part of this condensed interim consolidated financial information.

INAM UR RAHMAN Chief Executive

Condensed Interim Consolidated Statement of Comprehensive Income (Un-Audited)

For the Quarter and Nine Months Ended September 30, 2013

	Quarte	r Ended	Nine Months Ended					
	Sep 30,	Sep 30,	Sep 30,	Sep 30,				
	2013	2012	2013	2012				
		(restated)		(restated)				
	Rupees in '000							
		- 1						
(Loss) / profit after taxation (restated)	(61,453)	(38,076)	(2,434)	213,134				
Other comprehensive income								
Surplus on remeasurement of								
'available for sale investments'								
- holding company	(380)	(42)	1,464	830				
- associated company	739	(46,886)	(2,129)	16,900				
, ,		(-,,	() - /	-,				
Effect of retrospective change in								
accounting policy with respect to accounting for actuarial gains and								
losses referred in note 3.1								
- holding company	-	(3,541)	-	(10,634)				
- associated company	_	86	-	(192)				
1 3	359	(50,383)	(665)	6,904				
Total comprehensive income	(61,093)	(88,459)	(3,099)	220,038				
	, , , ,	, , /	() /	,				

The annexed notes from 1 to 15 form an integral part of this condensed interim consolidated financial information.

> INAM UR RAHMAN Chief Executive

Condensed Interim Consolidated Cash Flow Statement (Un-Audited)

For the Nine Months Ended September 30, 2013

		Nine Months ended Sep 30, 2013		Nine Months ended Sep 30, 2012			
		Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
A.	Cash Flow from Operating Activities:			Kuj	oees in ,000		
A.	Profit / (loss) before taxation Adjustment for:	71,642	(26,184)	45,458	231,389	8,466	239,855
	Depreciation Amortization	3,974 427	1,078	5,052 427	5,339 388	1,552	6,891 388
	Provision for gratuity Interest income	13,972 (944)	144	14,116 (944)	11,721 (1,813)	-	11,721 (1,813)
	Unrealized gain on short term investments Property and plant written off	94,788	-	94,788	(23,144)	-	(23,144)
	Provision against doubtful debts Gain on sale of short term investment	1,594 (119,415)	326	1,920 (119,415)	(28,356)	-	(28,356)
	Share of profit from associates Loss / (gain) on sale of property and equipment	(374,847) 432	3	(374,847) 435	(230,743) (14,399)	(1,314)	(230,743)
	Impairment loss on available for sale investment Dividend income Finance cost	(750) 124	-	(750) 124	37,988 (800) 187	-	37,988 (800) 187
	Operating (loss) / profit before working capital changes	(309,002)	(24,633)	(333,636)	(12,243)	8,703	(3,539)
	(Increase) / Decrease in Current Assets Stores and spares	586	-	586	5,703		5,703
	Stock-in-trade Trade debts	(27,989) 78,921	-	(27,989) 78,921	8,748 (73,047)	1,783	10,531 (73,047)
	Loans and advances Deposits, prepayments and other receivables	(14,749) (19,973)	-	(14,749) (19,973)	476 3,952	-	476 3,952
	Increase / (Decrease) in Current Liabilities Trade debts and other payable	57,624 74,420	-	57,624 74,420	(36,768)	1,783	(36,768)
	Cash (used) in / generated from operations	(234,583)	(24,633)	(259,216)	(103,179)	10,486	(92,693)
	Gratuity paid Gratuity transferred from a related party	(6,198) 140	-	(6,198) 140	(11,622)	-	(11,622)
	Tax paid Financial cost paid	(11,430)	- (0.4.000)	(11,430)	(12,094)	-	(12,094)
В.	Net cash (outflow) / inflow from Operating Activities Cash Flow from Investing Activities	(252,194)	(24,633)	(276,828)	(127,082)	10,486	(116,596)
ъ.	Capital work in progress Sale proceeds of fixed assets	(15,186) 1,611	- 18	(15,186) 1.629	(38,146) 17,070	-	(38,146) 17,070
	Short term investments - net Dividend received	485,000 78,682	-	485,000 78,682	151,501 78,632	-	151,501 78,632
	Interest received Purchase of intangible assets	1,781	-	1,781	2,396 (201)	-	2,396 (201)
	Fixed capital expenditure	(5,997)	-	(5,997)	(2,534)	-	(2,534)
	Net cash inflow from Investing Activities	545,890	18	545,908	208,718	-	208,718
C.	Cash Flow from Financing Activities Dividend paid	(288,811)	-	(288,811)	(57,928)	-	(57,928)
	Net cash outflow from Financing Activities	(288,811)	-	(288,811)	(57,928)	-	(57,928)
	Net increase / (decrease) in cash and cash equivalents (A+B+C) Cash and cash equivalents at the	4,885	(24,615)	(19,731)	23,708	10,486	34,194
	beginning of the period Cash and cash equivalents at the end	4,357	44,559	48,916	133,483	(81,169)	52,314
	of the period	9,242	19,944	29,185	157,191	(70,683)	86,508

