

For The Nine Months Period Ended September 30, 2014 (Un-audited)

TOWARDS A BETTER

T O M  R R O W



Dawood Lawrencepur Limited



Towards a Better Tomorrow

REON Energy Solutions – a renewable energy division of Dawood Lawrencepur Limited; aims to provide energy-starved customers with technically sound and cost-effective solutions through their technical and financial expertise and to assist the customers through the journey to energy sufficiency.

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Vision

To give our customers an energy abundant future by harnessing the potential of the environment in a safe and sustainable manner

Mission

We aim to be the leading renewable energy solutions company of Pakistan, with a turnover exceeding Rs. 10 billion by 2020. We will achieve this by resolutely following our core values and by:

- Anticipating customer needs and consistently optimizing our products and services
- Building strategic partnerships with technology suppliers, vendors and financial institutions
- Becoming the employer of choice and developing a culture that inspires performance excellence and teamwork

Company Information

Board of Directors

Shahid Hamid Pracha (Chairman)
Inam ur Rahman (Chief Executive)
Shafiq Ahmed
Abdul Samad Dawood
Shahzada Dawood
Sarfaraz Ahmed Rehman
Dr. Jawaid Abdul Ghani
Hasan Reza Ur Rahim

Board Audit Committee

Dr. Jawaid Abdul Ghani (Chairman)
Shafiq Ahmed
Hasan Reza Ur Rahim

Human Resource and Remuneration Committee

Shahid Hamid Pracha (Chairman)
Abdul Samad Dawood
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

3rd Floor, Dawood Centre
M. T. Khan Road
Karachi-75530
Ph# : 021-35632200-9
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# : 057-2641074-6
Fax# : 057-2641073

Directors' Review

For The Nine Months Ended September 30, 2014

The Directors are pleased to present the un-audited financial information of Dawood Lawrencepur Limited for the nine months ended September 30, 2014.

OPERATING RESULTS

Renewable energy business turnover of the Company for the nine months ended September 30, 2014 was Rs 88.23 million as against Rs 19.72 million for the similar period last year on back of growth in renewable energy business. The comparative figures have been reclassified for a more appropriate comparison. Textiles sales, shown in discontinued operations, were Rs 55.02 million as compared to Rs 111.43 million for the similar period last year, in line with expectation and given the difficult competitive landscape of the worsted fabric industry. Fixed costs associated with renewable energy business have led to an increase in the operating loss of the Company to Rs 167.61 million as compared to a loss of Rs 65.46 million last year. Earlier in the year, the Company sold one of its legacy assets at a considerable profit resulting in income of Rs 208.55 million from discontinued operations as compared to a loss of Rs 295.30 million last year.

The summary of operating results is as follows:

	Nine months ended September 30, 2014 Rupees (million)	Nine months ended September 30, 2013 Rupees (million)
Sales	88.23	19.72
Operating Loss	(167.61)	(65.46)
Share of profit from associate	404.46	374.85
Other operating income	9.88	32.03
Profit after taxation from continuing operations	149.33	292.86
(Loss)/ Profit from discontinued operations	208.55	(295.30)
Profit / (loss) for the nine months	357.87	(2.43)

EARNINGS PER SHARE

Earnings per share on a standalone basis for the nine months were Rs 1.51 per share as compared to loss per share of Rs 4.26 per share in September 2013. Earnings per share for the Group were Rs 6.06 as compared to losses per share of Rs 0.04 per share for the similar period last year.

PROGRESS REVIEW

There has been an inflow of numerous sales leads following successful completion of key projects installed earlier in the year. The Company is now focused on scaling up of the business and reaching the target market in the most efficient and sustainable way.

In line with its mission, the Company is striving to adopt the best-in-class Health Safety and Environment practices. A wholly owned subsidiary of the Company, Reon Energy Limited, mandated to carry out all solar and biogas related business activities for the Company has been incorporated during the quarter. This move is expected to bring focus to the renewable energy initiatives of the Company and consequently improve shareholder return.

Sale of movable assets of Lawrencepur Woolen Textile Mills is in the final stage, for which shareholder approval has already been acquired. The Lawrencepur brand licensing arrangement has also successfully revived the brand through a complete re-launch which will ensure long term returns to the shareholders in the form of royalty income.

Post award of a Feed-in Tariff, the 50 megawatt wind power plant is on course to achieve the

timelines laid down by the regulator NEPRA for financial close and is expected to comfortably manage before the deadline of March 2015. One key element of concern remains the timely availability of the NTDC grid because these are new transmission lines that are being constructed primarily for wind projects in that corridor. Whilst the delay in project has added to the costs, TGL has successfully renegotiated with EPC/O&M contractors in a bid to keep the project cost within budget despite the delay.

The Company has engaged Engro Powergen as a Project Management team after a rigorous competitive process. This experienced and dedicated team has been tasked to manage all execution aspects of the project whilst bringing in cost savings through renegotiations of key contracts.

BUSINESS OUTLOOK

In Pakistan, the renewable energy sector is slowly getting the attention it has long deserved especially in light of the dismal power situation in the country. The present government has taken measures to increase solar diffusion in the country through commissioning of solar photo voltaic plants that will directly feed into the grid. Private investment is also being made with many power producers having entered the market to set up utility scale plants in remote areas with access to national grid.

The Company's prime focus is to build capability to deliver medium to large scale energy solutions, through investment in human capital including training and development, acquisition of latest and most efficient renewable energy technology through international partnerships and the capability to handle large scale projects through knowledge sharing. In addition to this, trading of solar portable lights and medium scale solar and biogas solutions is growing steadily and is expected to deliver a positive bottom-line in the coming years.

The Company is well on its way to realizing its strategic objective of textile asset divestment with a goal of bringing the best value to its shareholders and a suitable close to a business that dominated the industry for decades. However, the Company plans to continue reaping the benefits from the 'Lawrencepur' brand through its licensing arrangement.

In the absence of short term fixes to the energy deficit situation in the country, the projects in the energy pipeline have gained more significance. The availability of international funding and the shorter construction time makes renewable energy projects very attractive for developers and investors. Energy through wind projects is now a mature and proven technology. The successful operation of a couple of projects in a location nearby to TGL has also provided assurance and confidence to all stakeholders including the lenders and the power purchasers. The wind energy sector has so far been insulated from the circular debt concern and it is imperative that this insulation is maintained to ensure that the prospects of this industry are not compromised.

There is increased interest in the sector from both local and international developers and investors, especially to be part of the first wave of projects that have been given an attractive tariff. The Company is optimistic about Wind Energy given its cost competitiveness over other conventional energy forms and the promise of energy security, and is committed to deliver the Project within budgeted time and cost.

