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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 Abdul Rehman Farooqui Mr. Mr..Haroon Iqbal Syed Muhammad Anwar Mr. Ishtiaq Ahmed
INDEPENDENT DIRECTOR	:	Mr. Aziz -ul-Haque
AUDIT COMMITTEE	:	Mr. Aziz -ul-Haque - Chairman Dewan Abdul Rehman Farooqui - Member Mr. Haroon Iqbal - Member
HUMAN RESOURCES & REMUNERATION COMMITTEE	:	Dewan Muhammad Yousuf Farooqui - Chairman Dewan Abdul Baqi Farooqui - Member Mr. Haroon Iqbal - Member
AUDITORS	:	Feroze Sharif Tariq & Company Chartered Accountants 4/N/H 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

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 have 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 252.208 million as compared to the Rs.419.479 million of the corresponding period of last year. Company has suffered gross loss of Rs 6.118 million as compared to the gross profit of Rs 51.986 million of comparable period of last year. Operating expenses of the company have been decreased by Rs 2.986 million as compared to those of relevant period 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.

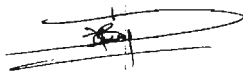
Conclusion

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

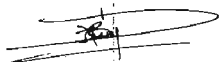
Chief Executive

Dated: October 27, 2014

CONDENSED INTERIM BALANCE SHEET AS AT 30th SEPTEMBER, 2014

	Note	Un-Audited Sept 30, 2014	Audited June 30, 2014
Rupees			
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital			
Authorised capital		1,000,000,000	1,000,000,000
100,000,000 (June 30, 2014: 100,000,000) ordinary shares of Rs.10/- each			
Issued, Subscribed and Paid-up Capital			
97,750,726 (June 30, 2014: 97,750,726) ordinary shares of Rs.10/- each		977,507,260	977,507,260
Un appropriated loss		(306,979,284)	(265,541,280)
		670,527,976	711,965,980
Surplus on revaluation of property, plant and equipment		580,944,851	588,984,804
NON-CURRENT LIABILITIES			
Syndicated Long Term Loan - Secured		430,054,192	469,150,027
Deferred liabilities for staff benefits		8,023,322	8,023,322
Deferred Taxation		212,726,974	196,791,303
CURRENT LIABILITIES			
Trade & other payables		109,840,685	101,356,567
Accrued mark-up		14,425,652	2,446,571
Short term borrowings- secured		61,253,878	38,296,213
Current portion of long term liabilities		245,395,598	245,395,598
Provision for taxation		88,866,964	86,344,877
		519,782,777	473,839,826
Contingencies and Commitments	5	-	-
		<u>2,422,060,092</u>	<u>2,448,755,262</u>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	1,564,536,568	1,595,169,837
Long term deposits		26,747,245	26,747,245
CURRENT ASSETS			
Stores & Spares		29,533,215	34,222,002
Stock-in-trade		210,546,249	182,655,863
Trade Debts- Unsecured, Considered Good.		305,675,940	316,191,984
Loans & advances- Unsecured, Considered Good.		78,226,607	77,462,730
Trade deposits & other receivables- Considered Good.		66,044,316	67,974,549
Advance income tax		139,417,609	135,263,412
Cash and bank balances	7	1,332,343	13,067,640
		830,776,279	826,838,180
TOTAL ASSETS		<u>2,422,060,092</u>	<u>2,448,755,262</u>

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



Dewan Abdul Baqi Farooqui
Chief Executive

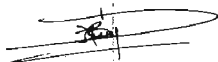


Haroon Iqbal
Director

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

	Note	July-Sept. 2014	July-Sept. 2013
(Rupees)			
SALES - NET		252,208,712	419,479,014
COST OF SALES		(258,327,086)	(367,492,669)
GROSS (LOSS) / PROFIT		(6,118,374)	51,986,345
OPERATING EXPENSES			
Administrative expenses		(5,590,810)	(6,510,006)
Selling and distribution expenses		(6,581,135)	(8,647,979)
		(12,171,945)	(15,157,985)
OPERATING (LOSS) / PROFIT		(18,290,319)	36,828,360
Finance cost	8	(12,800,261)	(12,821,748)
Other Charges		-	(1,680,335)
Other Income		70,382	346,065
		(12,729,879)	(14,156,018)
(LOSS) / PROFIT BEFORE TAXATION		(31,020,198)	22,672,342
TAXATION			
Current year		(2,522,087)	(4,194,790)
Deferred		(15,935,672)	8,513,446
		(18,457,759)	4,318,656
(LOSS) / PROFIT AFTER TAXATION		(49,477,957)	26,990,998
Basic (Loss)/ earnings per share (Rupees)		(0.51)	0.28

