

**8 FINANCE COST**

Company has not made the provision of markup for the period amounting to Rs.0.954 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.0.954 million and shareholders' equity would have been lower by Rs.35.010 million.

	Dec. 31, 2014	Dec. 31, 2013
<b>Rupees</b>		
<b>9 RELATED PARTY TRANSACTIONS</b>		
Purchases - Raw Material/ Yarn	<b>71,890,620</b>	10,751,286
Sales - Yarn/ Waste/ Cotton	<b>6,748,092</b>	-
Provident Fund	<b>2,883,197</b>	2,410,481

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 February 24, 2015 by the Board of Directors of the company.

## CONTENTS

Company Information.....	2
Directors' Report.....	3
Auditors' Review Report.....	4
Condensed Interim Balance Sheet.....	5
Condensed Interim Profit and Loss Account.....	6
Condensed Interim Statement of Comprehensive Income.....	7
Condensed Interim Cash Flow Statement.....	8
Condensed Interim Statement of Changes in Equity.....	9
Notes to the Condensed Interim Financial Statements.....	10



**Dewan Abdul Baqi Farooqui**  
Chief Executive



**Haroon Iqbal**  
Director

## 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	:	Muhammad Hanif German
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

## 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, 2014.

**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' 2014.

**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' 2014.

## 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.

## 6 PROPERTY, PLANT AND EQUIPMENT

	Dec. 31, 2014	June 30, 2014
	Rupees	
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	<b>(61,266,537)</b>	<b>(135,731,131)</b>
Closing written down value	<b>1,533,903,299</b>	<b>1,595,169,837</b>

## 7 CASH AND CASH EQUIVALENTS

	Dec. 31, 2014	Dec. 31, 2013
	Rupees	
Cash and Bank Balances	10,642,038	25,451,357
Short term Borrowings	<b>(21,985,233)</b>	<b>(14,153,108)</b>
	<b>(11,343,195)</b>	<b>11,298,249</b>

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 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** These condensed interim financial statements of the company for the period ended December 31, 2014 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, 2014.

**2.3** These condensed interim financial statements comprise of condensed Interim Balance Sheet as at December 31, 2014 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 six months period ended December 31, 2014 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 December 31, 2014.

**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 2014, 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 December 31, 2014. The comparative condensed Interim profit and loss account for the quarter ended December 31, 2014 is also included in these condensed interim financial statements, which has not been subject to a review.

## 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 period ended December 31, 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.

### Operating Performance:-

The financial highlights for the period ended December 31, 2014 are as follows:

Company has achieved net sales of Rs 544.406 million during the period under review as compared to Rs 872.013 million of the corresponding period of last year. Company has achieved gross profit of Rs 14.316 million as compared to the gross profit of Rs 76.702 million of comparable period of last year. Operating expenses of the company have been decreased by Rs 5.053 million as compared to those of relevant period of last year.

The results of the company had been disturbed due to power crises, rise in salaries & wages, increase in tariff of gas, decrease in yarn selling prices and higher freight & transportation costs for the period under review. Further there were 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 other major factor of increased cost of production remains the ongoing energy crises and lower market demand which have resulted in under utilization of installed capacities. The results were also affected by the increase in costs of stores spares and packing materials.

### Future 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. Moreover the increase in 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

Karachi: February 24, 2015

**Independent Auditors' Report to the Members on Review of Condensed Interim Financial Statements**

**Introduction**

We have reviewed the accompanying condensed interim balance sheet of Dewan Farooque Spinning Mills Limited ("the company") as at December 31, 2014 and the related 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 together with the notes forming part thereof (hereinafter referred to as the 'condensed interim financial statements') for the six months period then ended. Management is responsible for the preparation and Presentation of these condensed interim financial statements in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed interim financial statements based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2014 and December 31, 2013 have not been reviewed as we are required to review only the cumulative figures for the six month ended December 31, 2014.