On Behalf of the Board



Karachi:
October 24, 2014

INAM UR RAHMAN
Chief Executive

Condensed Interim Balance Sheet (Un-Audited)

As at September 30, 2014

		(Unaudited) September 30, 2014	(Audited) December 31, 2013
	Note	----- Rupees in '000 -----	
ASSETS			
Non-current assets			
Property, plant and equipment	4	55,894	48,453
Intangible assets	5	14,349	1,147
Long term investments		457,557	445,785
Long term deposits		10,544	10,544
		538,344	505,929
Current assets			
Stores and spares		36,461	36,582
Stock-in-trade	6	318,429	261,306
Trade debts		40,357	94,882
Loans and advances		52,608	42,108
Deposits, prepayments and other receivables		99,045	96,961
Cash and bank balances		6,193	20,256
		553,093	552,095
Assets classified as 'held for sale'		194,529	194,529
		1,285,966	1,252,553
SHARE CAPITAL AND RESERVES			
Share capital		590,578	590,578
Reserves		215,946	214,174
Unappropriated profit		138,463	49,027
		944,987	853,779
LIABILITIES			
Non current liabilities			
Deferred liabilities - staff retirement benefits		13,252	9,419
Current liabilities			
Running finance	7	148,083	261,708
Trade and other payables	8	140,500	109,618
Accrued markup		8,925	5,131
Provision for taxation		30,219	12,898
		327,727	389,355
		1,285,966	1,252,553
CONTINGENCIES AND COMMITMENTS			
	9		

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



INAM UR RAHMAN
Chief Executive



SARFARAZ AHMED REHMAN
Director

Condensed Interim Profit and Loss Account (Un-Audited)

For the Quarter and Nine Months Ended September 30, 2014

	Note	Quarter Ended		Nine Months Ended	
		Sep 30, 2014	Sep 30, 2013	Sep 30, 2014	Sep 30, 2013
		----- Rupees in '000 -----			
		(Restated)		(Restated)	
CONTINUING OPERATIONS					
Sales - net	10	28,012	5,874	88,229	19,724
Cost of goods sold	11	(23,533)	(4,134)	(75,264)	(14,839)
Gross profit		4,479	1,740	12,965	4,885
Other income		1,190	8,707	80,428	106,222
Selling and distribution expenses		31,291	27,565	76,937	36,139
Administrative expenses		33,087	6,774	90,418	20,492
Finance cost		9,257	393	25,748	538
Workers welfare fund		(1,777)	-	2,081	-
		(71,858)	(34,732)	(195,184)	(57,169)
(Loss)/profit before taxation		(66,189)	(24,285)	(101,791)	53,938
Taxation		(638)	(1,008)	(17,321)	(9,992)
(Loss)/profit after taxation from continuing operations		(66,827)	(25,293)	(119,112)	43,946
DISCONTINUED OPERATIONS					
(Loss)/profit from discontinued operations	12.1	(16,440)	(240,162)	208,548	(295,295)
(Loss)/profit for the period		(83,267)	(265,456)	89,436	(251,349)
Earnings per share - Basic and diluted					
Continuing operations (Rs.)		(1.13)	(0.43)	(2.02)	0.74
Earnings per share - Basic and diluted					
Discontinued operations (Rs.)		(0.28)	(4.07)	3.53	(5.00)

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


INAM UR RAHMAN
Chief Executive


SARFARAZ AHMED REHMAN
Director

Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the Quarter and Nine Months Ended September 30, 2014

Quarter Ended		Nine Months Ended	
Sep 30, 2014	Sep 30, 2013	Sep 30, 2014	Sep 30, 2013
----- Rupees in '000 -----			

(Loss)/profit after taxation	(83,267)	(265,456)	89,436	(251,349)
Other comprehensive income				
Surplus on remeasurement of 'available for sale' investments	(362)	(380)	1,772	1,464
Total comprehensive income	(83,629)	(265,836)	91,208	(249,885)

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



INAM UR RAHMAN
Chief Executive




SARFARAZ AHMED REHMAN
Director

Condensed Interim Cash Flow Statement (Un-Audited)

For the Nine Months Ended September 30, 2014

	Nine Months ended September 30, 2014			Nine Months ended September 30, 2013		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	Rupees in '000			(Restated)		
A. CASH FLOWS FROM OPERATING ACTIVITIES						
Profit / (loss) before taxation	(101,791)	208,548	106,757	53,938	(295,295)	(241,357)
Adjustments for:						
Depreciation	3,162	2,603	5,765	3,498	1,078	4,576
Amortization	467	-	467	365	-	365
Provision for gratuity	5,966	-	5,966	13,299	144	13,443
Provision against doubtful debts	-	-	-	1,594	326	1,920
Reversal of provision against doubtful debts	(347)	(1,020)	(1,367)	-	-	-
Provision against slow moving/obsolete stock	2,218	-	2,218	-	-	-
Finance cost	25,748	2	25,750	538	5	543
(Gain) / loss on disposal of property, plant and equipment	(89)	(251,027)	(251,116)	419	3	422
Dividend income	(77,932)	-	(77,932)	(78,682)	-	(78,682)
Gain on sale of short-term investments	-	-	-	(118,967)	-	(118,967)
Unrealised gain on remeasurement of short-term investments	-	-	-	97,138	-	97,138
Operating loss before working capital changes	(142,598)	(40,894)	(183,492)	(26,860)	(293,739)	(320,599)
(Increase) / decrease in current assets						
Stores and spares	-	121	121	586	-	586
Stock in trade	(106,653)	47,313	(59,340)	(27,989)	-	(27,989)
Trade debts	(4,423)	60,316	55,893	78,921	-	78,921
Loans and advances	255	(17)	238	(14,758)	-	(14,758)
Deposits, prepayments and other receivables	(9)	(2,075)	(2,084)	(23,423)	-	(23,423)
Increase / (decrease) in current liabilities						
Trade and other payables	13,211	17,823	31,034	59,714	-	59,714
	(97,619)	123,481	25,862	73,051	-	73,051
Cash (used in) / generated from operations	(240,217)	82,587	(157,630)	46,191	(293,739)	(247,548)
Gratuity paid	(1,604)	(530)	(2,134)	(6,197)	-	(6,197)
Finance cost paid	(21,954)	(2)	(21,956)	(538)	(5)	(543)
Tax paid	(10,739)	-	(10,739)	(11,245)	-	(11,245)
Net cash (used in) / generated from operating activities	(274,514)	82,055	(192,459)	28,211	(293,744)	(265,533)
B. CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of property, plant and equipment	(13,700)	-	(13,700)	(5,945)	-	(5,945)
Sale proceeds from disposal of property, plant and equipment	540	251,069	251,609	1,536	18	1,554
Capital work in progress	(13,583)	-	(13,583)	(1,900)	-	(1,900)
Investment in subsidiary	(10,000)	-	(10,000)	(100,000)	-	(100,000)
Purchase of intangible assets	(86)	-	(86)	-	-	-
Purchase of short-term investments	-	-	-	(48,000)	-	(48,000)
Sales proceed from short term investments	-	-	-	622,000	-	622,000
Dividend received	77,932	-	77,932	78,682	-	78,682
Net cash generated from investing activities	41,103	251,069	292,172	546,373	18	546,391
C. CASH FLOWS FROM FINANCING ACTIVITIES						
Payment of dividend	(151)	-	(151)	(288,811)	-	(288,811)
Net cash used in financing activities	(151)	-	(151)	(288,811)	-	(288,811)
Net (decrease) / increase in cash and cash equivalent (A+B+C)	(233,562)	333,124	99,562	285,773	(293,726)	(7,953)
Cash and cash equivalent at beginning of the period			(241,452)			23,394
Cash and cash equivalent at end of the period	(233,562)	333,124	(141,890)	285,773	(293,726)	15,441
Cash and cash equivalent						
Cash and bank balances			6,193			15,441
Running finance			(148,083)			-
			(141,890)			15,441

