

**9 NON CURRENT ASSETS HELD FOR SALE**

Investment in Dewan Salman Fibre Limited

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

241,950      241,950

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. 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.263.850 million.

**10 FINANCE COST AND MARKUP ACCRUED**

Company has not made the provision of markup for the period amounting to Rs.30.709 million (upto June 30, 2013: Rs.182.022 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 profit for the period would have been lower by Rs.30.709 millions and accrued markup would have been higher and shareholders' equity would have been lower by Rs. 212.73 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. 4.242 Million (Mar,2013: Rs.44.418 million) and sales of Rs. 84.157 million (March, 2013: Rs.119.979 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 28-04-2014 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	: Dewan Muhammad Yousuf Farooqui - Chairman Board of Director Dewan Abdul Rehman Farooqui Mr. Haroon Iqbal Mr. Ishlaq Ahmed Mr. Muhammad Baqir Jafferri
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 All & Co. Chartered Accountants 222-A, K.M.C.H.S. Justice Inamullah Road, Near Hill Park, Karachi
Company Secretary	: Syed Muhammad Salahuddin
Chief Financial Officer	: Mehmood ul Hassan Asghar
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

	March 31, 2014	June 30, (Restated) 2013
	Rupees in '000'	
<b>5 RESERVES AND SURPLUS</b>		
<b>Revenue reserves</b>		
General reserve	333,000	333,000
Accumulated loss - restated	(870,510)	(758,398)
<b>Capital reserves</b>		
Un-realized gain due to change in fair value of investment	83,431	83,431
	<u>(454,079)</u>	<u>(341,967)</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, 2013.

## 7 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets - At cost less accumulated depreciation	1,863,366	1,911,479
Capital work in progress - At cost	6,318	5,455
	<u>1,869,684</u>	<u>1,916,934</u>

### 7.1 Additions and disposals during the period (Operating fixed assets)

#### Addition in Owned Assets

Factory building on lease hold land	--	5,499
Plant, machinery and equipments	83,569	32,091
Electric installation	70	
Vehicles	3,547	2,028
Furniture and fixture	1,255	191
Office equipments	785	211
	<u>89,226</u>	<u>40,020</u>

### 7.2 Addition during the period (Capital work in progress)

Civil works	863	--
Electric installation	--	5,455
	<u>863</u>	<u>5,455</u>

## 8 STOCK IN TRADE

Raw material stocks valuing Rs.225.96 million (June 2013: Rs.68.122 million) were pledged with the banks against the finance facilities obtained by the Company.

Finished goods stocks valuing Rs. 121.957 million (June 2013: Rs.120.271 million) were pledged with the banks against the finance facilities obtained by the Company.

- 3.2** These condensed interim financial statements are presented in Pak Rupees which is also the Company's functional & prenotation currency and all figures have been rounded off to the nearest thousand.
- 3.3** These condensed interim financial statements comprise of condensed Interim Balance Sheet as at March 31, 2014 and the condensed Interim profit and loss account, condensed Interim statement of comprehensive Income, condensed Interim statement of changes in equity and the condensed Interim cash flow statement for the nine months period ended March 31, 2014 which have been subjected to a review but not audited. These condensed interim financial statements also include the condensed Interim profit and loss account for the quarter ended March 31, 2014.
- 3.4** The comparative balance sheet presented in these condensed interim financial statements has been extracted from the audited annual separate financial statements of the Company for the year ended 30 June 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 March 31, 2013. The comparative condensed Interim profit and loss account for the quarter ended March 31, 2013 is also included in these condensed interim financial statements, which has not been subject to a review.

**4 ACCOUNTING POLICIES**

- 4.1** The accounting policies, significant accounting estimates and judgments adopted and applied in the preparation of the interim condensed financial information are consistent with those followed in the preparation of the company's annual financial statements for the year ended June 30, 2013, except as described below:
- 4.2** 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.
- 4.3** 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.
- 4.4** 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.2.130 million (June 30, 2012: Rs.2.240 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.

**DIRECTORS' REPORT**

**IN THE NAME OF ALLAH; THE MOST GRACIOUS AND MERCIFUL  
IF YE GIVE THANKS, I WILL GIVE YOU MORE (HOLY QURAN)**

The Board of Directors of your Company is pleased to present condensed Interim Financial Statements of the company for the nine month ended March 31, 2014, 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 nine month ended March 31, 2014 are as follows: During the period under review the company has achieved net sales of Rs.2,952.113 million as compared to the Rs.2,947.052 million of the corresponding period of the last year. Company has earned the gross profit of Rs.72.120 million as compared to the gross profit of Rs.250.583 million of the corresponding period of last year. Operating expenses have been decrease by Rs.5.997 million as compared to those of the corresponding period of last year.

