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## COMPANY INFORMATION

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

## 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 first quarter ended September 30, 2014 in compliance with requirements of section 245 of the company's ordinance 1984 and code of corporate governance issued by Securities and Exchange Commission of Pakistan.

### The Economy

The performance of the agriculture sector was less than expected as heavy rains and floods in the country caused damage to standing crops. The major hurdle in growth remains the ongoing energy crises which has resulted under utilization of installed capacities.

### Operating Performance:-

The financial highlights for the first quarter ended September 30, 2014 are as follows:

During the period under review company has achieved net sales of Rs 198.720 million as compared to the Rs 511.278 million of the corresponding period of last year. Company has suffered gross loss of Rs 25.393 million as compared to the gross profit of Rs 42.593 million of comparable period of last year. Operating expenses of the company have been decreased by Rs 2.750 million as compared to those of first quarter of last year.

The results of the company could have been better, had there not been power crises, rise in salaries & wages, increase in tariff of gas and hike in freight & transportation costs. Further there were volatile fluctuations in the purchase prices of raw material during the period, which along with above factors have resulted in the higher cost of production. The results were also affected by the increase in costs of stores spares and packing materials.

### Outlook

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

The approaching winter will enhance the menace of load shedding that will further affect the capacity utilization. Moreover the increase in fuel and energy costs will also result in increased cost of production.

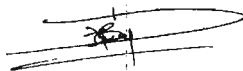
### Conclusion

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

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

LO-MY LORD IS INDEED HEARER OF PRAYER (HOLY QURAN)

*By and under Authority of the Board of Directors*



**Dewan Abdul Baqi Farooqui**

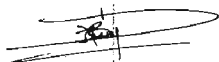
Chief Executive

Dated: October 28, 2014

# CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2014

	Notes	September 30, 2014 (Un-Audited)	June 30, 2014 (Audited)
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL &amp; RESERVES</b>			
<b>Authorized</b>			
10,000,000 (June 30, 2013: 10,000,000) Ordinary Shares of Rs. 10/- each		100,000,000	100,000,000
Issued, Subscribed and Paid-up Capital		34,340,280	34,340,280
General Reserve - (a Revenue Reserve)		45,000,000	45,000,000
Unappropriated Profit		85,104,002	119,509,097
		164,444,282	198,849,377
<b>Surplus on revaluation of property plant and equipment</b>		321,833,775	327,132,113
<b>NON-CURRENT LIABILITIES</b>			
Syndicated Long Term Loan - Secured		264,044,851	288,048,928
<b>Deferred Liabilities</b>			
Provision for Staff Gratuity		29,580,104	29,512,012
Deferred taxation		85,075,928	101,894,716
		114,656,032	131,406,728
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables		107,725,395	100,044,149
Mark-up accrued on loans		10,547,455	2,852,380
Current Portion of Long Term Loan		96,016,308	96,016,308
Short Term Borrowings - Secured		117,646,107	116,744,321
Provision for Income Tax		70,260,835	68,273,628
		402,196,100	383,930,786
Contingencies and Commitments		--	--
		1,267,175,040	1,329,367,932
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property Plant and Equipment	4	601,214,008	614,125,963
Available for Sale Investment - at fair value	5	36,948,003	41,119,552
Long Term Deposits		840,210	840,210
<b>CURRENT ASSETS</b>			
Stores, Spares and Loose Tools		17,888,967	19,419,114
Stock-in-Trade		118,667,424	151,591,948
Trade Debts - Considered Good		376,579,403	383,575,949
Loans and Advances - Unsecured, Considered good		4,060,253	4,210,140
Trade Deposits, Prepayments and Statutory Balances - Considered good		34,760,984	34,378,091
Other Receivables - Unsecured, Considered good		16,357,545	15,525,060
Income Tax Refunds and Advances		56,278,642	56,161,364
Cash and Bank Balances	6	3,579,601	8,420,541
		628,172,819	673,282,207
		1,267,175,040	1,329,367,932

