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## COMPANY INFORMATION

### BOARD OF DIRECTORS

#### Executive Director

: Dewan Abdul Baqi Farooqui - Chief Executive Officer

#### Non-Executive Directors

: Dewan Muhammad Yousuf Farooqui - Chairman, Board of Directors  
Dewan Asim Mushfiq Farooqui  
Dewan Abdullah Ahmed Farooqui  
Dewan Abdul Rehman Farooqui  
Mr. Haroon Iqbal

#### 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

: Feroze Sharif Tariq & Co.  
Chartered Accountants  
4/NH Block-6, P.E.C.H.S.,  
Karachi 75400, Pakistan

### COMPANY SECRETARY

: Syed Muhammad Salahuddin

### CHIEF FINANCIAL OFFICER

: Mehmood ul Hassan Asghar

### LEGAL ADVISORS

: Abbass & Atif Law Associates

### TAX ADVISOR

: Sharif & Co. Advocates

### BANKERS

: United Bank Limited  
Bank Islami Pakistan Limited  
MCB Bank Limited  
Silk Bank Limited  
Askari Bank Limited  
NIB Bank Limited  
Allied Bank Limited  
Soneri Bank Limited  
Summit Bank Limited

### REGISTERED OFFICE

: Finance & Trade Centre  
Block-A, 7th 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

: 54 Km, Multan Road, Phool Nagar By Pass  
District Kasur, Punjab, Pakistan.

### WEBSITE

: [www.yousufdewan.com](http://www.yousufdewan.com)

## 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 un-audited accounts of interim financial statements of the company for the first quarter ended September 30, 2013 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 highlights for the company for the first quarter ended September 30, 2013 are as follows :

During the period under review company has achieved the net sales of Rs.416.657 million as compared to the Rs.296.586 million of the corresponding period of last year company has earned gross profit of Rs.49.164 million as compared to the gross profit of Rs.4.583 million of corresponding period of last year. Operating expenses of the company have been increased by Rs.1.595 million as compared to those of the corresponding period of last year

Although the cotton lint prices increased along with the cost of stores, spares, and energy cost. The management by virtue of optimizing the plant capacity utilization succeeded to improve the results of the company.

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

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

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



With Grace of Allah Almighty your company has performed very well and paying its Liabilities on time

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; SummaAmeen

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

*By and under Authority of the Board of Directors*

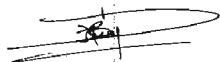
**Dewan Abdul Baqi Farooqui**  
Chief Executive

Karachi: October 29, 2013

## CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2013

	Note	Un-Audited Sept. 30, 2013	Audited June 30, 2013
<b>Rupees</b>			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	1,693,019,137	1,724,336,167
Long term deposits		26,747,245	26,747,245
<b>CURRENT ASSETS</b>			
Stores & Spares		36,620,545	35,262,768
Stock-in-trade		272,412,579	272,073,939
Trade Debts- Unsecured, Considered Good.		361,081,178	335,242,002
Loans & advances- Unsecured, Considered Good.		81,332,135	81,134,061
Trade deposits & other receivables- Considered Good.		68,735,956	68,555,914
Advance income tax		110,307,412	101,419,973
Cash and bank balances	7	15,789,235	25,197,103
		946,279,040	918,885,760
<b>TOTAL ASSETS</b>		<b>2,666,045,422</b>	<b>2,669,969,172</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
<b>Share capital</b>			
Authorised capital 100,000,000 (June 30, 2012: 100,000,000) ordinary shares of Rs.10/- each		1,000,000,000	1,000,000,000
<b>Issued, Subscribed and Paid-up Capital</b>			
97,750,726 (June 30, 2012: 97,750,726) ordinary shares of Rs.10/- each		977,507,260	977,507,260
<b>Un appropriated loss</b>		<b>(211,481,428)</b>	<b>(247,257,832)</b>
		766,025,832	730,249,428
Surplus on revaluation of property, plant and equipment		615,881,662	624,667,068
<b>NON-CURRENT LIABILITIES</b>			
Syndicated Long Term Loan - Secured		589,544,357	628,684,739
Deferred liabilities for staff benefits		8,106,646	8,106,646
Deferred Taxation		183,893,766	192,407,212
<b>CURRENT LIABILITIES</b>			
Trade & other payables		101,902,725	130,552,046
Accrued mark-up		15,203,097	14,264,197
Short term borrowings- secured		64,297,000	25,482,873
Current portion of long term liabilities	8	247,014,369	245,573,785
Provision for taxation		74,175,968	69,981,178
		502,593,159	485,854,079
Contingencies and Commitments	9	-	-
		2,666,045,422	2,669,969,172