The company has settled with its lenders through Compromise Agreement and its loans have been rescheduled in the form of long term loan which is being paid as per agreed terms and conditions. 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.

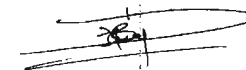
The 3rd quarter (January 14 to March-14) turned out to be the nightmare for the whole textile industry as it has resulted in operational losses due to sliding down of yarn rates. Due to pressure the company had to sell the yarn at lower rates made from expensive raw material. The management fears that the capacity utilization of the company will get affected in the coming summer due to energy shortfall. The increased energy tariff, high cost of freight, stores, spares and packing is adversely effecting the profitability of the company.

Revaluation of Pak rupees, increase in manufacturing cost, importing yarn from India are serious challenges faced by 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

Dated: April 28, 2014

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

	Un - Audited	Audited (Restated)
Note	March 31, 2014	June 30, 2013
	Rupees in '000'	
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorized capital (June 2013: 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	(454,079)	(341,968)
	(319,033)	(206,922)
Surplus on revaluation of property plant and equipment	727,288	768,369
<b>NON CURRENT LIABILITIES</b>		
Long term financing - Secured	2,968,146	3,230,942
Deferred liability for staff gratuity	27,264	27,034
Deferred Tax	180,151	202,239
<b>CURRENT LIABILITIES</b>		
Trade and other payables	359,613	345,068
Markup accrued	29,010	23,773
Short term borrowings - Secured	742,736	720,727
Current portion of long term financing	460,991	460,105
Overdue portion of lease liabilities	--	41,185
	1,592,351	1,590,858
<b>CONTINGENCIES AND COMMITMENTS</b>		
	6	--
	5,176,166	5,612,520
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	7	1,869,684
Long term deposits	54,111	1,916,934
		53,922
<b>CURRENT ASSETS</b>		
Stores and spares	55,488	46,162
Stock in trade	8	1,453,592
Trade debtors - Considered good	1,324,132	1,615,175
Advances - Considered good	52,631	1,579,944
Short term deposits and current account balances with statutory authorities	35,049	42,848
Taxes recoverable - Net	43,985	40,232
Cash and bank balances	45,544	34,946
	3,010,422	40,407
	3,010,422	3,399,714
Non current assets held for sale	9	241,950
	5,176,166	241,950
	5,176,166	5,612,520

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



**Dewan Abdul Baqi Farooqui**  
Chief Executive



**Haroon Iqbal**  
Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS & THIRD QUARTER ENDED MARCH 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 Nine months ended March 31, 2014 reflects that company's negative reserves of Rs.454.079 million (June 2013: Rs.341.967 million) have resulted in negative equity of Rs.319.033 million (June 2013: Rs.206.921 million). Further the company's short term borrowing facilities having limits to the extent of Rs.315 million have expired and not been renewed. Company is facing litigations with three of its lenders for repayment of liabilities through attachment and sale of company's hypothecated / mortgaged properties and out of them two of the lenders had also filed winding up petition under section 305 of the companies ordinance 1984. These conditions indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as a going concern.

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

**3 BASIS OF PREPARATION**

These condensed Interim financial statements of the company for the nine months period ended March' 31, 2014 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.

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

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE THIRD QUARTER ENDED MARCH 31, 2014**

	Issued Subscribed and Paid up Capital	General reserve	Unrealized gain / (loss) due to change in fair value of Investment	Accumulated Loss	Total
	Rupees in '000'				
Balance as at July 01, 2012	135,046	333,000	12,515	(881,802)	(401,241)
Effect of change in accounting policy	--	--	--	(2,240)	(2,240)
Balance as at July 01, 2012 - As restated	135,046	333,000	12,515	(884,042)	(403,481)
Profit / (Loss) for the period	--	--	--	64,079	64,079
Total comprehensive income for the period	--	--	70,916	--	70,916
Transfer from surplus on revaluation of property, plant and equipment in respect incremental depreciation - net of tax	--	--	--	47,092	47,092
	--	--	70,916	111,171	182,087
Balance as at March 31, 2013	135,046	333,000	83,431	(772,871)	(221,394)
Balance as on 1st July, 2013	135,046	333,000	83,431	(756,269)	(204,792)
Effect of change in accounting policy	--	--	--	(2,130)	(2,130)
Balance as at July 01, 2013 - As restated	135,046	333,000	83,431	(758,399)	(206,922)
Total comprehensive (loss) for the period	--	--	--	(153,804)	(153,804)
profit / (Loss) for the period	--	--	--	(153,804)	(153,804)
Changes in fair values of available for sale investments	--	--	--	--	--
Transfer from surplus on revaluation of property, plant and equipment in respect incremental depreciation - net of tax	--	--	--	41,692	41,692
	--	--	--	112,112	112,112
Balance as on 31st March 2014	135,046	333,000	83,431	(870,510)	(319,033)