The annexed notes from 1 to 15 form an integral part of this condensed interim consolidated financial information.

INAM UR RAHMAN Chief Executive

Condensed Interim Consolidated Statement of Changes in Equity (Un-Audited)

For the Nine Months Ended September 30, 2013

Total								
ensive income	Share of other comprehensive income of associated company							
Other comprehe	Unrealized gain / (loss) on remeasurement of available for sale investments							
Jnappropriated Profit Prof								
General (
	Capital Redemption Reserve Fund							
Reserves	Capital Reserve							
Capital R Share Premium Reserve								
Merger Reserve								
Ordinary Shares								

	5,528,170	(10,814)	5,517,356	5,517,356	(10,826)	(59,058)	230,864	5,678,336
	(24,368)	(3,557)	(27,925)	(27,925)	(192)	1	16,900	(11,217)
	2,740	ı	2,740	2,740		1	830	3,570
	4,357,199	(7,257)	4,349,942	4,349,942	(10,634)	(59,058)	213,134	4,493,384
Rupees in ,000	395,355		395,355	395,355				395,355
Ru	25,969		25,969	25,969				25,969
	33,311		33,311	33,311				33,311
	136,865		136,865	136,865		,		136,865
	10,521		10,521	10,521	,			10,521
!	590,578	,	590,578	590,578	,	,	1	590,578
	Balance at December 31, 2011 as previously reported	Effect of retrospective change in accounting policy with respect to accounting for actuarial gains and losses referred in note 3.1	Balance at December 31, 2011 - restated	Balance at January 01, 2012 - restated	Effect of retrospective change in accounting policy with respect to accounting for actuarial gains and losses referred in note 3.1	Final cash dividend for the year ended December 31, 2011 @ Rs. 1 per share	Total comprehensive income for the nine months ended September 30, 2012	Balance at September 30, 2012 - restated

5,517,356	(14,324)	(59,058)	227,219	5,671,193	(3,098)	(295,289)	(59,058)	5,313,747
(27,925)	(192)	ī	20,648	(7,469)	(2,129)	ī	ī	(9,598)
2,740		1	1,458	4,198	1,464	1	1	5,662
4,349,942	(14,132)	(59,058)	205,113	4,481,865	(2,434)	(295,289)	(59,058)	4,125,084
395,355		,		395,355	,	,	,	395,355
25,969				25,969				25,969
33,311			1	33,311				33,311
136,865	,	,		136,865	,			136,865
10,521		,		10,521	,			10,521
590,578	1	,		590,578				590,578
Balance at January 01, 2012 - restated	Effect of retrospective change in accounting policy with respect to accounting for actuarial gains and losses referred in note 3.1	Final cash dividend for the year ended December 31, 2011 @ Rs. 1 per share	Total comprehensive income for the year ended December 31, 2012	Balance at December 31, 2012 - restated	Total comprehensive income for the nine months ended September 30, 2013	Final cash dividend for the year ended December 31, 2012 @ Rs. 5 per share	Interim cash dividend for year ended December 31, 2013 @ Rs. 1 per share	Balance at September 30, 2013

The annexed notes from 1 to 15 form an integral part of this condensed interim consolidated financial information.

