

# **CONTENTS**

Company Information.....	2
Directors' Report.....	3
Condensed Interim Balance Sheet.....	4
Condensed Interim Profit and Loss Account .....	5
Condensed Interim Statement of Comprehensive Income.....	6
Condensed Interim Cash Flow Statement.....	7
Condensed Interim Statement of Changes in Equity.....	8
Notes to the Condensed Interim Financial Statements.....	9



## COMPANY INFORMATION

### BOARD OF DIRECTORS

Executive Directors	:	Ishtiaq Ahmed - Chief Executive Officer
Non-Executive Director	:	Dewan Muhammad Yousuf Farooqui - Chairman, Board of Directors Dewan Abdul Rehman Farooqui Mr. Mr..Haroon Iqbal Syed Muhammad Anwar Mr. Ghazanfar Babar Siddiqui
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 Mr. Haroon Iqbal - Member Mr. Ishtiaq Ahmed- Member
Auditors	:	Feroze Sharif Tariq & Company Chartered Accountants 4/N/H Block-6, P.E.C.H.S., Karachi 75400, Pakistan
Company Secretary	:	Muhammad Hanif German
Tax Advisor	:	Abbass & Atif Law Associates
Legal 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, 7 <sup>th</sup> Floor, Shahrah-e-Faisal, Karachi
Shares Registrar & Transfer Agent	:	BMF Consultants Pakistan (Private) Limited Anum Estate Building, Room No. 310 & 311, 3rd Floor, 49, Darul Aman Society,  Main Shahrah-e-Faisal, adjacent to Baloch Colony Bridge, Karachi 75350, Pakistan.
Factory Office	:	54 Km, Multan Road, Phool Nagar By Pass  District Kasur, Punjab , Pakistan.
Website	:	<a href="http://www.yousufdewan.com">www.yousufdewan.com</a>

## DIRECTORS' REPORT

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

The board of directors of your company is pleased to present condensed interim financial statements of the company for the first quarter ended September 30, 2015 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

During the period under review, textile spinning industry continued to face distressed and unfortunate set of circumstances which hampered the operations of several units. The market has been undergoing through its bad time both domestically and internationally since the start of calendar year 2014. Lower market demand due to reduced local & export orders along with power load shedding have adversely affected the production capacities of the industry. In effect, many units in the sector are facing financial difficulties and some of these units have closed their operations. The high cost of doing business, energy shortages, influx of smuggled and imported yarn and clothing in the domestic market, absence of institutional support, raw material shortages, and the gap between policy and its implementation have eroded the economic viability of textile business. Major regional developments claimed to have made domestic yarn production 'unviable' include slowdown in Chinese demand for Pakistani yarn and rebate allowed by India on its yarn exports.

#### Operating Performance:-

The financial highlights for the first quarter ended September 30, 2015 are as follows:

During the period under review company has achieved net sales of Rs 202.849 million as compared to the Rs.252.209 million of the corresponding period of last year. Company has suffered gross loss of Rs 69.091 million as compared to the gross loss of Rs 6.118 million of comparable period of last year. Operating expenses of the company have been decreased by Rs 1.016 million as compared to those of relevant period of last year.

During the period under review, decrease in production volume was the result of lesser market demand and under utilization of plant capacity, which brought about lesser sales volumes. The adverse effect resulted in negative margins due to the increase in cost of various inputs and capacity utilization. During the period raw material prices remained volatile which affected the cost of purchases, furthermore minimum wages have also pushed the cost of goods manufactured towards the higher side.

Company has approached its lenders for further restructuring of its liabilities, which is in advanced stage as the term sheet has been finalized and circulated by the agent to syndicate of banks for their internal approvals. Management is hopeful that such revision will be finalized soon.

#### Outlook

The key challenges facing Pakistan's economy have continued to suppress economic activity and growth of the country. At present energy crisis, load shedding and law and order were affecting the economy badly; however, some initiatives which are being taken by the government will hopefully improve the situation in near future. In a backdrop current scenario, a decline in cotton production has been forecasted which might result in higher cotton prices in future.