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


INAM UR RAHMAN
Chief Executive

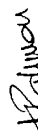

SARFARAZ AHMED REHMAN
Director

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

For the Nine Months Ended September 30, 2014

	Ordinary shares	Capital Reserves				General reserve	Unappropriated profit	Unrealized gain on remeasurement of available for sale investments	Total
		Merger reserve	Share premium reserve	Capital reserve	Capital redemption reserve fund				
----- Rupees in ,000 -----									
Balance at January 01, 2013 - restated (Audited)	590,578	10,521	136,865	33,311	25,969	395,355	355,168	4,198	1,551,965
Loss after tax for the nine months ended September 30, 2013	-	-	-	-	-	-	(251,349)	-	(251,349)
Other comprehensive income	-	-	-	-	-	-	-	1,464	1,464
Final cash dividend for the year ended December 31, 2012 @ Rs. 5 per share	-	-	-	-	-	-	(295,289)	-	(295,289)
Interim cash dividend for the year ended December 31, 2013 @ Re. 1 per share	-	-	-	-	-	-	(59,058)	-	(59,058)
Balance at September 30, 2013 (Unaudited)	590,578	10,521	136,865	33,311	25,969	395,355	(250,528)	5,662	947,733
Loss after tax for the quarter ended December 31, 2013	-	-	-	-	-	-	(95,800)	-	(95,800)
Other comprehensive income	-	-	-	-	-	-	-	1,846	1,846
Transfer to unappropriated profit	-	-	-	-	-	(395,355)	395,355	-	-
Balance at December 31, 2013 (Audited)	590,578	10,521	136,865	33,311	25,969	-	49,027	7,508	853,779
Profit after tax for the nine months ended September 30, 2014	-	-	-	-	-	-	89,436	-	89,436
Other comprehensive income	-	-	-	-	-	-	-	1,772	1,772
Balance at September 30, 2014 (Unaudited)	590,578	10,521	136,865	33,311	25,969	-	138,463	9,280	944,987

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



INAM UR RAHMAN
Chief Executive



SARFARAZ AHMED REHMAN
Director

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

For the Nine Months Ended September 30, 2014

1. GENERAL INFORMATION

- 1.1 Dawood Lawrencepur Limited, "the Company" was incorporated in Pakistan in the year 2004 as a public listed company formed as a result of a 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 of renewable energy solutions, mainly solar, to commercial 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 in the province of Sindh.
- 1.2 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.
- 1.3 The Company suspended operations of its Woolen Textile Mill in August 2013 and the Labour Court granted permission to the Company for closure of the Mill in February 2014. The Company is currently in the process of selling the plant and machinery of this Unit. The results of discontinued operations include Dawood Cotton Mill, Burewala Textile Mill and Lawrencepur Woolen and Textile Mills. Accordingly the comparative information and results of operations have been restated wherever necessary. The 'Lawrencepur' brand name continues to operate under license.
- 1.4 The Company is in the process of obtaining regulatory approval to set up a wholly owned subsidiary under the name of Reon Energy Limited to be incorporated under the Companies Ordinance, 1984 which shall be solely focused on the renewable energy business.

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, 2014 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, 2013. The profit and loss account has been prepared using a classification based on function of income and expense of the Company.

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

For the Nine Months Ended September 30, 2014

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, 2013.

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, 2013.

4. PROPERTY, PLANT AND EQUIPMENT

Operating assets

(Unaudited) September 30, 2014	(Audited) December 31, 2013
----- Rupees in '000 -----	
55,894	48,453

	(Unaudited) September 30, 2014		(Audited) December 31, 2013	
	Acquisition at cost	Disposal at written down value	Acquisition at cost	Disposal at written down value
----- Rupees in '000 -----				
4.1 Plant and machinery	-	-	439	-
Promotional and demo projects	2,449	-	4,107	-
Furnitures, and fixtures	3,797	-	3,209	357
Tools and equipments	3,700	-	4,657	-
Computer equipment	1,255	29	2,999	577
Vehicles	2,500	467	1,920	1,534
	<u>13,701</u>	<u>496</u>	<u>17,331</u>	<u>2,468</u>

4.2 Property, plant and equipment include assets having carrying value amounting to Rs. 23.21 million (Dec 2013: Rs 28.54 million) held as idle assets which relates to discontinued units i.e. Lawrencepur woolen and textile mills limited and Dilon limited.

5. INTANGIBLE ASSETS

This includes amount related to the implementation of an Enterprise Resource Program amounting to Rs. 13.58 million (Dec 2013: Nil).

6. STOCK-IN-TRADE-Net of provisions

Renewable energy - continuing operations
Textile - discontinued operations

(Unaudited) September 30, 2014	(Audited) December 31, 2013
----- Rupees in '000 -----	
178,113	73,678
140,316	187,628
<u>318,429</u>	<u>261,306</u>

7. RUNNING FINANCE

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

For the Nine Months Ended September 30, 2014

This represents utilised portion of aggregate running finance facility of Rs. 400 million (Dec 2013: 400 million) under a mark-up arrangement. The facility is subject to markup @ 3 month KIBOR + 1.1% which is determined at the start of each quarter and is payable on a quarterly basis in arrears. The running finance under mark-up arrangement is secured by way of pledge over 18 million shares of 'Dawood Hercules Corporation Limited' and expires on September 30, 2014.