+ Colument INAM UR RAHMAN Chief Executive



Notes to the Condensed Consolidated Interim Financial Information (Un-Audited)

For the Nine Months Ended September 30, 2013

1. GENERAL INFORMATION

The "Group" consists of:

Holding company

Dawood Lawrencepur Limited, "the Holding Company" was incorporated in Pakistan in 2004 as a public listed company formed as a result of Scheme of Arrangement for Amalgamation in terms of the provisions of the Companies Ordinance, 1984 between Dawood Cotton Mills Limited, Dilon Limited, Burewala Textile Mills Limited and Lawrencepur Woolen and Textile Mills Limited. The shares of the Holding Company are listed on the Karachi and Lahore Stock Exchanges. The Holding Company is engaged in the business of trading and marketing renewable energy solutions, mainly solar, to domestic and industrial consumers, along with the legacy textile business. The registered office of the Holding Company is situated at 3rd Floor, Dawood Centre, M.T. Khan Road, Karachi.

During the period, the Holding Company has suspended operations of Lawrencepur Woolen and Textile Mills (LWTM) due to falling demand and its adverse impact on the worsted fabric industry in the country. However, the 'Lawrencepur' brand name will continue to operate under license.

The Holding Company in the year 2008 suspended its manufacturing operations located at Burewala, District Vehari and closed down the mills in 2009. All assets relating to the closed down unit have been classified as discontinued operations. and are accounted for as per the requirement of IFRS - 5 'Non-current Assets Held for Sale and Discontinued Operations'. The Holding Company is currently negotiating terms and conditions for sale of these assets.

1.2 Subsidiary company

The Holding Company has a wholly owned subsidiary namely Tenaga Generasi Limited (TGL) "the Subsidiary Company". The Subsidiary Company was incorporated in 2005 as an unlisted public company under the Companies Ordinance, 1984 to primarily carry out business of power generation as independent power producer of wind power. The Subsidiary Company is in the process of setting up a wind energy project in Mirpur Sakro. District Thatta, Sind. The registered office of the Subsidiary Company is situated at Dawood Centre, M.T. Khan Road, Karachi.

1.3 Associated company

The Holding Company also has investment in an associate 'Dawood Hercules Corporation Limited' - (ownership 16.19%).

Notes to the Condensed Consolidated Interim Financial Information (Un-Audited)

For the Nine Months Ended September 30, 2013

2. BASIS OF PREPARATION

2.1 Basis of measurement

This condensed interim consolidated financial information includes the financial information of Dawood Lawrencepur Limited (the Holding Company). The condensed interim financial information of the Subsidiary Company has been consolidated on a line by line basis. This condensed interim consolidated financial information has been prepared under the historical cost convention, except that obligations under certain staff retirement benefits have been measued at present value, certain investments which have been measured at fair market value and investment in associate is accounted for using the equity method.

2.2 Statement of compliance

This condensed interim consolidated financial information for the nine months ended September 30, 2013 has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

The disclosures made in this condensed interim consolidated financial information have been limited based on the International Accounting Standard 34 - Interim Financial Reporting. They do not include all of the information and disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements for the year ended December 31, 2012.

2.3 Functional and presentation currency

This condensed interim financial information is presented in Pakistani Rupees which is the functional and presentation currency of the Holding Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND RISK MANAGEMENT POLICIES

3.1 The accounting policies, underlying estimates and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of annual audited financial statements of the Holding Company for the year ended December 31, 2012 except for the adoption of IAS 19 as given below.

Application of amendments in IAS - 19, (revised) ' Employee Benefits'

Consequent to the revision of IAS 19 "Employee Benefits" which is effective for annual periods beginning on or after January 1, 2013, the Holding Company has changed its accounting policy wherein, the actuarial gains and losses on employees' retirement benefit plans are recognised immediately in other comprehensive income.

Notes to the Condensed Consolidated Interim Financial Information (Un-Audited)

For the Nine Months Ended September 30, 2013

Previously, the actuarial gains/losses in excess of the corridor limit were recognised in profit and loss account over the remaining service life of the employees. The change in accounting policy has been accounted for retrospectively and the comparative figures have thereby been restated.

Effect of

prior period

Effect of

restatement

for the year

35

192

10.599 10.634

amount as on

December 31,

3.1.1 Effect of retrospective application of change in accounting policy are as follows:

on December restatement

As previously

reported

	31, 2012	on January 1, 2012	December 31, 2012	2012
		Ru	upees in '000	
Effect on balance sheet				
Deferred liability - staff gratuity	62,183	7,257	14,132	83,572
Net decrease in unappropriated profit	4,503,254	7,257	14,132	4,481,865
			9 Months ended September 30, 2012	Prior to 1 January 2012
			Rupees	in '000
Effect on profit and loss acc	count			
Net increase in profit before	tax		35	-
Effect on other compincome Net decrease in other compined amortization of actuarial gain				

The financial risk management objectives and policies adopted by the Holding 3.2 Company are consistent with those disclosed in the financial statements of the Holding Company for the year ended December 31, 2012.

