

CONTENTS

Company Information.....	2
Directors' Report.....	3
Auditors' Review Report.....	4
Condensed Interim Balance Sheet.....	5
Condensed Interim Profit and Loss Account.....	6
Condensed Interim Statement of Comprehensive Income.....	7
Condensed Interim Cash Flow Statement.....	8
Condensed Interim Statement of Changes in Equity.....	9
Notes to the Condensed Interim Financial Statements.....	10

COMPANY INFORMATION

BOARD OF DIRECTORS	
Executive Director	: Dewan Abdul Baqi Farooqui - Chief Executive Officer
Non-Executive Directors	: Dewan Muhammad Yousuf Farooqui - Chairman, Board of Directors Dewan Abdullah Ahmed Farooqui Dewan Abdul Rehman Farooqui Mr. Haroon Iqbal Ishtiaq Ahmed
Independent Director	: Mr. Aziz-ul-Haque
AUDIT COMMITTEE	: Mr. Aziz-ul-Haque (Chairman) Dewan Abdul Rehman Farooqui (Member) Mr. Haroon Iqbal (Member)
HUMAN RESOURCE & REMUNERATION COMMITTEE	: Dewan Muhammad Yousuf Farooqui (Chairman) Dewan Abdul Baqi Farooqui (Member) Mr. Haroon Iqbal (Member)
COMPANY SECRETARY	: Syed Muhammad Salahuddin
CHIEF FINANCIAL OFFICER	: Mehmood-Ul-Hassan Asghar
LEGAL ADVISORS	: A. K. Brohi & Co. Advocates
BANKERS	: Habib Bank Limited Bank Islami Pakistan Limited MCB Bank Limited Silk Bank Limited
AUDITORS	: Feroze Sharif Tariq & Co. Chartered Accountants 4/N/4 Block-6, P.E.C.H.S., Karachi 75400, Pakistan.
TAX ADVISORS	: Sharif & Co. Advocates
REGISTERED OFFICE	: Finance & Trade Centre Block-A, 8 th Floor, Shahrah-e-Faisal, Karachi
SHARE REGISTERED / TRANSFER AGENT	: BMF Consultants Pakistan (Private) Limited Anum Estate Building, Room No. 310 & 311, 3 rd Floor, 49, Darul Aman Society, Main Shahrah-e-Faisal, adjacent to Baloch Colony Bridge, Karachi 75350, Pakistan.
FACTORY	: A-30, S.I.T.E., Hyderabad, Sindh, Pakistan.
WEBSITE	: www.yousufdewan.com

DIRECTORS' REPORT

BEGIN IN THE NAME OF ALLAH

THE MOST GRACIOUS AND MERCIFUL

IF YE GIVE THANKS, I WILL GIVE YOU MORE (HOLY QURAN)

The Board of Directors of your Company is pleased to present condensed Interim Financial Statements of the company for the half year ended December 31, 2013, in compliance with requirements of section 245 of the Company's Ordinance 1984 and Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan.

The highlights for the company for the half year ended December 31, 2013 are as follows: During the period under review company has achieved the net sales of Rs.896.030 million as compared to the Rs.798.468 million of the corresponding period of last year company has earned gross profit of Rs.74.302 million as compared to the gross profit of Rs.27.049 million of corresponding period of last year. Operating expenses of the company have been increased by Rs.18.642 million as compared to those of the corresponding period of last year.

Although raw material prices increased during the period under review but due to better marketing efforts especially development of Faisalabad market and better product mix along with efficient utilization of the mills' capacity the company was able to perform better.

The company has settled with its lenders through Compromise Agreement and its loans have been rescheduled in the form of long term loan which will be repaid in an extended period. Certain banks have not yet accepted the restructuring proposal the management of the company is quite hopeful that these banks will also accept the restructuring proposal in near future.

The management foresees that in winter the menace of load shedding will also affect the capacity utilization. The recent increase in fuel and energy costs will also increase the cost of freight stores, spares, and packing.

The challenges of law & order, power outages and other impact cost will remain challenging for the industry. But with better fund management and good product mix your company is focused, and will bring about improved results in future also.

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

In Conclusion, we bow, beg and pray to Almighty Allah, Rahman-o-Ar-Rahim, in the name of our beloved prophet Muhammad (Peace be upon him) for the continued showering of his blessings, Guidance, strength, health and prosperity to us, our company, country and nation, and also pray to Almighty Allah to bestow peace, Harmony, brotherhood and unity in true Islamic spirit to whole of Muslim Ummah; Ameen; 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

Karachi: February 27, 2014

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

Introduction

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

Scope of Review

We conducted our review in accordance with the International Standard on review engagements 2410, "Review of Condensed interim financial statements performed by the independent Auditor of the Entity". A review of Condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying Condensed interim financial statements as of and for the six months period ended December 31, 2013 are not prepared, in all material respects, in accordance with approved accounting standard as applicable in Pakistan.