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



**Dewan Abdul Baqi Farooqui**  
Chief Executive



**Haroon Iqbal**  
Director



## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

	Note	July-Sept. 2013	July-Sept. 2012
(Rupees)			
SALES - NET		416,656,555	296,585,970
COST OF SALES		<u>(367,492,669)</u>	<u>(292,002,495)</u>
GROSS PROFIT		49,163,886	4,583,475
<b>OPERATING EXPENSES</b>			
Administrative expenses		<u>(6,510,006)</u>	<u>(6,559,395)</u>
Selling and distribution expenses		<u>(5,825,520)</u>	<u>(4,181,197)</u>
		<u>(12,335,526)</u>	<u>(10,740,592)</u>
OPERATING PROFIT / (LOSS)		36,828,360	(6,157,117)
OTHER INCOME / (LOSS)		<u>346,065</u>	-
		37,174,425	(6,157,117)
<b>OTHER CHARGES</b>			
Finance cost	10	<u>(12,821,748)</u>	<u>(14,677,886)</u>
Workers' profit participation fund		<u>(1,217,634)</u>	-
Workers' welfare fund		<u>(462,701)</u>	-
		<u>(14,502,083)</u>	<u>(14,677,886)</u>
PROFIT / (LOSS) BEFORE TAXATION		22,672,342	(20,835,003)
<b>TAXATION</b>			
Current year		<u>(4,194,790)</u>	<u>(1,496,390)</u>
Deferred		<u>8,513,446</u>	<u>5,249,128</u>
		<u>4,318,656</u>	<u>3,752,738</u>
PROFIT / (LOSS) AFTER TAXATION		<u>26,990,998</u>	<u>(17,082,265)</u>
Basic earnings / (loss) per share (Rupees)		<u>0.28</u>	<u>(0.17)</u>

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

**Dewan Abdul Baqi Farooqui**  
Chief Executive

**Haroon Iqbal**  
Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013**

	July 2013 to Sept. 2013	July 2012 to Sept. 2012
	(Rupees)	
PROFIT / (LOSS) AFTER TAXATION	26,990,998	(17,082,265)
Transfer from surplus on revaluation of property plant and equipment in respect of:		
Incremental depreciation	13,516,009	14,997,508
Related deferred tax	(4,730,603)	(5,249,128)
	8,785,406	9,748,380
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE QUARTER</b>	<b>35,776,404</b>	<b>(7,333,885)</b>

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



**Dewan Abdul Baqi Farooqui**  
Chief Executive



**Haroon Iqbal**  
Director



## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

Note	July 2013 to Sept. 2013	July 2012 to Sept. 2012
(Rupees)		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before taxation	22,672,342	(20,835,003)
Depreciation	33,839,955	37,205,231
Financial charges	12,821,748	14,677,886
Cash flow before working capital changes	69,334,045	31,048,114
<b>Working Capital changes</b>		
<b>(Increase)/ Decrease in assets:</b>		
Stores & spares	(1,357,777)	(352,587)
Stock in trade	(338,640)	107,041,784
Trade debts	(25,839,176)	(30,543,404)
Loans & advances	(198,074)	(14,828,626)
Trade deposits & other receivables	(180,042)	(3,531,065)
<b>Increase/ (Decrease) in liabilities:</b>		
Trade creditors, other payables and borrowings	(28,649,319)	(3,638,165)
Cash generated/(used) in operations	(56,563,028)	54,147,937
Taxes paid	(8,887,439)	(3,164,076)
Gratuity paid	-	(16,500)
Net cash generated/(used) in operating activities	3,883,578	82,149,655
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure incurred	(2,522,925)	-
Net cash outflow from investing activities	(2,522,925)	-
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Shares issuance cost	-	-
Financial charges paid	(11,882,848)	(13,591,181)
Syndicated Long Term Loan	(37,699,800)	(15,000,000)
Net cash Inflow/(out flow) from financing activities	(49,582,648)	(28,591,181)
Net decrease in cash and cash equivalents	(48,221,995)	53,424,294
Cash and Cash equivalents at the beginning of the quarter	(285,770)	(94,798,887)
Cash and Cash equivalents at the end of the quarter	7 (48,507,765)	(41,374,593)

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

**Dewan Abdul Baqi Farooqui**  
Chief Executive

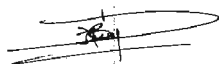
**Haroon Iqbal**  
Director



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013**

	Share Capital	Unappropriated Profit/ (loss)	Total
	<u>(Rupees)</u>		
Balance as at July 01, 2012	977,507,260	(321,488,015)	656,019,245
Total comprehensive income/(loss) for the quarter	-	(7,333,885)	(7,333,885)
Balance as at September 30, 2012	<u>977,507,260</u>	<u>(328,821,900)</u>	<u>648,685,360</u>
Balance as at July 01, 2013	977,507,260	(247,257,832)	730,249,428
Total comprehensive income/(loss) for the quarter	-	35,776,404	35,776,404
Balance as at Sep 30, 2013	<u>977,507,260</u>	<u>(211,481,428)</u>	<u>766,025,832</u>