(Unaudited) September 30, 2014	(Audited) December 31, 2013
----- Rupees in '000 -----	

8. TRADE AND OTHER PAYABLES

Creditors	-	22
Accrued expenses	49,430	33,701
Unclaimed dividend	29,753	29,905
Due to Islamic Development Bank	25,969	25,969
Advance from customers and others	34,865	18,659
Gratuity to ex-staff	-	119
Deposits	377	457
Withholding tax	106	786
	<u>140,500</u>	<u>109,618</u>

9. CONTINGENCIES AND COMMITMENTS

There is no material change in contingencies and commitments since financial year ended December 31, 2013 except the following;

9.1 Contingencies

- a) For the tax year 2003, the Taxation Officer while framing assessment disallowed expenses relating to gratuity, lease rentals, employee perquisites and utilities amounting to Rs. 29.34 million. The Commissioner Inland Revenue (Appeals) [CIR(A)] also maintained these disallowances. 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 ATIR and remanded back to the taxation officer for reconsideration. The tax incidence of above mentioned issues is Rs. 10.27 million. The appeal effect order has not been passed by the said authority.
- b) For the tax years 2004 to 2005, the ATIR set aside proceedings of the appeal filed by the Holding Company on account of allocation of expenses, credit of taxes and adjustments of refunds amounting to Rs. 47.64 million, Rs. 19.37 million and Rs. 39.90 million respectively. In the case of credit of taxes and adjustments of refunds, the Company filed an appeal before CIR(A) who directed the Taxation Officer to allow the same, after due verification.

With regard to allocation of expenses, the Additional Commissioner Inland Revenue (ACIR) revised the amount to Rs. 21.88 million from the earlier Rs. 47.64 million in response to which the Company filed an appeal against the revised amount of Rs. 21.88 million before CIR(A), who disallowed the same. The Company again filed an appeal before the ATIR, the hearing of which is pending. In case the proceedings were to go against the Company, a tax demand of Rs. 15.32 million would arise.

Further for the tax year 2004, the ATIR disallowed adjustment of assessed losses of amalgamating companies against the income of the Holding Company amounting to

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

For the Nine Months Ended September 30, 2014

Rs. 20.62 million. However, the Holding Company has filed an appeal before the Lahore High Court, the proceedings of which have not yet commenced.

- c) For the tax years 2006, 2008 & 2009, 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.59.40 million on account of minimum tax, dividend income and export sales. The Company again filed an appeal in respect of minimum tax relating to tax years 2006 and 2009, dividend income and export sales before ATIR against which the decision is pending. However the Company filed an application for rectification to ACIR in respect of minimum tax and adjustment of taxes paid amounting to Rs. 1.90 million and Rs. 20.18 million respectively. The ACIR allowed the said credit of taxes paid and eliminated minimum tax liability relating to tax year 2009 thereby reducing tax demand of Rs. 19.98 million to tax refundable of Rs. 2.11 million.
- d) A sales tax audit was initiated by the Sales Tax Department for the period July 2010 to June 2011. During the period the Company received an order from DCIR, raising a demand of Rs. 5.88 million relating mainly to inadmissible input taxes, non-payment of sales tax on scrap scales and non-payment of withholding sales tax. The Company has filed an appeal against the order before CIR(A) on which a decision is pending.

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

9.2 Commitments

Letters of credit outstanding for purchase of renewable energy products amount to Rs. Nil (Dec 2013: Rs. 9.98 million).

The Company is contingently liable against guarantees and counter guarantees amounting to Rs. 128.13 million (Dec 2013: Rs. 15.13 million).

(Unaudited) September 30, 2014	(Audited) December 31, 2013
----- Rupees in '000 -----	

10. SALES - NET

Renewable energy

Project sales	54,091	9,625
Solar lights	22,576	8,390
Others	12,934	1,731
	89,601	19,746
Less: Commission and discount	(1,372)	(22)
	<u>88,229</u>	<u>19,724</u>

11. COST OF GOODS SOLD

Renewable energy

Opening stock	71,188	10,091
Purchases and related expenses	182,189	69,262
Closing stock	(178,113)	(64,514)
Cost of goods sold	<u>75,264</u>	<u>14,839</u>

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

For the Nine Months Ended September 30, 2014

12. SEGMENT REPORTING

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;

- Renewable energy solutions - continuing operations
- Textile - discontinued operations

Segment analysis is as under:

12.1 Segment results

	Renewable energy - continuing operations		Textile - discontinued operations		Unallocated		The Company	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
	Rupees in '000-----							
	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)
Revenue	88,229	19,724	55,016	111,433	-	-	143,245	131,157
Cost of goods sold	(75,264)	(14,839)	(47,388)	(114,992)	-	-	(122,652)	(129,831)
Segment gross profit	12,965	4,885	7,628	(3,559)	-	-	20,593	1,326
Administrative expenses	(90,418)	(20,492)	(56,363)	(94,150)	-	-	(148,781)	(114,642)
Selling and distribution expenses	(76,937)	(36,139)	(734)	(604)	-	-	(77,671)	(36,743)
Finance cost	-	-	(2)	(5)	(25,748)	(538)	(25,750)	(543)
Other income-Refer Note 12.3	-	-	260,019	4,835	80,428	106,222	340,447	111,057
Workers' welfare fund	-	-	-	-	(2,081)	-	(2,081)	-
Voluntary separation scheme (VSS) cost	-	-	-	-	-	-	-	-
Taxation	-	-	-	(201,812)	(17,321)	(9,992)	(17,321)	(201,812)
Segment net profit	(154,390)	(51,746)	208,548	(295,295)	35,278	95,692	89,436	(251,349)

	Renewable energy - continuing operations		Textile - discontinued operations		Unallocated		The Company	
	Sep 30, 2014	Dec 31, 2013	Sep 30, 2014	Dec 31, 2013	Sep 30, 2014	Dec 31, 2013	Sep 30, 2014	Dec 31, 2013
	Rupees in '000-----							
Revenue	282,956	152,420	524,910	632,945	478,100	467,188	1,285,966	1,252,553
Segment liabilities	39,546	21,773	114,206	97,264	187,227	279,737	340,979	398,774

12.2 Segment assets

	Renewable energy - continuing operations		Textile - discontinued operations		Unallocated		The Company	
	Sep 30, 2014	Dec 31, 2013	Sep 30, 2014	Dec 31, 2013	Sep 30, 2014	Dec 31, 2013	Sep 30, 2014	Dec 31, 2013
	Rupees in '000-----							
Segment assets	282,956	152,420	524,910	632,945	478,100	467,188	1,285,966	1,252,553
Segment liabilities	39,546	21,773	114,206	97,264	187,227	279,737	340,979	398,774

12.3 Other Income includes net gain of Rs. 243.94 million on disposal pertaining to land in Village Manga Aular, Tehsil and District Lahore, of Burewala Textile Mills Limited. It also includes Rs. 1.63 million being cost of land transferred to the Company during amalgamation, however recorded during the current period.