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



**Dewan Abdul Baqi Farooqui**  
Chief Executive



**Haroon Iqbal**  
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014**

	July - Sep 2014	July - Sep 2013
Notes	(Rupees)	
<b>Sales - Net</b>	198,720,654	511,278,893
<b>Cost of Sales</b>	(224,113,323)	(468,686,257)
<b>Gross (Loss) / Profit</b>	<u>(25,392,669)</u>	<u>42,592,636</u>
Administrative and General Expenses	(11,566,452)	(11,564,767)
Distribution Costs and Selling Expenses	(3,335,106)	(6,087,131)
	<u>(14,901,558)</u>	<u>(17,651,898)</u>
<b>Operating Loss/( Profit)</b>	<u>(40,294,227)</u>	<u>24,940,738</u>
Other Income	--	--
Finance Cost	(10,069,237)	(5,829,716)
Workers' profit participation fund	--	(955,551)
Workers welfare fund	--	(363,109)
<b>(Loss) / Profit before taxation</b>	<u>(50,363,464)</u>	<u>17,792,361</u>
<b>Taxation</b>		
Current	(1,987,207)	(5,113,077)
Deferred	16,818,787	2,194,092
	<u>14,831,580</u>	<u>(2,918,985)</u>
<b>(Loss)/ Profit after taxation</b>	<u>(35,531,884)</u>	<u>14,873,376</u>
<b>(Loss) / Earning Per Share - Basic</b>	<u>(10.35)</u>	<u>4.33</u>

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



**Dewan Abdul Baqi Farooqui**  
Chief Executive



**Haroon Iqbal**  
Director



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014**

	July - Sep 2014	July - Sep 2013
	Notes	(Rupees)
<b>(Loss) /Profit for the quarter</b>	(35,531,884)	14,873,376
<b>Other comprehensive Income:</b>		
Transfer from surplus on revaluation of property plant and equipment in respect of:		
Incremental depreciation	8,027,785	8,451,107
Related deferred tax	(2,729,447)	(2,957,887)
	5,298,338	5,493,220
Changes in fair value of available for sale investment	(4,171,549)	(794,580)
<b>Total comprehensive (Loss) / Income for the quarter</b>	<u>(34,405,095)</u>	<u>19,572,016</u>

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

**Dewan Abdul Baqi Farooqui**  
Chief Executive

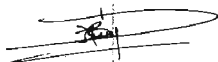
**Haroon Iqbal**  
Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014**

	July - Sep 2014	July - Sep 2013
	(Rupees)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before Taxation	(50,363,464)	17,792,361
Adjustment for Non-Cash and Other Items:		
Depreciation	12,911,956	13,723,473
Provision for Gratuity	1,659,442	(837,140)
Finance Cost	10,069,237	5,829,716
	24,640,635	18,716,049
<b>Working Capital Changes</b>	(25,722,829)	36,508,410
<b>(Increase) / Decrease in Current Assets</b>		
Stores, Spares and Loose Tools	1,530,147	1,289,425
Stock-in-Trade	32,924,524	63,189,055
Trade Debts	6,996,544	(81,583,218)
Loans and Advances	149,887	(4,105,582)
Trade deposits, Prepayments & Statutory balances	(382,893)	(586,957)
Other Receivables	(832,485)	1,498,474
<b>Increase / (Decrease) in Current Liabilities</b>		
Trade Creditors, Payable & others borrowings	7,681,246	28,065,378
	48,066,970	7,766,575
Taxes Paid	(117,278)	(729,222)
Gratuity Paid	(1,591,350)	(1,311,540)
	(1,708,628)	(2,040,762)
<b>Net Cash Inflow / (Outflow) from Operating Activities</b>	20,635,513	42,234,223
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed Capital Expenditure	-	--
Sale Proceed of Property Plant and Equipment	--	--
<b>Net Cash Inflow / (Outflow) from Investing Activities</b>	--	--
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Syndicated Long Term Loan	(24,004,077)	(24,004,077)
Finance Cost Paid	(2,374,162)	(5,358,738)
<b>Net Cash Inflow / (Outflow) from Financing Activities</b>	(26,378,239)	(29,362,815)
Net (decrease) / Increase in Cash and Cash Equivalents	(5,742,726)	12,871,408
Cash and Cash Equivalents at the Beginning	(108,323,780)	(36,826,198)
Cash and Cash Equivalents at the End	(114,066,506)	(23,954,790)