-transferred from profit and loss account

Amortization of actuarial gains / (losses)

of associate

-adjusted against deferred liability-staff gratuity

Notes to the Condensed Consolidated Interim Financial Information (Un-Audited)

For the Nine Months Ended September 30, 2013

(Unaudited)	(Audited)	
September	December	
30, 2013	31, 2012	
Rupees	in '000	

4. PROPERTY, PLANT AND EQUIPMENT

Operating assets - at net book value Capital work in progress - at cost

44,280	45,398
185,432	170,167
229,712	215,565

(Unaudited)

September 30, 2013		September 30, 2012	
Acquisition Disposal		Acquisition	Disposal
at cost at written		at cost	at written
	down value		down value
	Rup	ees in '000	
320	-	1	25

4.1 Plant and machinery
Office equipment
Computer equipment
Vehicles

nupees III 000				
320	-	1	25	
2,860	371	677	-	
2,105	587	621	46	
713	1,099	2,403	1,286	
5,997	2,057	3,702	1,358	

4.2 Property, plant and equipment include temporary idle property relating to discontinued operations with a carrying value of Rs. 13.36 million (December 31, 2012: Rs. 14.17 million).

(Unaudited)

	(Unaudited)	(Audited)
	September 30,	December 31,
	2013	2012
Note	Rupees	in '000

5. LONG TERM INVESTMENTS

Investment in associated company Other investments

5.1	4,475,246	4,218,029
	8,117	6,653
	4,483,363	4,224,682

Notes to the Condensed Consolidated Interim Financial Information (Un-Audited)

For the Nine Months Ended September 30, 2013

(Unaudited)	(Audited)
September	December
30, 2013	31, 2012
	(restated)
Rupees	in '000

5.1 Inves	tment in associated company		
Asso	ciated Company - quoted		
Perce (Dec (Dec ordi Marke	od Hercules Corporation Limited (DHCL) ntage holding 16.19% cember 31, 2012: 16.19%) 77,931,896 cember 31, 2012: 77,931,896) fully paid nary shares of Rs. 10/- each et value Rs. 3,593 million mber 31, 2012: 2,535 million)		
Open	ing balance:		
Cos	t	65,294	65,294
Sha	re of post acquisition profits	4,160,204	4,037,053
Sha	re of other comprehensive income		
of	associated company	(7,469)	(27,925)
		4,218,029	4,074,422
Move	ment during the period / year ;		
Sha	re of profit re of other comprehensive income	374,847	266,229
of	associated company	(2,129)	20,456
Sha	re of taxation	(37,569)	(27,159)
Imp	airment loss on 'available for		
sa	le investments'	-	(37,988)
Divid	dend received	(77,932)	(77,932)
		257,217	143,607
		4,475,246	4,218,029

Financial results as at June 30, 2013 have been used for the purpose of application of equity method.

Notes to the Condensed Consolidated Interim Financial Information (Un-Audited)

For the Nine Months Ended September 30, 2013

					(Unaudited) September, 30 2013	(Audited) December, 31 2012
6	I OANS /	AND ADVANC	EQ		Rupees	in '000
U	LOANO	NID ADVANC	LO			
	Unsecure	ed - Consider	ed good			
	Adva	ance income t	ах		24,288	12,858
	Loar	ns and advanc	es to staff		7,481	1,967
	Adva	ances to supp	liers		8,495	997
	Adva	ances to other	S		1,834	97
					42,098	15,919
7	SHORT	FERM INVEST	MENTS			
	Held for t	rading at fair v	alue through l	Profit or Loss	115,285	575,658
	Fina	ncial assets a	t fair value th	rough profit or loss		
		September	December	Name of Investee		
		30, 2013	31, 2012			
		No. of	Units			
		11,322	2,950,257	Meezan Cash Fund	568	147,926
		6,692	1,494,217	UBL Liquidity Plus Fund	672	149,837
		525,408	1,519,260	MCB Cash Management Optimizer	52,581	152,337
		46,319	12,489,024	NAFA Government Securities Liquid Fund	465	125,558
		605,495	-	Askari Sovereign Cash Fund	60,999	-
					115,285	575,658

8 TRADE AND OTHER PAYABLES

Trade and other payables include amount payable under 'Voluntary Separation Scheme for LWTM Workers and Management' of Rs. 116.02 million (2012: Nil) and Unclaimed Dividend of Rs. 87.67 million (2012: 22.14 million).

