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COMPANY INFORMATION

BOARD OF DIRECTORS	
Executive Directors	: Ishtiaq Ahmed - Chief Executive Officer Mr. Mehmood-ul-Hassan
Non-Executive Director	: Dewan Muhammad Yousuf Farooqui - Chairman, Board of Directors Syed Muhammad Anwar Mr. Ghazanfar Baber Siddiqi Mr. Muhammad Baqar Jafferi
Independent Director	: Mr. Aziz -ul-Haque
Audit Committee	: Mr. Aziz -ul-Haque - Chairman Syed Muhammad Anwar (Member) Mr. Ghazanfar Baber Siddiqi
Human Resources & Remuneration Committee	: Dewan Muhammad Yousuf Farooqui - Chairman Mr. Mehmood-ul-Hassan Mr. Ishtiaq Ahmed- Member
Auditors	: Feroze Sharif Tariq & Company Chartered Accountants 4/N/4 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 th 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	: 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 nine months ended march 31, 2017 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 this 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 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 period ended nine months march 31, 2017 are as follows:

Company has achieved net sales of Rs 603.352 million during the period under review as compared to the Rs. 651.737 million of the corresponding period of last year. Company has suffered gross loss of Rs 96.459 million as compared to the gross loss of Rs 96.954 million of comparable period of last year. Operating expenses of the company have been increased by Rs. 3.002 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 at sustainable prices and resultant 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.

The company has approached its lenders for further restructuring of its liabilities, which is in advanced stage. Management is hopeful that such revision will be finalized soon; hence no provision has been made in these condensed interim financial statements.

Outlook

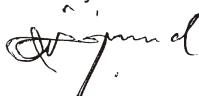
The key challenges facing Pakistan's economy especially the textile industry have continued to suppress economic activity and growth of the country. In a backdrop of current scenario, a decline in cotton production has been forecasted which might result in higher cotton prices in future.

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; Summa Ameen

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

By and under Authority of the Board of Directors



Ishtiaq Ahmed

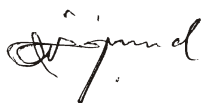
Chief Executive Officer

Dated: April 27, 2017

CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2017

EQUITY AND LIABILITIES	Note	Un-Audited	Audited
		Mar. 31, 2017	June 30, 2016
SHAREHOLDERS' EQUITY		Rupees	
Share capital			
Authorised capital 100,000,000 (June 30, 2016: 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, 2016: 97,750,726) ordinary shares of Rs.10/- each		977,507,260	977,507,260
Un appropriated loss		(592,702,803)	(419,950,106)
		384,804,457	557,557,154
Surplus on revaluation of property, plant and equipment		505,983,795	526,472,006
NON-CURRENT LIABILITIES			
Long Term Loans	5	189,155,691	254,102,425
Deferred liabilities for staff benefits		7,924,822	7,924,822
Deferred Taxation		120,994,158	130,495,937
		128,918,980	138,420,759
CURRENT LIABILITIES			
Trade & other payables		69,590,118	61,014,006
Accrued mark-up		117,294,174	79,006,996
Short term borrowings- secured		300,065,510	265,981,609
Current and over due portion of long term liabilities		453,323,321	378,791,419
Provision for taxation		18,787,136	12,753,612
		959,060,259	797,547,642
Contingencies and Commitments	6	-	-
		2,167,923,181	2,274,099,985
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	1,363,420,900	1,440,666,551
Long term deposits		26,711,345	26,711,345
CURRENT ASSETS			
Stores & Spares		20,241,894	25,099,918
Stock-in-trade		226,898,980	118,636,669
Trade Debts- Unsecured, Considered Good.		244,780,258	399,343,880
Loans & advances- Unsecured, Considered Good.		94,018,927	92,296,766
Trade deposits & other receivables- Considered Good.		93,363,046	79,997,970
Advance income tax		94,486,464	80,170,490
Cash and bank balances	8	4,001,368	11,176,396
		777,790,936	806,722,089
TOTAL ASSETS		2,167,923,181	2,274,099,985

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



Ishtiaq Ahmed
Chief Executive Officer



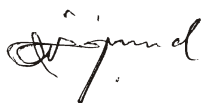
Aziz-ul-Haque
Director

DEWAN FAROOQUE SPINNING MILLS LIMITED

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS AND THIRD QUARTER ENDED MARCH 31, 2017**