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



**Dewan Abdul Baqi Farooqui**  
Chief Executive



**Haroon Iqbal**  
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE NINE MONTHS & THIRD QUARTER ENDED MARCH 31, 2014**

Note	9 months		3 months	
	Jul - Mar 2014	Jul - Mar 2013	Jan - Mar 2014	Jan - Mar 2013
	Rupees in '000'		Rupees in '000'	
Sales - Net	2,952,113	2,947,052	933,469	1,015,723
Cost of sales	(2,879,943)	(2,696,469)	(996,764)	(925,759)
Gross profit/(loss)	72,170	250,583	(63,295)	89,964
<b>OPERATING EXPENSES</b>				
Distribution cost	(74,206)	(82,074)	(22,187)	(21,060)
Administrative expenses	(33,493)	(31,622)	(11,880)	(10,616)
	(107,699)	(113,696)	(34,067)	(31,676)
<b>OPERATING (LOSS)/PROFIT</b>	(35,530)	136,887	(97,363)	58,288
<b>OTHER CHARGES / INCOME</b>				
Finance cost	(121,714)	(86,814)	(55,226)	(34,621)
Other Charges	(2,960)	(3,042)	(532)	--
Other income	15,695	12,751	381	5,753
	(108,978)	(77,105)	(55,376)	(28,868)
(Loss)/Profit before taxation	(144,507)	59,782	(152,738)	29,420
Taxation - Current	(30,774)	(21,060)	(9,476)	(7,266)
Deferred	21,478	25,357	7,160	8,452
	(9,297)	4,297	(2,317)	1,186
(Loss)/ after taxation	(153,804)	64,079	(155,055)	30,606
(Loss)/Earnings per share - basic and diluted	(11.39)	4.74	(11.48)	2.27

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



**Dewan Abdul Baqi Farooqui**  
Chief Executive




**Haroon Iqbal**  
Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE NINE MONTHS & THIRD QUARTER ENDED MARCH 31, 2014**

	9 months		3 months	
	Jul - Mar 2014	Jul - Mar 2013	Jan - Mar 2014	Jan - Mar 2013
	Rupees in '000'			
(Loss)/ Profit for the period	(153,804)	64,079	(155,055)	30,606
Other comprehensive income:				
Available for sale financial assets:				
- Changes in fair value	-	70,916	-	(14,980)
Transfer from surplus on revaluation of fixed assets in respect of				
Incremental depreciation	63,170	72,449	21,057	24,150
Related deferred tax	(21,478)	(25,357)	(7,160)	(8,452)
	41,692	47,092	13,897	15,697
<b>Total comprehensive (loss)/ income for the period</b>	<b>(112,112)</b>	<b>182,087</b>	<b>(141,158)</b>	<b>31,323</b>

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



**Dewan Abdul Baqi Farooqui**  
Chief Executive

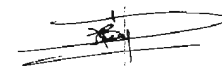


**Haroon Iqbal**  
Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2014**

	9 months ended	
	March 31, 2014	March 31, 2013
	Rupees in '000'	
<b>Cash Flow from Operating Activities</b>		
(loss)/ profit before taxation	(144,507)	59,782
<b>Adjustment for non-cash and other items</b>		
Depreciation	137,339	149,077
Provision for gratuity	7,475	7,475
Finance cost	121,714	86,814
	266,528	243,366
	122,020	303,148
<b>Changes in Operating Assets and Liabilities (Increase) / Decrease in Current Assets</b>		
Stores and spares	(9,327)	4,364
Stock in trade	161,583	(223,759)
Trade debtors - Considered good	255,812	152,632
Advances - Considered good	(9,782)	(24,906)
Short term deposits and current account balances with statutory authorities	5,183	(17,005)
<b>Increase / (Decrease) in Current Liabilities</b>		
Trade creditors, payable & others borrowings	37,585	(25,466)
	441,054	(134,140)
<b>Payments for</b>		
Income tax - net	(39,814)	(38,531)
Gratuity	(7,245)	(9,773)
	(47,059)	(48,304)
<b>Net cash inflow from operating activities</b>	516,015	120,704
<b>Cash Flow from Investing Activities</b>		
Fixed capital expenditures	(90,089)	(8,184)
Long term deposit	(189)	-
<b>Net cash outflow from investing activities</b>	(90,278)	(8,184)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term financing	(304,124)	(58,362)
Financial cost paid	(116,476)	(82,549)
<b>Net cash outflow from financing activities</b>	(420,600)	(140,911)
<b>Net decrease in cash and cash equivalents</b>	5,137	(28,391)
<b>Cash and cash equivalents at beginning of the period</b>	40,407	31,735
<b>Cash and cash equivalents at the end of quarter</b>	45,544	3,344

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



**Dewan Abdul Baqi Farooqui**  
Chief Executive



**Haroon Iqbal**  
Director