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

For the Nine Months Ended September 30, 2014

13. 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, directors, key management personnel and others. Transactions with related parties are as follows:

Relationship	Nature of transaction	(Unaudited) September 30,	
		2014	2013
		----- Rupees in '000 -----	
a. Subsidiary company			
Tenaga Generasi Limited	Reimbursable expenses to the Company	8,723	10,480
	Subscription of ordinary shares	-	100,000
b. Associated companies			
Dawood Hercules Corporation Limited	Dividend income	77,932	77,932
	Reimbursable expenses by the Company	4,436	3,271
	Reimbursable expenses to the Company	65	-
D H Fertilizer Limited	Reimbursable expenses by the Company	2,766	665
Sach International (Private) Limited	Sale of fabric	37,758	104,594
	Reimbursable expenses to the Company	490	2,485
	Royalty charged by the Company	5,461	2,648
	Penal charges against overdue receivables	747	-
	Transfer of assets by the Company	-	1,514
	Transfer of assets to the Company	-	395
	Retirement and other benefits transferred to the Company	-	1,113
Cyan Limited	Reimbursable expenses to the Company	100	44
c. Other related parties			
Sui Northern Gas Pipelines Limited	Utility charges paid	-	6,757
The Dawood Foundation	Rental charges paid	3,622	3,622
	Sale of energy	206	-
	Utility charges	1,350	1,236
Inbox Business Technologies (Pvt) Limited	Hardware maintenance charges paid	279	250
Pebbles (Private) Limited	Penal charges against overdue receivables	122	-
National Database and Registration Authority (NADRA)	Verification charges	10	-
d. Dawood Lawrencepur Limited - (Burewala Mills) - Staff Provident Fund			
	Contribution by the Company	-	73
e. Key management personnel			
	Salaries and employee benefits	23,899	14,633

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

For the Nine Months Ended September 30, 2014

14. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on October 24, 2014 by the Board of Directors of the Company.

15. GENERAL

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



INAM UR RAHMAN
Chief Executive



SARFARAZ AHMED REHMAN
Director

Condensed Interim
Consolidated
Financial Information
(Un-audited)

Condensed Interim Consolidated Balance Sheet (Un-Audited)

As at September 30, 2014

		(Unaudited) September 30, 2014	(Audited) December 31, 2013
	Note	----- Rupees in '000 -----	
ASSETS			
Non-current assets			
Property, plant and equipment	4	262,535	235,209
Intangible assets	5	37,247	24,124
Long term investments		4,892,796	4,615,752
Long term deposits		10,544	10,544
		<u>5,203,122</u>	<u>4,885,629</u>
Current assets			
Stores and spares		36,461	36,582
Stock-in-trade	6	318,429	261,306
Trade debts		40,357	94,882
Loans and advances		53,027	42,301
Deposits, prepayments and other receivables		98,169	95,147
Short term investments		84,784	107,624
Cash and bank balances		33,742	35,415
		<u>664,969</u>	<u>673,257</u>
Assets classified as 'held for sale'		194,529	194,529
		<u>6,062,620</u>	<u>5,753,415</u>
SHARE CAPITAL AND RESERVES			
Share capital		590,578	590,578
Reserves		210,502	208,282
Unappropriated profit		4,907,707	4,549,834
		<u>5,708,787</u>	<u>5,348,694</u>
LIABILITIES			
Non current liabilities			
Deferred liabilities - staff retirement benefits		15,915	11,388
Current liabilities			
Running finance	7	148,083	261,708
Trade and other payables	8	149,913	113,171
Accrued markup		8,925	5,131
Provision for taxation		30,997	13,323
		<u>337,918</u>	<u>393,333</u>
		<u>6,062,620</u>	<u>5,753,415</u>
CONTINGENCIES AND COMMITMENTS			
	9		

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


INAM UR RAHMAN
Chief Executive


SARFARAZ AHMED REHMAN
Director

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

For The Quarter and Nine Months Ended September 30, 2014

	Note	Quarter Ended		Nine Months Ended	
		Sep 30, 2014	Sep 30, 2013	Sep 30, 2014	Sep 30, 2013
		----- Rupees in '000 -----			
		(Restated)		(Restated)	
CONTINUING OPERATIONS					
Sales - net	10	28,012	5,874	88,229	19,724
Cost of goods sold	11	(23,533)	(4,134)	(75,264)	(14,839)
Gross profit		4,479	1,740	12,965	4,885
Other income		3,541	10,984	9,880	32,032
Selling and distribution expenses		31,291	27,565	76,937	36,139
Administrative expenses		37,274	10,949	103,634	34,210
Finance cost		9,261	433	25,941	662
Workers welfare fund		(1,777)	-	2,081	-
		(76,049)	(38,947)	(208,593)	(71,011)
Share of profit from associate excluding impairment loss on 'available for sale' investments		139,503	228,533	404,462	374,847
Profit before taxation		71,474	202,310	218,714	340,753
Taxation		(33,515)	(23,601)	(69,389)	(47,892)
Profit after taxation from continuing operations		37,959	178,709	149,325	292,861
DISCONTINUED OPERATIONS					
(Loss)/profit from discontinued operations	12.1	(16,440)	(240,162)	208,548	(295,295)
Profit/(loss) for the period		21,519	(61,453)	357,873	(2,434)
Earnings per share - Basic and diluted					
Continuing operations (Rs.)		0.64	3.03	2.53	4.96
Earnings per share - Basic and diluted					
Discontinued operations (Rs.)		(0.28)	(4.07)	3.53	(5.00)

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



INAM UR RAHMAN
Chief Executive



SARFARAZ AHMED REHMAN
Director

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

For The Quarter and Nine Months Ended September 30, 2014

	Quarter Ended		Nine Months Ended	
	Sep 30, 2014	Sep 30, 2013	Sep 30, 2014	Sep 30, 2013
	----- Rupees in '000 -----			
Profit/(loss) after taxation	21,519	(61,453)	357,873	(2,434)
Other comprehensive income				
Surplus on remeasurement of 'available for sale' investments				
- holding company	(362)	(380)	1,772	1,464
- associated company	(82)	739	448	(2,129)
Total comprehensive income	21,075	(61,094)	360,093	(3,099)

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


INAM UR RAHMAN
Chief Executive


SARFARAZ AHMED REHMAN
Director

Condensed Interim Consolidated Cash Flow Statement (Unaudited)