	9 Months		3 Months	
	July-Mar 2017	July-Mar 2016	Jan-Mar 2017	Jan-Mar 2016
Note	(Rupees)			
SALES - NET	603,352,376	651,736,581	307,132,371	209,267,170
COST OF SALES	(699,811,753)	(748,690,991)	(323,635,218)	(245,277,933)
GROSS LOSS	(96,459,377)	(96,954,410)	(16,502,847)	(36,010,763)
OPERATING EXPENSES				
Administrative expenses	(40,004,079)	(37,198,123)	(10,143,286)	(4,679,807)
Selling and distribution expenses	(12,273,461)	(12,077,718)	(5,844,887)	(3,068,992)
	(52,277,540)	(49,275,841)	(15,988,173)	(7,748,799)
OPERATING LOSS	(148,736,917)	(146,230,251)	(32,491,020)	(43,759,562)
Finance cost	9 (48,361,468)	(41,400,274)	(16,922,895)	(15,118,150)
Other Income	389,222	54,802	103,972	54,802
	(47,972,246)	(41,345,472)	(16,818,923)	(15,063,348)
LOSS BEFORE TAXATION	(196,709,163)	(187,575,723)	(49,309,943)	(58,822,910)
TAXATION				
Current	(6,033,524)	-	(3,071,324)	-
Deferred	9,501,779	8,854,841	3,167,260	2,215,245
	3,468,255	8,854,841	95,936	2,215,245
LOSS AFTER TAXATION	(193,240,908)	(178,720,882)	(49,214,007)	(56,607,665)
Basic (loss) / earnings per share (Rupees)	(1.98)	(1.83)	(0.50)	(0.58)

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



Ishtiaq Ahmed
Chief Executive Officer

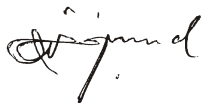


Aziz-ul-Haque
Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS AND THIRD QUARTER ENDED MARCH 31, 2017**

	9 Months		3 Months	
	July-Mar 2017	July-Mar 2016	Jan-Mar 2017	Jan-Mar 2016
	(Rupees)			
(Loss) after Taxation	(193,240,908)	(178,720,882)	(49,214,007)	(56,607,665)
Transfer from surplus on revaluation of property plant and equipment in respect of:				
Incremental depreciation	29,693,059	32,940,130	9,897,686	10,980,044
Related deferred tax	(9,204,848)	(10,870,243)	(3,068,282)	(3,623,414)
	20,488,211	22,069,887	6,829,404	7,356,630
Total Comprehensive (loss) / Income For The Period	<u>(172,752,697)</u>	<u>(156,650,995)</u>	<u>(42,384,603)</u>	<u>(49,251,035)</u>

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



Ishtiaq Ahmed
Chief Executive Officer



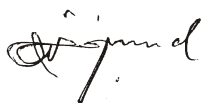
Aziz-ul-Haque
Director

DEWAN FAROOQUE SPINNING MILLS LIMITED

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2017**

	Note	9 Months	9 Months
		July-Mar 2017	July-Mar 2016
CASH FLOW FROM OPERATING ACTIVITIES		(Rupees)	
Loss before taxation		(196,709,163)	(187,575,723)
Depreciation		77,245,651	82,642,922
Financial charges		48,361,468	41,400,274
Cash flow before working capital changes		(71,102,044)	(63,532,527)
Working Capital changes			
(Increase)/ Decrease in assets:			
Stores & spares		4,858,024	8,588,306
Stock in trade		(108,262,311)	(39,654,054)
Trade debts		154,563,622	(17,558,989)
Loans & advances		(1,722,161)	(20,564,191)
Trade deposits & other receivables		(13,365,076)	(6,980,156)
Increase/ (Decrease) in liabilities:			
Trade creditors, other payables and borrowings		21,161,393	836,983
Cash generated/(used) in operations		57,233,491	(75,332,101)
Taxes paid		(14,315,974)	(33,873,039)
Gratuity paid		-	-
Net cash generated/(used) in operating activities		(28,184,527)	(172,737,667)
CASH FLOW FROM INVESTING ACTIVITIES			
Long term deposits		-	-
Capital expenditure incurred		-	-
Net cash outflow from investing activities		-	-
CASH FLOW FROM FINANCING ACTIVITIES			
Financial charges paid		(13,074,402)	(25,209,830)
Long term loans		-	-
Net cash Inflow/(out flow) from financing activities		(13,074,402)	(25,209,830)
Net decrease in cash and cash equivalents		(41,258,929)	(197,947,497)
Cash and Cash equivalents at the beginning of the period		(254,805,213)	(24,093,714)
Cash and Cash equivalents at the end of the period	8	(296,064,142)	(222,041,211)