**Scope of Review**

We conducted our review in accordance with the International Standard on review engagements 2410, "Review of condensed interim financial statements performed by the independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as of and for the six months period ended December 31, 2014 are not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

**Matter of Emphasis**

Without qualifying our conclusion we draw attention of the members that the company would be liable to pay a sum of Rs. 371.60 million in the event of default in term of settlement reached with the lenders during the financial year June 30, 2012.

Audit Engaging Partner: Mohammad Tariq  
Dated: February 24, 2015  
Place: Karachi

  
CHARTERED ACCOUNTANTS

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 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	-	38,974,358	38,974,358
Balance as at December 31, 2013	<u>977,507,260</u>	<u>(208,283,474)</u>	<u>769,223,786</u>
Balance as at July 01, 2014	977,507,260	(265,541,281)	711,965,979
Total comprehensive income/(loss) for the period	-	(28,023,773)	(28,023,773)
Balance as at December 31, 2014	<u>977,507,260</u>	<u>(293,565,054)</u>	<u>683,942,206</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 HALF YEAR ENDED DECEMBER 31, 2014**

Note	July-Dec 2014	July-Dec 2013
	(Rupees)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before taxation	(36,038,686)	19,650,493
Depreciation	61,266,538	67,756,690
Financial charges	25,771,887	26,523,382
Cash flow before working capital changes	50,999,739	113,930,565
<b>Working Capital changes (Increase)/ Decrease in assets:</b>		
Stores & spares	1,620,172	1,062,425
Stock in trade	(98,074,172)	26,211,897
Trade debts	124,998,499	(25,974,230)
Loans & advances	(16,030,110)	(7,840,137)
Trade deposits & other receivables	787,584	(4,902,133)
<b>Increase/ (Decrease) in liabilities:</b>		
Trade creditors, other payables and borrowings	(31,426,746)	31,043,726
Cash generated/(used) in operations	(18,124,773)	19,601,548
Taxes paid	(2,903,554)	(17,479,222)
Gratuity paid	(19,500)	(27,924)
Net cash generated/(used) in operating activities	29,951,912	116,024,967
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure incurred	-	(3,439,944)
Net cash outflow from investing activities	-	(3,439,944)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Financial charges paid	(16,066,534)	(25,601,347)
Syndicated Long Term Loan	-	(75,399,657)
Net cash Inflow/(out flow) from financing activities	(16,066,534)	(101,001,004)
Net decrease in cash and cash equivalents	13,885,378	11,584,019
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	(11,343,195)	11,298,249

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



**Dewan Abdul Baqi Farooqui**  
Chief Executive



**Haroon Iqbal**  
Director

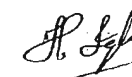
**CONDENSED INTERIM BALANCE SHEET  
AS AT DECEMBER 31, 2014**

Note	Un-Audited Dec. 31, 2014	Audited June 30, 2014
	Rupees	
<b>EQUITY AND LIABILITIES SHAREHOLDERS' EQUITY</b>		
<b>Share capital</b>		
Authorised capital 100,000,000 (June 30, 2014: 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, 2014: 97,750,726) ordinary shares of Rs.10/- each	977,507,260	977,507,260
<b>Un appropriated loss</b>	(293,565,054)	(265,541,280)
	683,942,206	711,965,980
Surplus on revaluation of property, plant and equipment	572,904,899	588,984,804
<b>NON-CURRENT LIABILITIES</b>		
Syndicated Long Term Loan - Secured	390,958,357	469,150,027
Deferred liabilities for staff benefits	8,003,822	8,023,322
Deferred Taxation	199,412,234	196,791,303
<b>CURRENT LIABILITIES</b>		
Trade & other payables	69,929,820	101,356,567
Accrued mark-up	12,151,924	2,446,571
Short term borrowings- secured	21,985,233	38,296,213
Current portion of long term liabilities	323,587,269	245,395,598
Provision for taxation	91,788,937	86,344,877
	519,443,183	473,839,826
Contingencies and Commitments 5	-	-
	2,374,664,701	2,448,755,262
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment 6	1,533,903,299	1,595,169,837
Long term deposits	26,747,245	26,747,245
<b>CURRENT ASSETS</b>		
Stores & Spares	32,601,830	34,222,002
Stock-in-trade	280,730,035	182,655,863
Trade Debts- Unsecured, Considered Good.	191,193,485	316,191,984
Loans & advances- Unsecured, Considered Good.	93,492,840	77,462,730
Trade deposits & other receivables- Considered Good.	67,186,965	67,974,549
Advance income tax	138,166,964	135,263,412
Cash and bank balances 7	10,642,038	13,067,640
	814,014,157	826,838,180
<b>TOTAL ASSETS</b>	2,374,664,701	2,448,755,262

