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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. Mehmood-ul-Hasan Asghar 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. Mehmood-ul-Hasan Asghar (Member)
Human Resources & Remuneration Committee	:	Dewan Muhammad Yousuf Farooqui - Chairman Mr. Ishtiaq Ahmed (Member) Mr. Mehmood-ul-Hasan Asghar (Member)
Auditors	:	Feroze Sharif Tariq & Company Chartered Accountants 4/N/4 Block-6, P.E.C.H.S., Karachi 75400, Pakistan
Company Secretary	:	Mr. 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 th Floor, Shahrah-e-Faisal, Karachi 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	:	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 nine months ended March 31, 2016 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, the Textile Industry continued to face the difficult situation. The cost of doing business in Pakistan has risen over the period. The burden of Indirect taxes, sales tax withholding is all on the Corporate sector and together with non-refund of advance income tax and sales tax, is becoming unbearable. The textile industry as a whole is continuously under stress both locally and internationally.

Operating Performance:-

The financial highlights for the nine months ended March 31, 2016 are as follows:

Company has achieved net sales of Rs 651.736 million during the period under review as compared to the Rs.882.488 million of the corresponding period of last year. Company has suffered gross loss of Rs 96.954 million as compared to the gross profit of Rs 13.680 million of comparable period of last year. Operating expenses of the company have been decreased by Rs.8.020 million as compared to those of relevant period of last year.

During the period under review, decrease in production volume was the result of 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 lower 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.

The 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 Bank 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's economy. At present energy crisis is affecting the economy ; however, some initiatives which are being taken by the government will hopefully improve the situation in near future. In a backdrop of current scenario, a decline in cotton production has been forecasted which might result in higher cotton prices in future.

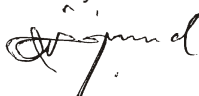
Conclusion

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; SummaAmeen

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

By and under Authority of the Board of Directors



Ishtiaq Ahmed

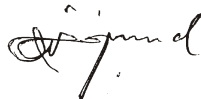
Chief Executive Officer

Dated: April 25, 2016

CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2016

EQUITY AND LIABILITIES		Un-Audited Mar. 31, 2016	Audited June 30, 2015
SHAREHOLDERS' EQUITY	Note	Rupees	
Share capital			
Authorised capital 100,000,000 (June 30, 2015: 100,000,000) ordinary shares of Rs.10/- each		1,000,000,000	1,000,000,000
Issued, Subscribed and Paid-up Capital			
97,750,726 (June 30, 2015: 97,750,726) ordinary shares of Rs.10/- each		977,507,260	977,507,260
Un appropriated loss		(368,479,310)	(211,828,315)
		609,027,950	765,678,945
Surplus on revaluation of property, plant and equipment		534,267,837	556,337,724
NON-CURRENT LIABILITIES			
Long Term Loans	5	244,190,393	342,170,888
Deferred liabilities			
Deferred liabilities for staff benefits		7,924,822	7,924,822
Deferred Taxation		160,025,947	168,880,788
CURRENT LIABILITIES			
Trade & other payables		64,781,186	63,944,202
Accrued mark-up		55,219,497	47,549,097
Short term borrowings- secured		223,795,861	26,054,191
Current portion of long term liabilities		385,916,667	279,416,128
Provision for taxation		66,654,199	66,654,199
		796,367,410	483,617,817
Contingencies and Commitments	6	-	-
		2,351,804,359	2,324,610,985
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	1,428,653,641	1,511,296,562
Long term deposits		26,747,245	26,747,245
CURRENT ASSETS			
Stores & Spares		27,055,865	35,644,171
Stock-in-trade		194,722,184	155,068,130
Trade Debts- Unsecured, Considered Good		327,096,021	309,537,032
Loans & advances- Unsecured, Considered Good		119,719,702	99,155,511
Trade deposits & other receivables- Considered Good		74,954,705	67,974,549
Advance income tax		151,100,346	117,227,307
Cash and bank balances	8	1,754,650	1,960,477
		896,403,473	786,567,177
TOTAL ASSETS		2,351,804,359	2,324,610,985

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



Ishtiaq Ahmed
Chief Executive Officer



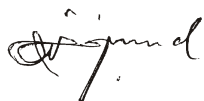
Dewan Abdul Rehman Farooqui
Director

DEWAN FAROOQUE SPINNING MILLS LIMITED

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS AND THIRD QUARTER ENDED MARCH 31, 2016**