For The Nine Months Ended September 30, 2014

	Nine Months ended September 30, 2014			Nine Months ended September 30, 2013		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	Rupees in '000			(Restated)		
A. CASH FLOWS FROM OPERATING ACTIVITIES						
Profit / (loss) before taxation	218,714	208,548	427,262	340,753	(295,295)	45,458
Adjustments for:						
Depreciation	3,502	2,603	6,105	3,974	1,078	5,052
Amortization	546	-	546	427	-	427
Provision for gratuity	6,660	-	6,660	13,972	144	14,116
Provision against doubtful debts	-	-	-	1,594	326	1,920
Reversal of provision against doubtful debts	(347)	(1,020)	(1,367)	-	-	-
Provision against slow moving/obsolete stock	2,218	-	2,218	-	-	-
Finance cost	25,940	2	25,942	124	-	124
(Gain) / loss on disposal of property, plant and equipment	(220)	(251,027)	(251,247)	432	3	435
Dividend income	-	-	-	(750)	-	(750)
Interest income	(843)	-	(843)	(944)	-	(944)
Share of profit from associates	(404,462)	-	(404,462)	(374,847)	-	(374,847)
Gain on sale of short term investments	(1,383)	-	(1,383)	(119,415)	-	(119,415)
Unrealised gain on remeasurement of short-term investments	(5,027)	-	(5,027)	94,788	-	94,788
Operating loss before working capital changes	(154,701)	(40,894)	(195,595)	(39,892)	(293,744)	(333,636)
(Increase) / decrease in current assets						
Stores and spares	-	121	121	586	-	586
Stock in trade	(106,653)	47,313	(59,340)	(27,989)	-	(27,989)
Trade debts	(4,423)	60,316	55,893	78,921	-	78,921
Loans and advances	169	(17)	152	(14,749)	-	(14,749)
Deposits, prepayments and other receivables	1,211	(2,075)	(864)	(19,973)	-	(19,973)
Increase/ (decrease) in current liabilities						
Trade and other payables	16,694	17,823	34,517	57,624	-	57,624
	(93,002)	123,481	30,479	74,420	-	74,420
Cash (used in) / generated from operations	(247,703)	82,587	(165,116)	34,528	(293,744)	(259,216)
Gratuity paid	(1,604)	(530)	(2,134)	(6,058)	-	(6,058)
Finance cost paid	(22,146)	(2)	(22,148)	(124)	-	(124)
Tax paid	(10,879)	-	(10,879)	(11,430)	-	(11,430)
Net cash (used in) / generated from operating activities	(282,333)	82,055	(200,278)	16,916	(293,744)	(276,828)
B. CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of property, plant and equipment	(13,700)	-	(13,700)	(5,997)	-	(5,997)
Sale proceeds from disposal of property, plant and equipment	1,113	251,069	252,182	1,610	18	1,628
Capital work in progress	(34,251)	-	(34,251)	(15,186)	-	(15,186)
Purchase of intangible assets	(86)	-	(86)	-	-	-
Sales proceed from short term investments	29,250	-	29,250	485,000	-	485,000
Interest received	1,053	-	1,053	1,781	-	1,781
Dividend received	77,932	-	77,932	78,682	-	78,682
Net cash generated from investing activities	61,312	251,069	312,381	545,890	18	545,908
C. CASH FLOWS FROM FINANCING ACTIVITIES						
Payment of dividend	(151)	-	(151)	(288,811)	-	(288,811)
Net cash used in financing activities	(151)	-	(151)	(288,811)	-	(288,811)
Net (decrease) / increase in cash and cash equivalent (A+B+C)	(221,172)	333,124	111,952	273,995	(293,726)	(19,731)
Cash and cash equivalent at beginning of the period			(226,293)			48,916
Cash and cash equivalent at end of the period	(221,172)	333,124	(114,341)	273,995	(293,726)	29,185
Cash and cash equivalent						
Cash and bank balances			33,742			29,185
Running finance			(148,083)			-
			(114,341)			29,185

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



INAM UR RAHMAN
Chief Executive



SARFARAZ AHMED REHMAN
Director

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

For The Nine Months Ended September 30, 2014

	Capital Reserves				General reserve	Unappropriated profit	Unrealized gain on re-measurement of available for sale investments	Share of other comprehensive income of associated company	Total
	Ordinary shares	Merger reserve	Share premium reserve	Capital redemption reserve fund					
Balance at January 01, 2013 - restated (Audited)	590,578	10,521	136,865	33,311	395,355	4,481,863	4,198	(7,564)	5,671,096
Profit after tax for the nine months ended September 30, 2013	-	-	-	-	-	(2,434)	-	-	(2,434)
Other comprehensive income	-	-	-	-	-	-	1,464	(2,129)	(665)
Final cash dividend for the year ended December 31, 2012 @ Rs. 5 per share	-	-	-	-	-	(295,289)	-	-	(295,289)
Interim cash dividend for the year ended December 31, 2013 @ Rs. 1 per share	-	-	-	-	-	(59,058)	-	-	(59,058)
Balance at September 30, 2013 (Unaudited)	590,578	10,521	136,865	33,311	395,355	4,125,082	5,662	(9,693)	5,313,650
Profit after tax for the quarter ended December 31, 2013	-	-	-	-	-	29,397	-	-	29,397
Other comprehensive income	-	-	-	-	-	-	1,846	3,801	5,647
Transfer to unappropriated profit	-	-	-	-	(395,355)	395,355	-	-	-
Balance at December 31, 2013 (Audited)	590,578	10,521	136,865	33,311	25,969	-	4,549,834	(5,892)	5,348,684
Profit after tax for the nine months ended September 30, 2014	-	-	-	-	-	-	357,873	-	357,873
Other comprehensive income	-	-	-	-	-	-	1,772	448	2,220
Balance at September 30, 2014 (Unaudited)	590,578	10,521	136,865	33,311	25,969	-	4,907,707	(5,444)	5,708,787

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

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



INAM UR RAHMAN

Chief Executive



SARFARAZ AHMED REHMAN

Director

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

For The Nine Months Ended September 30, 2014

1. GENERAL INFORMATION

1.1 Holding company

Dawood Lawrencepur Limited, “the Holding Company” was incorporated in Pakistan in 2004 as a public listed company formed as a result of a 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, 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 of renewable energy solutions, mainly solar, to commercial 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, in the province of Sindh.

The Holding Company in the year 2008 suspended its manufacturing operations located at Burewala, District Vehari and closed down the Mill 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.

The Holding Company suspended operations of its Woolen Textile Mill in August 2013 and the Labour Court granted permission to the Company for closure of the Mill in February 2014. The Holding Company is in the process of selling the plant and machinery of this Unit. The results of discontinued operations include Dawood Cotton Mill, Burewala Textile Mill and Lawrencepur Woolen and Textile Mills. Accordingly the comparative information and results of operations have been restated wherever necessary. The ‘Lawrencepur’ brand name continues to operate under license.