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 & LOSS ACCOUNT (UN-AUDITED)  
FOR QUARTER AND HALF YEAR ENDED DECEMBER 31, 2014**

Note	July-Dec 2014	July-Dec 2013	Oct-Dec 2014	Oct-Dec 2013
	(Rupees)			
<b>SALES - NET</b>	<b>544,405,977</b>	<b>872,013,242</b>	<b>292,197,265</b>	<b>450,093,130</b>
<b>COST OF SALES</b>	<b>(530,089,380)</b>	<b>(795,310,790)</b>	<b>(271,762,294)</b>	<b>(427,818,121)</b>
<b>GROSS PROFIT</b>	<b>14,316,597</b>	<b>76,702,452</b>	<b>20,434,971</b>	<b>22,275,009</b>
<b>OPERATING EXPENSES</b>				
Administrative expenses	(13,891,467)	(13,543,352)	(8,300,657)	(7,033,346)
Selling and distribution expenses	(10,822,746)	(16,223,595)	(4,241,611)	(5,134,518)
	(24,714,213)	(29,766,947)	(12,542,268)	(12,167,864)
<b>OPERATING (LOSS) / PROFIT</b>	<b>(10,397,616)</b>	<b>46,935,505</b>	<b>7,892,703</b>	<b>10,107,145</b>
Finance cost	(25,771,887)	(26,523,382)	(12,971,626)	(13,701,634)
Other Charges	-	(1,479,069)	-	-
Other Income	130,817	717,439	60,435	371,374
	(25,641,070)	(27,285,012)	(12,911,191)	(13,330,260)
<b>(LOSS) / PROFIT BEFORE TAXATION</b>	<b>(36,038,686)</b>	<b>19,650,493</b>	<b>(5,018,488)</b>	<b>(3,223,115)</b>
<b>TAXATION</b>				
Current year	(5,444,060)	(8,720,132)	(2,921,973)	(4,525,342)
Deferred	(2,620,932)	10,202,865	13,314,740	1,689,419
	(8,064,992)	1,482,733	10,392,767	(2,835,923)
<b>(LOSS) / PROFIT AFTER TAXATION</b>	<b>(44,103,678)</b>	<b>21,133,226</b>	<b>5,374,279</b>	<b>(6,059,038)</b>
<b>Basic earnings / (loss) per share (Rupees)</b>	<b>(0.45)</b>	<b>0.22</b>	<b>0.05</b>	<b>(0.06)</b>


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



**Dewan Abdul Baqi Farooqui**  
Chief Executive



**Haroon Iqbal**  
Director



**Dewan Abdul Baqi Farooqui**  
Chief Executive



**Haroon Iqbal**  
Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2014**

	July-Dec 2014	July-Dec 2013	Oct-Dec 2014	Oct-Dec 2013
	(Rupees)			
<b>PROFIT / (LOSS) AFTER TAXATION</b>	<b>(44,103,678)</b>	<b>21,133,226</b>	<b>5,374,279</b>	<b>(6,059,038)</b>
Transfer from surplus on revaluation of property plant and equipment in respect of:				
Incremental depreciation	24,363,492	27,032,018	12,181,745	13,516,009
Related deferred tax	(8,283,587)	(9,190,886)	(4,141,793)	(4,460,283)
	16,079,905	17,841,132	8,039,952	9,055,726
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD ENDING</b>	<b>(28,023,773)</b>	<b>38,974,358</b>	<b>13,414,231</b>	<b>2,996,688</b>

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