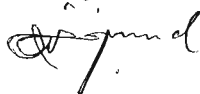
#### Conclusion

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*



**Ishtiaq Ahmed**

Chief Executive Officer

Dated: October 28, 2015



## CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2015

	Un-Audited Sept 30, 2015	Audited June 30, 2015
	Notes	Rupees
<b>EQUITY AND LIABILITIES</b>		
<b>SHAREHOLDERS' EQUITY</b>		
<b>Share capital</b>		
<b>Authorised capital</b>		
100,000,000 (June 30, 2015: 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, 2015: 97,750,726) ordinary shares of Rs.10/- each	977,507,260	977,507,260
Un appropriated loss	(289,437,565)	(211,828,315)
Surplus on revaluation of property, plant and equipment	688,069,695	765,678,945
	548,874,295	556,337,724
<b>NON-CURRENT LIABILITIES</b>		
Long term loans	313,349,790	342,170,888
Deferred liabilities for staff benefits	7,924,822	7,924,822
Deferred Taxation	160,485,280	168,880,788
	168,410,102	176,805,610
<b>CURRENT LIABILITIES</b>		
Trade & other payables	65,645,714	63,944,202
Accrued mark-up	55,041,645	47,549,097
Short term borrowings- secured	43,485,599	26,054,191
Current and over due portion of long term liabilities	311,101,697	279,416,128
Provision for taxation	68,682,690	66,654,199
	543,957,345	483,617,817
Contingencies and Commitments	5	-
	2,262,661,227	2,324,610,985
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	6	1,483,748,921
Long term deposits		26,747,245
		1,511,296,562
<b>CURRENT ASSETS</b>		
Stores & Spares	39,535,799	35,644,171
Stock-in-trade	137,207,593	155,068,130
Trade Debts- Unsecured, Considered Good.	300,228,323	309,537,032
Loans & advances- Unsecured, Considered Good.	91,257,019	99,155,511
Trade deposits & other receivables- Considered Good.	61,896,006	67,974,549
Advance income tax	120,029,821	117,227,307
Cash and bank balances	7	2,010,497
	752,165,058	786,567,177
	2,262,661,227	2,324,610,985

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

**Ishtiaq Ahmed**

Chief Executive Officer

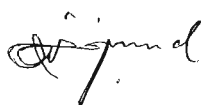
**Haroon Iqbal**

Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE FIRST QUARTER ENDED 30TH SEPTEMBER 2015**

	Notes	July-Sept. 2015	July-Sept. 2014
		(Rupees)	
<b>SALES - NET</b>		202,849,108	252,208,712
<b>COST OF SALES</b>		(272,940,441)	(258,327,086)
<b>GROSS LOSS</b>		(70,091,333)	(6,118,374)
<b>OPERATING EXPENSES</b>			
Administrative expenses		(5,860,709)	(5,590,810)
Selling and distribution expenses		(4,294,467)	(6,581,135)
		(10,155,176)	(12,171,945)
<b>OPERATING LOSS</b>		(80,246,509)	(18,290,319)
<b>OTHER CHARGES</b>			
Finance cost	8	(11,196,931)	(12,800,261)
Other Income		744	70,382
		(11,196,187)	(12,729,879)
<b>LOSS BEFORE TAXATION</b>		(91,442,696)	(31,020,198)
<b>TAXATION</b>			
Current		(2,028,491)	(2,522,087)
Deferred		8,395,508	(15,935,672)
		6,367,017	(18,457,759)
<b>LOSS AFTER TAXATION</b>		(85,075,679)	(49,477,957)
<b>Basic loss per share (Rupees)</b>		(0.87)	(0.51)

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



**Ishtiaq Ahmed**  
Chief Executive Officer

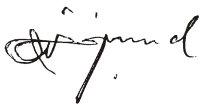


**Haroon Iqbal**  
Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE FIRST QUARTER ENDED 30TH SEPTEMBER 2015**

	July 2015 to Sept. 2015	July 2014 to Sept. 2014
	<u>(Rupees)</u>	
PROFIT / (LOSS) AFTER TAXATION	(85,075,679)	(49,477,957)
OTHER COMPREHENSIVE INCOME	-	-
Transfer from surplus on revaluation of property plant and equipment in respect of:		
Incremental depreciation	10,980,043	12,181,747
Related deferred tax	(3,513,614)	(4,141,794)
	7,466,429	8,039,953
<b>TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD</b>	<b>(77,609,250)</b>	<b>(41,438,004)</b>