Notes to the Condensed Consolidated Interim Financial Information (Un-Audited)

For the Nine Months Ended September 30, 2013

CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

9.1.1 For the tax year 2003 the Taxation Officer while framing assessment disallowed expenses relating to gratuity, lease rentals, employee perguisites and utilities amounting to Rs. 29.34 million. The Holding Company had filed an appeal against these issues before Appellate Tribunal Inland Revenue (ATIR). The appeal has been heard and the issues have been set aside by the said Tribunal and remanded to the taxation officer for reconsideration. The tax incidence of above mentioned issues is Rs. 10.27 million.

For the tax years 2004 to 2005 the Additional Commissioner Inland Revenue, during the period set aside proceedings of the appeal filed by the Holding Company on account of allocation of expenses amounting to Rs. 47.64 million and has raised additional tax demands amounting to Rs. 15.32 million. In reply, the Holding Company has filed an appeal before the Commissioner Inland Revenue contesting on the grounds of refund adjustment not considered in the said demands amounting to Rs. 39.34 million, tax charged at higher rates amounting to Rs. 2.26 million and erroneous allocation of common expenses amounting to Rs. 21.88 million.

Further for the tax year 2004 ATIR disallowed Rs. 20.62 million as adjustment of brought forward losses of the Holding Company, however, the Holding Company has filed an appeal before the High Court and a decision is awaited. The tax incidence of this adjustment amounts to Rs. 7.22 million.

For the tax years 2006, 2008 & 2009, during the period, the Deputy Commissioner Inland Revenue (DCIR) has made a decision on application filed by the Holding Company and raised tax demand of Rs. 19.98 million as against original demand of Rs. 59.4 million. The Holding Company again filed an appeal in respect of minimum taxation, dividend income and export sales before Appellate Tribunal Inland Revenue (ATIR) and a decision is awaited, the amount contested in the appeal is Rs. 26.07 million.

Since the outcome of the above appeals and tax thereon are pending and in view of the fact that management is confident that the appeals will be decided in the Holding Company's favor, no provision has been made in these financial statements relating to above appeals.

- 9.1.2 The Holding Company is contingently liable against guarantees and counter guarantees amounting to Rs 12.29 million (December 31, 2012: Rs. 106.29 million).
- 9.1.3 The Subsidiary Company has arranged a bank guarantee of USD 125,000 (December 2012: USD 125,000) to Alternative Energy Development Board (AEDB) for Letter of Support. The guarantee is valid upto November 30, 2013.

Notes to the Condensed Consolidated Interim Financial Information (Un-Audited)

For the Nine Months Ended September 30, 2013

9.2 Commitments

The Holding Company has commitments against letters of credit for purchase of renewable energy products amounting to Rs. 9.74 million (December 31, 2012: Nii).

10. SEGMENT REPORTING

During the period management has determined the operating segments for allocation of resources and assessment of performance. The Holding Company is organized into the following three reportable operating segments;

- Textile
- Renewable energy solutions
- Alternate energy

Textile is further subdivided into two segments i.e. continued and discontinued operations, results of which are separately given in profit and loss account.