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

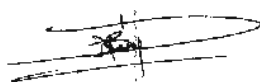


CHARTERED ACCOUNTANTS

**CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2013**

<u>EQUITY AND LIABILITIES</u>	December 31, 2013 (Un-Audited)	June 30, 2013 (Audited) Restated
<u>CAPITAL & RESERVES</u>	(Rupees in "000")	
<u>Authorized</u>	Notes	
10,000,000 (June 30, 2013: 10,000,000) Ordinary Shares of Rs. 10/- each		100,000
		100,000
Issued, Subscribed and Paid-up Capital	34,340	34,340
General Reserve - (a Revenue Reserve)	45,000	45,000
Unappropriated Profit	170,004	134,315
	249,344	213,655
Surplus on revaluation of property plant and equipment	338,719	349,875
<u>NON-CURRENT LIABILITIES</u>		
Syndicated Long term Loan - Secured	336,057	384,065
<u>Deferred Liabilities</u>		
Provision for Staff Gratuity	23,619	23,375
Deferred taxation	92,632	100,223
	116,251	123,598
<u>CURRENT LIABILITIES</u>		
Trade and Other Payables	125,579	130,212
Mark-up accrued on loans	4,301	5,290
Current Portion of Long Term Loan	96,016	96,016
Short Term Borrowings - Secured	80,721	46,562
Provision for Income Tax	61,521	52,560
	368,138	330,641
Contingencies and Commitments	5	--
	1,408,509	1,401,834
<u>ASSETS</u>		
<u>NON-CURRENT ASSETS</u>		
Property Plant and Equipment	6	638,036
Available for Sale Investment - at fair value		52,045
Long Term Deposits		841
		665,464
		50,059
		841
<u>CURRENT ASSETS</u>		
Stores, Spares and Loose Tools		16,195
Stock-in-Trade		175,926
Trade Debts - Considered Good		417,203
Loans and Advances - Unsecured, Considered good		4,736
Trade Deposits, Prepayments and Statutory Balances - Considered good		36,893
Other Receivables - Unsecured, Considered good		9,381
Income Tax Refunds and Advances		53,982
Cash and Bank Balances	8	3,272
		717,588
		685,471
		1,408,509
		1,401,834

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



Dewan Abdul Baqi Farooqui
Chief Executive

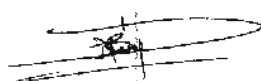


Haroon Iqbal
Director

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

	6 Months		3 Months	
	July to Dec 2013	July to Dec 2012	Oct to Dec 2013	Oct to Dec 2012
	(Rupees in "000")		(Rupees in "000")	
Sales - Net	896,030	798,468	384,751	379,893
Cost of Sales	(821,728)	(771,419)	(353,042)	(360,074)
Gross Profit	74,302	27,049	31,709	19,819
Administrative and General Expenses	(24,422)	(13,829)	(12,857)	(6,991)
Distribution Costs and Selling Expenses	(11,619)	(3,569)	(5,531)	(1,885)
	(36,040)	(17,398)	(18,388)	(8,876)
Operating Profit	38,262	9,651	13,321	10,943
Other Income	--	161	--	--
Finance Cost	(12,571)	(11,771)	(6,741)	(5,740)
Workers' profit participation fund	(1,285)	--	(328)	--
Workers welfare fund	(488)	--	(125)	--
Profit / (Loss) before taxation	23,918	(1,959)	6,127	5,203
Taxation				
Current	(8,961)	(3,992)	(3,848)	(1,922)
Deferred	7,591	6,556	5,397	3,150
	(1,369)	2,564	1,549	1,228
Profit after taxation	22,548	605	7,676	6,431
Earning Per Share - Basic	6.57	0.18	2.24	1.87

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



Dewan Abdul Baqi Farooqui
Chief Executive



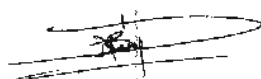
Haroon Iqbal
Director

DEWAN MUSHTAQ TEXTILE MILLS LIMITED

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

	6 Months		3 Months	
	July to Dec	July to Dec	Oct to Dec	Oct to Dec
	2013	2012	2013	2012
	(Rupees in "000")		(Rupees in "000")	
Profit for the period	22,548	605	7,676	6,431
Other comprehensive Income:				
Transfer from surplus on revaluation of property plant and equipment in respect of:				
Incremental depreciation	16,902	18,732	8,451	9,000
Related deferred tax	(5,747)	(6,556)	(2,789)	(3,150)
	11,155	12,176	5,662	5,850
Changes in fair value of available for sale investment	1,986	15,097	2,780	6,158
Total comprehensive income for the period	35,690	27,878	16,117	18,439