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



**Dewan Abdul Baqi Farooqui**  
Chief Executive



**Haroon Iqbal**  
Director



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

### 1 THE COMPANY AND ITS OPERATIONS

Dewan Farooque Spinning Mills Limited is incorporated in Pakistan on December 22, 2003 as public limited company, under the Companies Ordinance, 1984. The shares of the company are listed on the Karachi Stock Exchange. The registered office of the company is located at Finance & Trade Centre, Block "A" 7th floor, Shara-e-Faisal, Karachi, Pakistan; while its manufacturing facilities are located at 54 km Multan Road, near the Phool Nagar By-pass, District Kasur, near the city of Lahore in Pakistan. The principal activity of the company is manufacturing and sale of fine quality yarn. The company has installed capacity of 28,800 spindles.

### 2 BASIS OF PREPARATION

2.1 These condensed Interim financial statements of the company for the period ended September 30, 2013 has been prepared in accordance with the requirements of International Accounting Standard 34 (IAS 34) "Interim Financial Reporting" and being submitted to the shareholders under section 245 of the Companies Ordinance 1984 and provision of the directive issued under the companies ordinance, 1984 and listing regulations of Karachi and Lahore Stock Exchanges. In case where the requirements differ, the provisions of or directives issued under the companies ordinance, 1984 have been followed.

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

2.3 These condensed interim financial statements comprise of condensed Interim Balance Sheet as at September 30, 2013 and the condensed Interim profit and loss account, condensed Interim statement of comprehensive Income, condensed Interim statement of changes in equity and the condensed Interim cash flow statement for the three months period ended September 30, 2013 which have been subjected to a review but not audited. These condensed interim financial statements also include the condensed Interim profit and loss account for the quarter ended September 30, 2013.

2.4 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 September 30, 2013. The comparative condensed Interim profit and loss account for the quarter ended September 30, 2013 is also included in these condensed interim financial statements, which has not been subject to a review.

**3 ACCOUNTING POLICIES**

The accounting policies and methods of computations followed in the preparation of these financial statements are the same as those of the last published annual financial statements for the year ended June 30, 2013.

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

**3.2** 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 impact on the accounting policies of the Company except where changes affected, presentation and disclosures have been made in these condensed interim financial statements.

**4 Estimates and Judgements**

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

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

**5 Contingencies and Commitments**

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

	Sep 30, 2013	June 30, 2013
	Rupees	
<b>6 PROPERTY, PLANT AND EQUIPMENT</b>		
Opening written down value	1,724,336,167	1,856,659,674
Additions during the period / year	2,522,925	16,515,799
Depreciation during the period / year	<u>(33,839,955)</u>	<u>(148,839,306)</u>
Closing written down value	<u>1,693,019,137</u>	<u>1,724,336,167</u>

	Sep 30, 2013	June 30, 2012
	Rupees	
<b>7 CASH AND CASH EQUIVALENTS</b>		
Cash and Bank Balances	15,789,235	17,976,273
Short term Borrowings	<u>(64,297,000)</u>	<u>(59,350,866)</u>
	<u>(48,507,765)</u>	<u>(41,374,593)</u>

	(Un-audited) Sep 30, 2013	(Audited) June 30, 2012
<b>8 CURRENT PORTION OF LONG TERM LIABILITIES</b>	<b>Rupees</b>	
Syndicated Long Term Loan - Secured	<b>158,002,113</b>	156,561,529
Liabilities against assets subject to finance lease	<b>52,762,256</b>	52,762,256
Redeemable capital - PPTFCs	<b>36,250,000</b>	36,250,000
	<b><u>247,014,369</u></b>	<b><u>245,573,785</u></b>

#### 9 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.

#### 10 FINANCE COST

Company has not made the provision of markup for the period amounting to Rs.0.902 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 loss for the period and accrued markup would have been higher by Rs.0.902 million and shareholders' equity would have been lower by Rs.0.902 million.

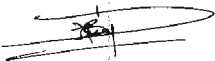
	July-Sep 2013	Rupees	July-Sep 2012
<b>11 RELATED PARTY TRANSACTIONS</b>			
Purchases - Raw Material/ Yarn	<b>10,751,286</b>		6,142,640
Sales - Yarn/ Waste/ Cotton	-		1,451,980
Provident Fund	<b>1,419,258</b>		1,279,368

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

12 These financial statements have been authorised for issue on October 29, 2013 by the Board of Directors of the company.

#### 13 GENERAL

Figures have been rounded off to the nearest rupee



**Dewan Abdul Baqi Farooqui**  
Chief Executive



**Haroon Iqbal**  
Director