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 30TH SEPTEMBER 2014**

	July 2014 to Sept. 2014	July 2013 to Sept. 2013
	(Rupees)	
(Loss) / Profit after Taxation	(49,477,957)	26,990,998
Transfer from surplus on revaluation of property plant and equipment in respect of:		
Incremental depreciation	12,181,747	13,516,009
Related deferred tax	(4,141,794)	(4,730,603)
Total comprehensive (Loss) / Income for the quarter ending	<u>8,039,953</u> <u>(41,438,004)</u>	<u>8,785,406</u> <u>35,776,404</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 CASH FLOW STATEMENT (UN-AUDITED) FOR THE FIRST QUARTER ENDED 30TH SEPTEMBER 2014

Note	July 2014 to Sept. 2014	July 2013 to Sept. 2013
(Rupees)		
CASH FLOW FROM OPERATING ACTIVITIES		
(loss)/ Profit before taxation	(31,020,198)	22,672,342
Depreciation	30,633,268	33,839,955
Financial charges	12,800,261	12,821,748
Cash flow before working capital changes	12,413,331	69,334,045
Working Capital changes		
(Increase)/ Decrease in assets:		
Stores & spares	4,688,787	(1,357,777)
Stock in trade	(27,890,386)	(338,640)
Trade debts	10,516,044	(25,839,176)
Loans & advances	(763,877)	(198,074)
Trade deposits & other receivables	1,930,233	(180,042)
Increase/ (Decrease) in liabilities:		
Trade creditors, other payables and borrowings	8,484,119	(28,649,319)
Cash generated/(used) in operations	(3,035,080)	(56,563,028)
Taxes paid	(4,154,197)	(8,887,439)
Net cash generated/(used) in operating activities	5,224,054	3,883,578
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure incurred	-	(2,522,925)
Net cash outflow from investing activities	-	(2,522,925)
CASH FLOW FROM FINANCING ACTIVITIES		
Financial charges paid	(821,180)	(11,882,848)
Syndicated Long Term Loan	(39,095,836)	(37,699,800)
Net cash Inflow/(out flow) from financing activities	(39,917,016)	(49,582,648)
Net decrease in cash and cash equivalents	(34,692,962)	(48,221,995)
Cash and Cash equivalents at the beginning of the year	(25,228,573)	(285,770)
Cash and Cash equivalents at the end of the period	7 (59,921,535)	(48,507,765)

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 30TH SEPTEMBER 2014**

	Share Capital	Unappropriated Profit/ (loss)	Total
	(Rupees)		
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 September 30, 2013	<u>977,507,260</u>	<u>(211,481,428)</u>	<u>766,025,832</u>
Balance as at July 01, 2014	977,507,260	(265,541,281)	711,965,979
Total comprehensive income / (loss) for the quarter	-	(41,438,004)	(41,438,004)
Balance as at September 30, 2014	<u>977,507,260</u>	<u>(306,979,285)</u>	<u>670,527,975</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 30TH SEPTEMBER 2014

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 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.

	Septemehr 30, 2014	June 30, 2014
	Rupees	
6 PROPERTY, PLANT AND EQUIPMENT		
Opening written down value	1,595,169,836	1,724,336,167
Additions during the period / year	-	6,645,756
Written down value of disposals	-	(80,955)
Depreciation during the period / year	(30,633,268)	(135,731,131)
Closing written down value	<u>1,564,536,568</u>	<u>1,595,169,837</u>

	September 30, 2014	September 30, 2013
6.1 Additions to the operating fixed assets during the quarter	-	2,522,925

	Septemehr 30, 2014	Sept 30, 2013
	Rupees	
7 CASH AND CASH EQUIVALENTS		
Cash and Bank Balances	1,332,343	15,789,235
Short term Borrowings	(61,253,878)	(64,297,000)
	<u>(59,921,535)</u>	<u>(48,507,765)</u>

8 FINANCE COST

Company has not made the provision of markup for the period amounting to Rs. 1.00 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. 1.00 million and shareholders' equity would have been lower by Rs.34.06 million.

	Septemehr 30, 2014	Sept 30, 2013
	Rupees	
9 RELATED PARTY TRANSACTIONS		
Purchases - Raw Material/ Yarn	71,890,620	10,751,286
Sales - Yarn/ Waste/ Cotton	4,455,097	-
Provident Fund	1,591,410	1,419,258



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

- 10** These financial statements have been authorised for issue on October 28, 2014 by the Board of Directors of the company.

Dewan Abdul Baqi Farooqui
Chief Executive

Haroon Iqbal
Director