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



Dewan Abdul Baqi Farooqui
Chief Executive

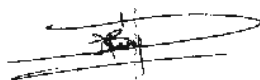


Haroon Iqbal
Director

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

	6 Months ended	
	December'31 2013	December'31 2012
Notes	(Rupees in "000")	
CASH FLOW FROM OPERATING ACTIVITIES	23,918	(1,959)
Profit / (Loss) before Taxation		
Adjustment for Non-Cash and Other Items:		
Depreciation	27,448	30,807
Gain on Sale of Property Plant and Equipment	--	(161)
Provision for Gratuity	2,751	2,751
Finance Cost	12,571	11,771
	42,770	45,168
	66,688	43,209
Working Capital Changes		
<i>(Increase) / Decrease in Current Assets</i>		
Stores, Spares and Loose Tools	(1,902)	1,450
Stock-in-Trade	(28,006)	(19,748)
Trade Debts	(4,163)	(6,818)
Loans and Advances	2,493	1,582
Trade deposits, Prepayments & Statutory balances	(936)	(3,493)
Other Receivables	1,592	(1,145)
<i>Increase / (Decrease) in Current Liabilities</i>		
Trade Creditors, Payable & others borrowings	(4,633)	(12,277)
	(35,555)	(40,449)
Taxes Paid	(7,660)	(14,649)
Gratuity Paid	(2,507)	(1,950)
	(10,167)	(16,599)
Net Cash Inflow/ (Outflow) from Operating Activities	20,967	(13,839)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed Capital Expenditure	(20)	--
Sale Proceed of Property Plant and Equipment	--	230
Net Cash Inflow / (Outflow) from Investing Activities	(20)	230
CASH FLOW FROM FINANCING ACTIVITIES		
Syndicated Long Term Loan	(48,008)	(16,000)
Finance Cost Paid	(13,561)	(11,626)
Net Cash Inflow/ (Outflow) from Financing Activities	(61,569)	(27,626)
Net (decrease) / Increase in Cash and Cash Equivalents	(40,623)	(41,235)
Cash and Cash Equivalents at the Beginning	(36,826)	(8,275)
Cash and Cash Equivalents at the End	(77,449)	(49,510)

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



Dewan Abdul Baqi Farooqui
Chief Executive

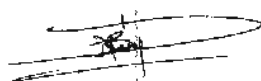


Haroon Iqbal
Director

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

	Share Capital	General Reserve	Unrealized (loss) / gain due to change in fair value of investment	Unappropriat ed Profit / (Loss)	Total
(Rupees)					
Balance as on July 01, 2012 - As reported	34,340	45,000	2,384	101,444	183,168
Effect of change in accounting policy	--	--	--	(112)	(112)
Balance as at July 01, 2012 - As restated	34,340	45,000	2,384	101,332	183,056
Total comprehensive income for the period	--	--	15,097	12,781	27,878
Balance as on December 31, 2012	34,340	45,000	17,481	114,113	210,934
Balance as on July 01, 2013	34,340	45,000	19,865	113,175	212,380
Effect of change in accounting policy	--	--	--	1,275	1,275
Balance as at July 01, 2013 - As restated	34,340	45,000	19,865	114,450	213,655
Total comprehensive income for the period	--	--	1,986	33,703	35,689
Balance as on December 31, 2013	34,340	45,000	21,851	148,153	249,344

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



Dewan Abdul Baqi Farooqui
Chief Executive



Haroon Iqbal
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2013

1 THE COMPANY AND ITS OPERATIONS

Dewan Mushtaq Textile Mills Limited (the Company) was incorporated in Pakistan, as a public limited company on November 04, 1970, under the Companies Act, 1913 (Now the Companies Ordinance, 1984) and its shares are listed on the Karachi Stock Exchange in Pakistan. The registered office of the company is located at Finance & Trade Centre, Block-A 8th Floor, Shahrah-e-faisal, Karachi, Pakistan; while its manufacturing facilities are located at A-30, S.I.T.E., Hyderabad, Sindh, Pakistan. The Principal activity of the Company is trading, manufacturing and sale of yarn.