(Unaudited)

Quarter ended

Segment analysis is as under:

10.1	Segment Results	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
			Rupees in	'000	
	Textile:				
	Revenue Segment results (loss)	35,583 (204,990)	99,577 (13,655)	111,386 (264,418)	309,469 (10,842)
	Renewable energy				
	Revenue Segment results (loss)	5,875 (63,185)	686 (3,999)	19,724 (82,805)	2,638 (3,204)
	Alternate energy				
	Revenue Segment results (loss)	(4,214)	(3,920)	(13,711)	(10,236)

(Unaudited)
Nine months ended

Notes to the Condensed Consolidated Interim Financial Information (Un-Audited)

For the Nine Months Ended September 30, 2013

Reconciliation of segment results with (loss) / profit after tax is as follows:

	(Unaudited)		(Unaudited)		
	Quarte	r ended	Nine mon	Nine months ended	
	September 30, 2013	September 30, 2012		September 30, 2012	
		Rupee	es in '000		
Gross (loss) / profit for reportable segments	(4,614)	5,527	1,307	41,466	
Other operating expenses	(260,609)	(20,741)	(336,187)	(74,400)	
(Loss) / profit from discontinued operations	(8,640)	(6,394)	(26,184)	8,466	
	(273,863)	(21,608)	(361,064)	(24,468)	
Share of income from associate and		()			
other operating income	236,011	(25,081)	406,523	264,323	
Taxation	(23,601)	8,612	(47,892)	(26,721)	
Net (loss) / profit	(61,453)	(38,076)	(2,434)	213,134	
Segment assets					
	Textile	Renewable	Alternate	Total	
		Energy	Energy		
		Rupee	es in '000		
As at September 30, 2013	503,341	113,510	315,298	932,150	
As at December 31, 2012	603,978	14,318	223,097	841,393	

Reconciliation of segment assets with total assets in the balance sheet is as follows:

(Unaudited)	(Audited)
September	December
30, 2013	31, 2012
Rupees	in '000
932,150	841,393
4,531,888	4,837,198
194,529	194,529
5,658,567	5,873,120

10.2

Notes to the Condensed Consolidated Interim Financial Information (Un-Audited)

For the Nine Months Ended September 30, 2013

11. ADMINISTRATIVE EXPENSES

Administrative expenses include Rs. 198.75 million as provision against 'Voluntary Separation Scheme for LWTM Workers and Management' announced by the management during the period.

12. TRANSACTIONS WITH RELATED PARTIES

The Holding Company in the normal course of business carries out transactions with various related parties. Related parties comprise of a subsidiary company, associated companies, directors, key management personnel and others. The significant transactions with related parties are as follows:

			September 30, 2013	2012
	Relationship	Nature of Transaction	Rupees in '000	
a.	Associated Companies			
	Dawood Hercules Corporation Limited	Dividend income Purchase of asset Reimbursement of expenses	77,932 - 3,575	77,832 855 170
	Sach International (Pvt) Limited	Sale of fabric Reimbursement of expenses Royalty charged Transfer of assets by the	104,594 2,614 2,648	201,281 3,502 1,592
		Holding Company Transfer of assets to they	1,514	-
		Holding Company Transfer of assets to the	395	-
		Subsidiary Company Retirement and other benefits	53	-
		transferred to the Holding Company Retirement and other benefits	1,113	5,748
		transferred from the Holding Company Purchase of fabric	-	6,572 4,329
	D H Fertilizer Limited	Reimbursement of expenses	665	887
	Cyan Limited	Insurance claim received Reimbursement of expenses	- 44	430
	Sui Northern Gas Pipelines Limited	Utility charges paid Sale of fabric	6,757	14,700 2,590
	The Dawood Foundation	Rental charges paid Reimbursement of expenses	3,622 1,236	5,862 1,169
	Inbox Business Technologies (Pvt) Limited	Hardware maintenance charges paid	250	751
b.	Dawood Lawrencepur Limited (Burewala Mills) - Staff Provident Fund	Contribution by the Holding Company	73	86
C.	Key Management Personnel	Salaries and employee benefits	27,470	29,417

(Unaudited) (Unaudited)

Notes to the Condensed Consolidated Interim Financial Information (Un-Audited)

For the Nine Months Ended September 30, 2013

13. RECLASSIFICATION

Corresponding figures have been rearranged and reclassified to reflect more appropriate presentation of events and transactions for the purpose of comparison. Reclassification made during the period is due to segment reporting of a new segment "Renewable Energy" where the comparative amount of Rs. 1.1 million in profit and loss account of the segment has been shown separately from other income as results of renewable energy segment.

14. APPROVAL OF CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

This condensed interim consolidated financial information was authorized for issue on October 31, 2013 by the Board of Directors of the Holding Company.

15. GENERAL

Figures have been rounded off to the nearest thousand rupee.

INAM UR RAHMAN Chief Executive



Dawood Lawrencepur Limited

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