	<u>July-Mar 2016</u>	<u>July-Mar 2015</u>	<u>Jan-Mar 2016</u>	<u>Jan-Mar 2015</u>
Note			(Rupees)	
SALES - NET	651,736,581	882,488,895	209,267,170	338,082,918
COST OF SALES	(748,690,991)	(868,809,026)	(245,277,933)	(338,719,646)
GROSS (LOSS) / PROFIT	(96,954,410)	13,679,869	(36,010,763)	(636,728)
OPERATING EXPENSES				
Administrative expenses	(16,767,913)	(19,076,629)	(4,679,807)	(5,185,162)
Selling and distribution expenses	(12,077,718)	(17,789,335)	(3,068,992)	(6,966,589)
	(28,845,631)	(36,865,964)	(7,748,799)	(12,151,751)
OPERATING LOSS	(125,800,041)	(23,186,095)	(43,759,562)	(12,788,479)
Finance cost	(41,400,274)	(37,932,940)	(15,118,150)	(12,161,053)
Provision for doubtful debts	(20,430,210)	-	-	-
Other Income	54,802	235,234	54,802	104,417
	(61,775,682)	(37,697,706)	(15,063,348)	(12,056,636)
LOSS BEFORE TAXATION	(187,575,723)	(60,883,801)	(58,822,910)	(24,845,115)
TAXATION				
Current	-	(8,824,889)	-	(3,380,829)
Deferred	8,854,841	5,612,412	2,215,245	2,991,480
	8,854,841	(3,212,477)	2,215,245	(389,349)
(LOSS) / PROFIT AFTER TAXATION	(178,720,882)	(64,096,278)	(56,607,665)	(25,234,464)
Basic (loss) / earnings per share (Rupees)	(1.83)	(0.67)	(0.58)	(0.26)

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



Ishtiaq Ahmed
Chief Executive Officer



Dewan Abdul Rehman Farooqui
Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS AND THIRD QUARTER ENDED MARCH 31, 2016**

	<u>July-Mar</u> <u>2016</u>	<u>July-Mar</u> <u>2015</u>	<u>Jan-Mar</u> <u>2016</u>	<u>Jan-Mar</u> <u>2015</u>
	(Rupees)			
(Loss) after Taxation	(178,720,882)	(64,096,278)	(56,607,665)	(25,234,464)
Transfer from surplus on revaluation of property plant and equipment in respect of:				
Incremental depreciation	32,940,130	36,545,239	10,980,043	12,181,747
Related deferred tax	(10,870,243)	(12,425,381)	(3,623,414)	(4,141,794)
	<u>22,069,887</u>	<u>24,119,858</u>	<u>7,356,629</u>	<u>8,039,953</u>
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD	<u>(156,650,995)</u>	<u>(39,976,420)</u>	<u>(49,251,036)</u>	<u>(17,194,511)</u>

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



Ishtiaq Ahmed
Chief Executive Officer



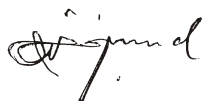
Dewan Abdul Rehman Farooqui
Director

DEWAN FAROOQUE SPINNING MILLS LIMITED

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2016**

CASH FLOW FROM OPERATING ACTIVITIES	Note	July-Mar 2016	July-Mar. 2015
(Rupees)			
Loss before taxation		(187,575,723)	(60,883,801)
Depreciation		82,642,922	91,927,705
Financial charges		41,400,274	37,932,940
Cash flow before working capital changes		(63,532,527)	68,976,844
Working Capital changes			
(Increase)/ Decrease in assets:			
Stores & spares		8,588,306	1,623,900
Stock in trade		(39,654,054)	(22,320,777)
Trade debts		(17,558,989)	48,222,746
Loans & advances		(20,564,191)	(19,653,266)
Trade deposits & other receivables		(6,980,156)	(1,405,292)
Increase/ (Decrease) in liabilities:			
Trade creditors and other payables		836,983	(8,593,965)
Cash generated/(used) in operations		(75,332,101)	(2,126,654)
Taxes paid		(33,873,039)	(10,651,217)
Gratuity paid		-	(69,500)
Net cash generated/(used) in operating activities		(172,737,667)	56,129,473
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure incurred		-	(3,124,000)
Net cash outflow from investing activities		-	(3,124,000)
CASH FLOW FROM FINANCING ACTIVITIES			
Financial charges paid		(25,209,830)	(16,876,808)
Syndicated Long Term Loan		-	(22,598,343)
Net cash Inflow/(out flow) from financing activities		(25,209,830)	(39,475,151)
Net decrease in cash and cash equivalents		(197,947,497)	13,530,322
Cash and Cash equivalents at the beginning of the period		(24,093,714)	(25,228,573)
Cash and Cash equivalents at the end of the period	8	(222,041,211)	(11,698,251)