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



**Dewan Abdul Baqi Farooqui**  
Chief Executive

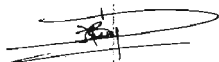


**Haroon Iqbal**  
Director

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

	Share Capital	General Reserve	Unrealized gain / (loss) due to change in fair value of investment	Unappropriate d Profit / (Loss)	Total
(Rupees)					
Balance as on July 01, 2013-restated	34,340,280	45,000,000	19,864,519	113,102,639	212,307,438
comprehensive income for the quarter	--	--	(794,580)	20,366,596	19,572,016
Balance as on September 30, 2013 - Restated	34,340,280	45,000,000	19,069,939	133,469,235	231,879,454
Balance as on July 01, 2014	34,340,280	45,000,000	10,925,486	108,583,611	198,849,377
comprehensive income for the quarter	--	--	(4,171,549)	(30,233,546)	(34,405,095)
Balance as on September 30, 2014	34,340,280	45,000,000	6,753,937	78,350,065	164,444,282

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



**Dewan Abdul Baqi Farooqui**  
Chief Executive



**Haroon Iqbal**  
Director



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

### 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 Preparation

2.1 This condensed interim financial information of the Company for the quarter ended September 30, 2014 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 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.

2.2 This condensed interim financial information is presented in Pakistani Rupees which is also the Company's functional currency and all financial information presented has been rounded off to the nearest rupee except otherwise stated.

2.3 This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2014.

### 3 Estimates, Judgements and Financial Risk Management

3.1 In preparing of this condensed interim financial information, management make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, incomes and expenses. Actual results may differ from these estimates.



3.2 The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual financial statements as at and for the year ended June 30, 2014.

**4 Significant Accounting Policies**

The accounting policies 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 financial statements of the Company as at and for the year ended June 30, 2014. Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Company's operations and did not have any significant impact on the accounting policies of the Company.

**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, 2014.

	<b>September 30, 2014 (Un-audited)</b>	June 30, 2014 (Audited)
<b>4 PROPERTY, PLANT AND EQUIPMENT</b>	(Rupees)	
Opening written down value	614,125,963	665,463,678
Additions during the period / year	--	6,545,705
Surplus on revaluation of Fixed Assets	--	--
Written down value of disposals	--	(46,881)
Depreciation during the period / year	(12,911,956)	(57,836,539)
Closing written down value	<u>601,214,007</u>	<u>614,125,963</u>

	<b>September 30, 2014</b>	September 30, 2013
<b>4.1</b> Additions to the operating fixed assets during the quarter	<b>Nil</b>	Nil
<b>5 AVAILABLE FOR SALE INVESTMENT - At fair value In related party</b>		
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.	40,000,000	40,000,000
Surplus / (deficit) due to change in fair value	(3,051,997)	1,119,552
	<u>36,948,003</u>	<u>41,119,552</u>
Aggregate Market value (Rupees per share)	<u>1.86</u>	<u>2.07</u>
Percentage of equity held	<u>5.42%</u>	<u>5.42%</u>
	Sep 30, 2014	Sep 30, 2013
<b>6 Cash and Cash Equivalents</b>		
Cash and Bank Balances	3,579,601	13,322,741
Short term Borrowings	(117,646,107)	(37,277,531)
	<u>(114,066,506)</u>	<u>(23,954,790)</u>

**7 RELATED PARTY TRANSACTIONS**

	<b>July - Sep 2014</b>	July - Sep 2013
	(Rupees)	
Sales	--	917,500
Purchases	--	1,063,725
Donation to Dewan Farooq Trust	750,000	750,000
Provident Fund	1,225,200	1,287,284

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

**8 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on October 28, 2014 by the Board of Directors of the Company.

**Dewan Abdul Baqi Farooqui**  
Chief Executive

**Haroon Iqbal**  
Director