The Holding Company is in the process of obtaining regulatory approval to set up a wholly owned subsidiary under the name of Reon Energy Limited to be incorporated under the Companies Ordinance, 1984 which shall be solely focused on the renewable energy business.

1.2 Subsidiary company

The Holding Company has a wholly owned subsidiary namely Tenaga Generasi Limited “the Subsidiary Company”. The Subsidiary Company was incorporated in 2005 as an unlisted public limited company under the Companies Ordinance, 1984 to primarily carry out the business of power generation as an independent power producer using wind energy. The registered office of the Subsidiary Company is situated at 3rd Floor, Dawood Centre, M.T. Khan Road, Karachi, in the Province of Sindh.

The Company is in the process of setting up a wind energy project in Mirpur Sakro, District Thatta, Sindh. It has finalized necessary contracts i.e. Engineering Procurement and Construction Agreement, Operations & Maintenance Agreement. A Letter of Support has been obtained from Alternative Energy Development Board (AEDB) and the Company has obtained tariff under feed-in tariff regime and is working toward the Financial Close deadline of March 31, 2015.

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

For The Nine Months Ended September 30, 2014

1.3 Associated company

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

2. BASIS OF PREPARATION

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 measured at present value, certain investments which have been measured at fair market value and investment in associate is accounted for using the equity method.

2.1 Statement of compliance

This condensed interim consolidated financial information of the Company for the nine months ended September 30, 2014 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 consolidated 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 for the year ended December 31, 2013. The profit and loss account has been prepared using a classification based on function of income and expense of the 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 consolidated financial information are the same as those applied in the preparation of annual audited consolidated financial statements of the Holding Company for the year ended December 31, 2013.

3.2 The financial risk management objectives and policies adopted by the Holding Company are consistent with those disclosed in the consolidated financial statements of the Holding Company for the year ended December 31, 2013.

4. PROPERTY, PLANT AND EQUIPMENT

		(Unaudited) September 30, 2014	(Audited) December 31, 2013
	Note	---- Rupees in '000 ----	
Operating assets	4.1	58,937	52,278
Capital work in progress	4.2	203,598	182,931
		<u>262,535</u>	<u>235,209</u>

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

For The Nine Months Ended September 30, 2014

(Unaudited) September 30, 2014		(Audited) December 31, 2013	
Acquisition at cost	Disposal at written down value	Acquisition at cost	Disposal at written down value
----- Rupees in '000 -----			

4.1 Operating assets

Plant and machinery	-	443	439	-
Promotional and demo projects	2,449	-	4,107	-
Furnitures and fixtures	3,797	-	3,141	312
Tools and equipments	3,700	-	4,657	-
Computer equipment	1,255	29	3,118	644
Vehicles	2,500	467	1,920	1,534
	<u>13,700</u>	<u>938</u>	<u>17,382</u>	<u>2,490</u>

4.2 Capital work in progress

Professional fee	20,623	-	11,970	-
Travelling, boarding and lodging	45	-	1,178	-
Advances	-	-	-	385
	<u>20,668</u>	<u>-</u>	<u>13,148</u>	<u>385</u>

4.3 Property, plant and equipment include assets having carrying value amounting to Rs. 23.21 million (Dec 2013: Rs. 28.54 million) held as idle assets which relates to discontinued units i.e. Lawrencepur woolen and textile mills limited and Dilon limited .

5. INTANGIBLE ASSETS

This includes amount related to the implementation of an Enterprise Resource Program amounting to Rs. 13.58 million (Dec 2013: Nil).

6. STOCK-IN-TRADE-Net of provisions

	(Unaudited) September 30, 2014	(Audited) December 31, 2013
	----- Rupees in '000 -----	
Renewable energy - continuing operations	178,113	73,678
Textile - discontinued operations	140,316	187,628
	<u>318,429</u>	<u>261,306</u>

7. RUNNING FINANCE

This represents utilised portion of aggregate running finance facility of Rs. 400 million (Dec 2013: 400 million) under a mark-up arrangement. The facility is subject to markup @ 3 month KIBOR + 1.1% which is determined at the start of each quarter and is payable on a quarterly basis in arrears. The running finance under mark-up arrangement is secured by way of pledge over 18 million shares of 'Dawood Hercules Corporation Limited' and expires on September 30, 2014.

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

For The Nine Months Ended September 30, 2014

(Unaudited) September 30, 2014	(Audited) December 31, 2013
----- Rupees in '000 -----	

8. TRADE AND OTHER PAYABLES

Creditors	-	22
Accrued expenses	58,843	37,254
Unclaimed dividend	29,753	29,905
Due to Islamic Development Bank	25,969	25,969
Advance from customers and others	34,865	18,659
Gratuity to ex - staff	-	119
Deposits	377	457
Withholding tax	106	786
	<u>149,913</u>	<u>113,171</u>

9. CONTINGENCIES AND COMMITMENTS

There is no material change in contingencies and commitments since financial year ended December 31, 2013 except the following;

9.1 Contingencies

- a) For the tax year 2003, the Taxation Officer while framing assessment disallowed expenses relating to gratuity, lease rentals, employee perquisites and utilities amounting to Rs. 29.34 million. The Commissioner Inland Revenue (Appeals) [CIR(A)] also maintained these disallowances. 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 ATIR and remanded back to the taxation officer for reconsideration. The tax incidence of above mentioned issues is Rs. 10.27 million. The appeal effect order has not been passed by the said authority.
- b) For the tax years 2004 to 2005, the ATIR set aside proceedings of the appeal filed by the Holding Company on account of allocation of expenses, credit of taxes and adjustments of refunds amounting to Rs. 47.64 million, Rs. 19.37 million and Rs. 39.90 million respectively. In the case of credit of taxes and adjustments of refunds, the Holding Company filed an appeal before CIR(A), who directed the Taxation Officer to allow the same, after due verification.

With regard to allocation of expenses, the Additional Commissioner Inland Revenue (ACIR) revised the amount to Rs. 21.88 million from the earlier Rs. 47.64 million in response to which the Holding Company filed an appeal against the revised amount of Rs. 21.88 million before CIR(A), who disallowed the same. The Holding Company again filed an appeal before the ATIR, the hearing of which is pending. In case the proceedings were to go against the Holding Company, a tax demand of Rs. 15.32 million would arise.

Further for the tax year 2004, the ATIR disallowed adjustment of assessed losses of amalgamating companies against the income of the Holding Company amounting to Rs. 20.62 million. However, the Holding Company has filed an appeal before the Lahore High Court, the proceedings of which have not yet commenced.