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



**Ishtiaq Ahmed**  
Chief Executive Officer




**Haroon Iqbal**  
Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE FIRST QUARTER ENDED 30TH SEPTEMBER 2015**

Note	July 2015 to Sept. 2015	July 2014 to Sept. 2014
	<b>(Rupees)</b>	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss) before taxation	(91,442,696)	(31,020,198)
Adjustments for non cash and other items:		
Depreciation	27,547,641	30,633,268
Financial charges	11,196,931	12,800,261
Cash flow before working capital changes	(52,698,124)	12,413,331
<b>Working Capital changes</b>		
(Increase)/ Decrease in assets:		
Stores & spares	(3,891,628)	4,688,787
Stock in trade	17,860,537	(27,890,386)
Trade debts	9,308,709	10,516,044
Loans & advances	7,898,492	(763,877)
Trade deposits & other receivables	6,078,543	1,930,233
Increase/ (Decrease) in liabilities:		
Trade creditors, other payables and borrowings	4,568,982	8,484,119
Cash generated/(used) in operations	41,823,635	(3,035,080)
Taxes paid	(2,802,514)	(4,154,197)
Financial charges paid	(3,704,383)	(821,180)
<b>Net cash generated/(used) in operating activities</b>	<b>(17,381,386)</b>	<b>4,402,874</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale proceeds on disposal of fixed assets	-	630,000
Net cash outflow from investing activities	-	630,000
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Syndicated Long Term Loan	-	(39,095,836)
Net cash Inflow/(out flow) from financing activities	-	(39,095,836)
Net decrease in cash and cash equivalents	(17,381,386)	(34,062,962)
Cash and Cash equivalents at the beginning of the period 7	(24,093,714)	(25,228,573)
Cash and Cash equivalents at the end of the period	(41,475,100)	(59,291,535)

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



**Ishtiaq Ahmed**  
Chief Executive Officer

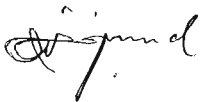


**Haroon Iqbal**  
Director

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE FIRST QUARTER ENDED 30TH SEPTEMBER 2015

	Share Capital	Unappropriated Profit/ (loss) (Rupees)	Total
Balance as at July 01, 2014	977,507,260	(265,541,281)	711,965,979
Total comprehensive income / (loss) for the period	-	(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>
Balance as at July 01, 2015	977,507,260	(211,828,315)	765,678,945
Total comprehensive income / (loss) for the period	-	(77,609,250)	(77,609,250)
Balance as at September 30, 2015	<u>977,507,260</u>	<u>(289,437,565)</u>	<u>688,069,695</u>

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



**Ishtiaq Ahmed**  
Chief Executive Officer



**Haroon Iqbal**  
Director



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE FIRST QUARTER ENDED 30TH SEPTEMBER 2015

### 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, 2015 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, 2015.

### 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, 2015.

**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, 2015. 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, 2015.

	Notes	Septemebr 30, 2015	June 30, 2015
<b>6 PROPERTY, PLANT AND EQUIPMENT</b>			<b>Rupees</b>
Opening written down value		1,472,816,332	1,595,169,836
Additions during the period / year		-	365,502
Written down value of disposals		-	(131,107)
Depreciation during the period / year		<u>(27,547,641)</u>	<u>(122,587,899)</u>
Closing written down value		1,445,268,691	1,472,816,332
 Add: Capital work in progress		 <u>38,480,230</u>	 <u>38,480,230</u>
		<u><u>1,483,748,921</u></u>	<u><u>1,511,296,562</u></u>

**DEWAN FAROOQUE SPINNING MILLS LIMITED**

	<b>Septemebr 30, 2015</b>	<b>Sept 30, 2014</b>
<b>7 CASH AND CASH EQUIVALENTS</b>	<b>Rupees</b>	
Cash and Bank Balances	2,010,497	1,332,343
Short term Borrowings	(43,485,599)	(61,253,878)
	(41,475,102)	(59,921,535)

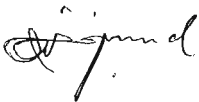
**8 FINANCE COST**

Company has not made the provision of markup for the period amounting to Rs.1.16 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.1.16 million and shareholders' equity would have been lower by Rs.38.14 million.

	<b>Septemebr 30, 2015</b>	<b>Sept 30, 2014</b>
<b>9 RELATED PARTY TRANSACTIONS</b>	<b>Rupees</b>	
Purchases - Raw Material/ Yarn	-	71,890,620
Sales - Yarn/ Waste/ Cotton	-	4,455,097
Provident Fund	1,776,218	1,591,410

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 28,2015 by the Board of Directors of the company.
- 11** **General**  
Figures have been rounded off to the nearest rupee.



**Ishtiaq Ahmed**  
Chief Executive Officer



**Haroon Iqbal**  
Director