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



Ishtiaq Ahmed
Chief Executive Officer

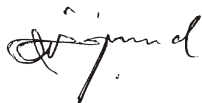


Aziz-ul-Haque
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2017**

	Share Capital	Unappropriated Profit/ (loss)	Total
	(Rupees)		
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>
Balance as at July 01, 2016	977,507,260	(419,950,106)	557,557,154
Total comprehensive income/(loss) for the period	-	(172,752,697)	(172,752,697)
Balance as at March 31, 2017	<u>977,507,260</u>	<u>(592,702,803)</u>	<u>384,804,457</u>

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



Ishtiaq Ahmed
Chief Executive Officer



Aziz-ul-Haque
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS AND THIRD QUARTER ENDED MARCH 31, 2017

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 The Karachi Stock Exchange Guarantee Limited). 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, 2017 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, 2016.

These condensed interim financial statements are presented in Pak Rupees which is also the Company's functional & presentation currency and all figures have been rounded off to the nearest thousand.

2.4 These condensed interim financial statements comprise of condensed Interim Balance Sheet as at March 31, 2017 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, 2017 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 March 31, 2017.

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 2016, 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, 2016. The comparative condensed Interim profit and loss account for the quarter ended March 31, 2016 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' 2016.

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, 2016. 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 Long term loans

	Mar. 31, 2017 (Un-Audited)	Jun. 30, 2016 (Audited)
Syndicated Long Term Loans - Secured	24,842,607	99,374,509
Sponsor Loan unsecured	164,313,084	154,727,916
	<u>189,155,691</u>	<u>254,102,425</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, 2016.

7 PROPERTY, PLANT AND EQUIPMENT

	Mar. 31, 2017 (Un-Audited)	Jun. 30, 2016 (Audited)
Opening written down value	1,403,926,386	1,472,816,333
Additions during the period / year	-	57,225,445
Written down value of disposals	-	-
Depreciation during the period / year	<u>(77,245,651)</u>	<u>(126,115,392)</u>
	<u>1,326,680,735</u>	<u>1,403,926,386</u>
Add: Capital work in progress	<u>36,740,165</u>	<u>36,740,165</u>
Closing written down value	<u>1,363,420,900</u>	<u>1,440,666,551</u>

DEWAN FAROOQUE SPINNING MILLS LIMITED

	Mar. 31, 2017 (Un-Audited)	Mar. 31, 2016 (Un-Audited)
	Rupees	
8 CASH AND CASH EQUIVALENTS		
Cash and Bank Balances	4,001,368	1,754,650
Short term Borrowings	(300,065,510)	(223,795,861)
	(296,064,142)	(222,041,211)

9 FINANCE COST

Company has not made the provision of markup for the period amounting to Rs.2.62 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. 2.621 million and shareholders' equity would have been lower by Rs.43.44 million.

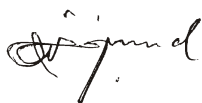
	July-Mar 2017	July-Mar 2016	Jan-Mar 2017	Jan-Mar 2016
	Rupees			
10 BASIC EARNINGS PER SHARE				
(Loss)/ profit after taxation	(193,240,908)	(178,720,882)	(49,214,007)	(61,038,155)
Weighted average number of ordinary shares	-	-	-	-
Basic (Loss) / earnings per share	(1.98)	(1.83)	(0.50)	(0.58)

No figure for diluted earning per share has been presented as the company has not yet issued any instruments which would have an impact on basic earning per share when exercised.

	Mar. 31, 2017 (Un-Audited)	Mar. 31, 2016 (Un-Audited)
	Rupees	
11 RELATED PARTY TRANSACTIONS		
Purchases - Raw Material/ Yarn	82,809,700	-
Sales - Yarn/ Waste/ Cotton	-	385,102
Provident Fund	6,023,458	5,911,132

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 27, 2017 by the Board of Directors of the company.



Ishtiaq Ahmed
Chief Executive Officer



Aziz-ul-Haque
Director