- c) For the tax years 2006, 2008 & 2009, 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.59.40 million on account of minimum tax, dividend income and export sales. The Holding Company again filed an appeal in respect of minimum tax relating to tax years 2006 and 2009, dividend income and export sales

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

For The Nine Months Ended September 30, 2014

before ATIR against which the decision is pending. However the Holding Company filed an application for rectification to ACIR in respect of minimum tax and adjustment of taxes paid amounting to Rs. 1.90 million and Rs. 20.18 million respectively. The ACIR allowed the said credit of taxes paid and eliminated minimum tax liability relating to tax year 2009 thereby reducing tax demand of Rs. 19.98 million to tax refundable of Rs. 2.11 million.

- d) A sales tax audit was initiated by the Sales Tax Department for the period July 2010 to June 2011. During the period the Holding Company received an order from DCIR, raising a demand of Rs. 5.88 million relating mainly to inadmissible input taxes, non-payment of sales tax on scrap scales and non-payment of withholding sales tax. The Holding Company has filed an appeal against the order before CIR(A) on which a decision is pending.

Since the outcome of the above appeals and tax thereon are pending and in view of the fact that management is confident based on tax advisor's opinion 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.

9.2 Commitments

The Holding Company has commitments against letters of credit outstanding for purchase of renewable energy products amount to Rs. Nil (Dec 2013: Rs. 9.98 million).

The Holding Company is contingently liable against guarantees and counter guarantees amounting to Rs. 128.13 million (Dec 2013: Rs. 15.13 million).

The Subsidiary Company has arranged a bank guarantee of USD 125,000 (December 2013: USD 125,000) to Alternate Energy Development Board (AEDB) for letter of Support which is valid up to June 30, 2015.

(Unaudited) September 30, 2014	(Unaudited) September 30, 2013
----- Rupees in '000 -----	

10. SALES - NET

Renewable energy

Project sales	54,091	9,625
Solar lights	22,576	8,390
Others	12,934	1,731
	89,601	19,746
Less: Commission and discount	(1,372)	(22)
	88,229	19,724

11. COST OF GOODS SOLD

Renewable energy

Opening stock	71,188	10,091
Purchases and related expenses	182,189	69,262
Closing stock	(178,113)	(64,514)
Cost of goods sold	75,264	14,839

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

For The Nine Months Ended September 30, 2014

12. SEGMENT REPORTING

Management has determined the operating segments for allocation of resources and assessment of performance. The Group is organized into the following three reportable operating segments:

- Renewable energy solutions - continuing operations
- Textile - discontinued operations
- Alternate Energy

Segment analysis is as under:

12.1 Segment results

	Renewable energy - continuing operations		Textile - discontinued operations		Alternate energy		Unallocated		The Group	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Revenue	88,229	19,724	55,016	111,433	-	-	-	-	143,245	131,157
Cost of goods sold	(75,264)	(14,839)	(47,388)	(114,992)	-	-	-	-	(122,652)	(129,831)
Segment gross profit	12,965	4,885	7,628	(3,559)	-	-	-	-	20,593	1,326
Administrative expenses	(90,418)	(20,499)	(58,363)	(94,150)	(13,216)	(13,711)	-	-	(161,997)	(128,360)
Selling and distribution expenses	(76,537)	(36,139)	(734)	(604)	(192)	(124)	(25,749)	(538)	(77,871)	(36,743)
Finance cost	-	-	(2)	(5)	7,384	3,742	2,496	(538)	(25,943)	(36,637)
Other income-Refer Note 12.3	-	-	260,019	4,835	-	-	2,496	28,290	269,989	36,807
Profit from associate	-	-	-	-	-	-	404,462	374,847	404,462	374,847
Workers' welfare fund	-	-	-	-	-	-	(2,081)	-	(2,081)	-
Voluntary separation scheme	-	-	-	-	-	-	-	-	-	-
(VSS) cost	-	-	-	(201,812)	-	-	-	-	-	(201,812)
Taxation	-	-	-	-	(353)	(331)	(69,036)	(47,561)	(69,389)	(47,892)
Segment net profit	(154,390)	(51,753)	208,548	(295,295)	(6,377)	(10,424)	310,092	355,038	357,873	(2,434)

	Renewable energy - continuing operations		Textile - discontinued operations		Alternate energy		Unallocated		The Group	
	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013
Segment assets	281,613	150,058	524,910	632,940	309,925	310,429	4,946,172	4,659,988	6,062,620	5,753,415
Segment liabilities	38,201	21,773	114,206	97,264	14,198	5,947	187,228	279,737	353,833	404,721

12.3 Other Income includes net gain of Rs. 243.94 million on disposal pertaining to land in Village Manga Aular, Tehsil and District Lahore, of Burewala Textile Mills Limited. It also includes Rs. 1.63 million being cost of land transferred to the Company during amalgamation, however recorded during the current period.

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

For The Nine Months Ended September 30, 2014

13. TRANSACTIONS WITH RELATED PARTIES

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

Relationship	Nature of transaction	(Unaudited)	
		September 30, 2014	2013
		----- Rupees in '000 -----	
a. Associated companies			
Dawood Hercules Corporation Limited	Dividend income	77,932	77,932
	Reimbursable expenses by the Company	4,568	3,575
	Reimbursable expenses to the Company	65	-
D H Fertilizer Limited	Reimbursable expenses by the Company	2,802	665
Sach International (Private) Limited	Sale of fabric	37,758	104,594
	Reimbursable expenses to the Company	490	2,664
	Reimbursable expenses by the Company	-	50
	Royalty charged by the Company	5,461	2,648
	Penal charges against overdue receivables	747	
	Transfer of assets by the Company	-	1,514
	Transfer of assets to the Company	-	448
	Retirement and other benefits transferred to the Company	-	1,113
Cyan Limited	Reimbursable expenses to the Company	100	44
Sui Northern Gas Pipelines Limited	Utility charges paid	-	6,757
The Dawood Foundation	Rental charges paid	3,622	3,622
	Sale of energy	206	-
	Utility charges	1,350	1,236
Engro Powergen Limited	Project management fee	3,200	-
	Reimbursable expenses by the Company	6,461	-
Inbox Business Technologies (Pvt) Limited	Hardware maintenance charges paid	279	250
Pebbles (Private) Limited	Penal charges against overdue receivables	122	-
National Database and Registration Authority (NADRA)	Verification charges	10	-

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

For The Nine Months Ended September 30, 2014

Relationship	Nature of transaction	(Unaudited) September 30,	
		2014	2013
		----- Rupees in '000 -----	
b. Other related parties			
Dawood Lawrencepur Limited -(Burewala Mills) - Staff Provident Fund	Contribution by the Company	-	73
c. Key management personnel			
	Salaries and employee benefits	32,886	27,470

14. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim consolidated financial information was authorized for issue on October 24, 2014 by the Board of Directors of the Holding Company.

15. GENERAL

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



INAM UR RAHMAN
Chief Executive



SARFARAZ AHMED REHMAN
Director



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