2 BASIS OF PREPARATIONS

2.1 These condensed Interim financial statements of the company for the six months period ended December 31, 2013 has been prepared in accordance with the requirements of International Accounting Standard 34 (IAS 34) "Interim Financial Reporting" and being submitted to the shareholders under section 245 of the Companies Ordinance 1984 and provision of the directive issued under the companies ordinance, 1984 and listing regulations of Karachi and Lahore Stock Exchanges.. In case where the requirements differ, the provisions of or directives issued under the companies ordinance, 1984 have been followed.

2.2 These condensed interim financial statements of the Company do not include all of the statements required for full annual financial statements and should be read in conjunction with the audited annual separate financial statements of the Company as at and for the year ended June 30, 2013.

2.3 These condensed interim financial statements are presented in Pak Rupees which is also the Company's functional & presentation currency and all figures have been rounded off to the nearest rupee

2.4 These condensed interim financial statements comprise of condensed Interim Balance Sheet as at December 31, 2013 and the condensed Interim profit and loss account, condensed Interim statement of comprehensive Income, condensed Interim statement of changes in equity and the condensed Interim cash flow statement for the three months period ended December 31, 2013 which have been subjected to a review but not audited. These condensed interim financial statements also include the condensed Interim profit and loss account for the quarter ended December 31, 2013.

2.5 The comparative balance sheet presented in these condensed interim financial statements has been extracted from the audited annual separate financial statements of the Company for the year ended 30 June 2013, whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial statements for the period ended December 31, 2012. The comparative condensed Interim profit and loss account for the quarter ended December 31, 2012 is also included in these condensed interim financial statements, which has not been subject to a review.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of audited annual separate financial statements of the Company for the year ended June 30, 2013. except as described below:

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

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

The change in accounting policy has been applied retrospectively and comparative figures of balance sheets have been restated. The change resulted in increase in benefits payables and accumulated loss as of June 30, 2013 by Rs. 1,275 million (June 30, 2012: Rs. 0.112 million). The actuarial valuations are carried out on annual basis therefore the impacts on this and comparative interim condensed financial information are not quantifiable and also considered immaterial.

4 Estimates and Judgements

4.1 The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

4.2 Estimates and judgements made by management in the preparation of these condensed interim financial statements are the same as those were applied to the audited annual separate financial statements of the Company as at and for the year ended June 30, 2013.

5 Contingencies and Commitments

There is no material change in the contingencies and commitments since the last audited financial statements for the year ended June 30, 2013.

	December 31, 2013 (Un-Audited)	June 30, 2013 (Audited)
	(Rupees in "000")	
6 PROPERTY, PLANT AND EQUIPMENT		
Opening written down value	665,464	720,329
Additions during the period / year	20	7,751
Surplus on revaluation of Fixed Assets	--	--
Written down value of disposals	--	(124)
Depreciation during the period / year	<u>(27,448)</u>	<u>(62,491)</u>
Closing written down value	<u><u>638,036</u></u>	<u><u>665,464</u></u>

	December 31, 2013 (Un-Audited)	June 30, 2013 (Audited)
7 AVAILABLE FOR SALE INVESTMENT - At fair value		
In related party (associated company):		
Shares in Dewan Salman Fibre Ltd. (Public, quoted company)		
19,864,518 (June 30, 2013: 19,864,518) Fully paid up ordinary shares of Rs. 10/- each.	40,000	40,000
	<u>12,045</u>	<u>10,059</u>
Surplus / (deficit) due to change in fair value	<u>52,045</u>	<u>50,059</u>
Aggregate Market value (Rupees per share)	<u>2.62</u>	<u>2.52</u>
Percentage of equity held	<u>5.42%</u>	<u>5.42%</u>

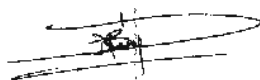
	December 31, 2013 (Un-Audited) (Rupees in "000")	December 31, 2012 (Un-Audited)
8 CASH & CASH EQUIVALENTS		
Cash and Bank Balances	3,272	19,653
Short term Borrowings	<u>(80,721)</u>	<u>(69,163)</u>
	<u>(77,449)</u>	<u>(49,510)</u>

9 RELATED PARTY TRANSACTIONS		
Sales	2,444	5,529
Purchases	2,680	12,713
Donation to Dewan Farooq Trust	1,500	1,500
Provident Fund	2,605	2,251

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

10 DATE OF AUTHORIZATION FOR ISSUE

These interim condensed financial statements authorized for issue on February 27, 2014 by the Board of Directors of the Company.



Dewan Abdul Baqi Farooqui
Chief Executive



Haroon Iqbal
Director