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



Ishtiaq Ahmed
Chief Executive Officer



Dewan Abdul Rehman Farooqui
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2016**

	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	-	(39,976,420)	(39,976,420)
Balance as at March 31, 2015	<u>977,507,260</u>	<u>(305,517,701)</u>	<u>671,989,559</u>
Balance as at July 01, 2015	977,507,260	(211,828,315)	765,678,945
Total comprehensive income/(loss) for the period	-	(156,650,995)	(156,650,995)
Balance as at March 31, 2016	<u>977,507,260</u>	<u>(368,479,310)</u>	<u>609,027,950</u>

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



Ishtiaq Ahmed
Chief Executive Officer



Dewan Abdul Rehman Farooqui
Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS AND THIRD QUARTER ENDED MARCH 31, 2016**

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 Pakistan Stock Exchange (Formerly 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 March 31, 2016 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 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 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, 2015.

2.4 These condensed interim financial statements comprise of condensed Interim Balance Sheet as at March 31, 2016 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 nine months period ended March 31, 2016. These condensed interim financial statements also include the condensed Interim profit and loss account for the quarter ended March 31, 2016.

2.5 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 2015, 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 March 31, 2015. The comparative condensed Interim profit and loss account for the quarter ended March 31, 2015 is also included in these condensed interim financial statements.

3 Estimates and Judgements

3.1 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.

3.2 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' 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.

	Mar. 31, 2016	Jun. 30, 2015
	Rupees	
5 Long term loans		
Syndicated Long Term Loans - Secured	138,470,561	198,749,800
Sponsor Loan unsecured	105,719,832	143,421,088
	<u>244,190,393</u>	<u>342,170,888</u>

6 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.

	Mar. 31, 2016	Jun. 30, 2015
	Rupees	
7 PROPERTY, PLANT AND EQUIPMENT		
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>(82,642,922)</u>	<u>(122,587,899)</u>
	<u>1,390,173,410</u>	1,472,816,332
Add: Capital work in progress	<u>38,480,230</u>	38,480,230
Closing written down value	<u>1,428,653,641</u>	<u>1,511,296,562</u>

DEWAN FAROOQUE SPINNING MILLS LIMITED

	Mar. 31, 2016	Mar. 31, 2015
	Rupees	
8 CASH AND CASH EQUIVALENTS		
Cash and Bank Balances	1,754,650	4,435,599
Short term Borrowings	<u>(223,795,861)</u>	<u>(16,133,850)</u>
	<u>(222,041,211)</u>	<u>(11,698,251)</u>

9 FINANCE COST

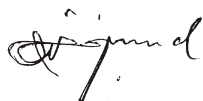
Company has not made the provision of markup for the period amounting to Rs.0.934 million in respect of borrowings of certain banks who have not yet accepted the restructuring proposal. The management of the Company is quite hopeful that these banks will also accept restructuring proposal in near future. Had the provision been made the loss for the period and accrued markup would have been higher by Rs.0.934 million and shareholders' equity would have been lower by Rs.38.381 million.

	Mar. 31, 2016	Dec. 31, 2015
	Rupees	
10 RELATED PARTY TRANSACTIONS		
Sales - Yarn/ Waste/ Cotton	385,102	385,102
Provident Fund	5,911,132	3,820,850

	July to Mar 2016	July to Mar 2015
	Rupees	
11 EARNING PER SHARE		
Net Loss for the period	(178,720,882)	(64,096,278)
Number of shares	97,750,726	97,750,726
Loss per share	(1.83)	(0.67)

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 April 25, 2016 by the Board of Directors of the company.



Ishtiaq Ahmed
Chief Executive Officer



Dewan Abdul Rehman Farooqui
Director