

## 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 |



## COMPANY INFORMATION

### BOARD OF DIRECTORS

|  |   |   |
|--|---|---|
| Executive Directors                      | : | Ishtiaz Ahmed - Chief Executive Officer   |
| Non-Executive Director                   | : | Dewan Muhammad Yousuf Farooqui - Chairman, Board of Directors<br>Dewan Abdul Rehman Farooqui<br>Mr. Haroon Iqbal<br>Syed Muhammad Anwar<br>Mr. Ghazanfar Badar Siddiqui   |
| Independent Director                     | : | Mr. Aziz -ul-Haque  |
| Audit Committee                          | : | Mr. Aziz -ul-Haque - Chairman<br>Dewan Abdul Rehman Farooqui (Member)<br>Mr. Haroon Iqbal - Member  |
| Human Resources & Remuneration Committee | : | Dewan Muhammad Yousuf Farooqui - Chairman<br>Mr. Ishtiaz Ahmed (Member)<br>Mr. Haroon Iqbal (Member)  |
| Auditors                                 | : | Feroze Sharif Tariq & Company<br>Chartered Accountants<br>4/N/4 Block-6, P.E.C.H.S.,<br>Karachi 75400, Pakistan   |
| Company Secretary                        | : | Mr. Muhammad Hanif German   |
| Tax Advisor                              | : | Abbass & Atif Law Associates  |
| Legal Advisor                            | : | Sharif & Co. Advocates  |
| Bankers                                  | : | United Bank Limited<br>Bank Islami Pakistan Limited<br>MCB Bank Limited<br>Silk Bank Limited<br>Askari Bank Limited<br>NIB Bank Limited<br>Allied Bank Limited<br>Soneri Bank Limited<br>Summit Bank Limited          |
| Registered Office                        | : | Finance & Trade Centre<br>Block-A, 7 <sup>th</sup> Floor,<br>Shahrah-e-Faisal, Karachi<br>Karachi.  |
| Shares Registrar & Transfer Agent        | : | BMF Consultants Pakistan (Private) Limited<br>Anum Estate Building, Room No. 310 & 311,<br>3rd Floor, 49, Darul Aman Society,<br>Main Shahrah-e-Faisal, adjacent to Baloch Colony Bridge,<br>Karachi 75350, Pakistan. |
| Factory Office                           | : | 54 Km, Multan Road, Phool Nagar By Pass<br>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 half year ended December 31, 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 this period, the Textile Industry continued to face the most tumultuous and difficult situation. The cost of doing business in Pakistan has risen tremendously. 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. In addition to that there has been an increase of 30% in wage rate, multiple increase in Electricity tariffs, an increase in Gas Tariff, Surcharges and in infrastructure Cess, combined with the withholding taxes and service taxes imposed by the provincial government, the Industry is rendered totally uncompetitive. The Government's indifferent is leading to total collapse of the Textile Industry. Over and above, there seems to be a cotton failure in Pakistan because of inferior cotton seeds and untimely rains and there are various estimates of Cotton crop ranging from 10 million to 12 million bales, which has also rendered the quality of Cotton to be poor and yet Cotton price are on a higher side, in comparison to Yarn prices, both locally and internationally. Energy shortages have continued in the current period as well and with the Government rising power tariffs have put extra financial burden on the Textile Industry.

### Operating Performance:-

The financial highlights for the period ended December 31, 2015 are as follows:

Company has achieved net sales of Rs 442.469 million during the period under review as compared to the Rs. 544.406 million of the corresponding period of last year. Company has suffered gross loss of Rs 60.943 million as compared to the gross profit of Rs 14.317 million of comparable period of last year. Operating expenses of the company have been decreased by Rs.3.617 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.

The Auditors of the company have expressed qualified opinion in their review report on default in repayment of installments of restructured liabilities and related non-provisioning of mark-up as explained in their review report.

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 secondly the markup outstanding up to the date of restructuring is Rs. 371.60 million, which the company would be liable to pay in the event of default of terms of agreement. Since the revision in restructuring is in advanced stage therefore management is confident that this amount will remain eligible for waiver, hence no provision of the same has been made in these condensed interim financial statements.

### Outlook

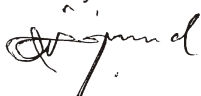
The key challenges facing Pakistan's economy have continued to suppress economic activity and growth of the country. At present energy crisis, load shedding and law and order are affecting the economy badly; however, some initiatives which are being taken by the government will hopefully improve the situation in near future. In a backdrop 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: February 24, 2016

## **FEROZE SHARIF TARIQ & CO.**

FEROZE SHARIF TARIQ & CO.  
Chartered Accountants  
4-N/4, BLOCK 6, P.E.C.H.S.,  
KARACHI 75400

### **AUDITORS' REVIEW REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

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#### **Introduction**

We have reviewed the accompanying Condensed interim balance sheet of Dewan Farooque Spinning Mills Limited ("the company") as at December 31, 2015 and the related Condensed interim profit and loss account, 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 this 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, 2015 and December 31, 2014 have not been reviewed as we are required to review only the cumulative figures for the Six month ended December 31, 2015.

#### **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.

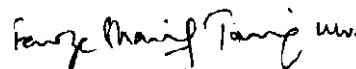
#### **Basis of qualified Opinion**

- a) During the period the company also defaulted in repayment of installments of restructured liabilities of Financial institutions, hence as per clause 10.2 of the Compromise Agreement of the company, the entire outstanding restructured liabilities of Rs.389.154 million (note 5 to the Condensed interim financial Statements) along with markup of Rs.371.60 million (eligible for waiver outstanding as of date of restructuring) become immediately payable, therefore provision for markup should be made in these Condensed interim financial statements and the long term financing of Rs. 163.314 million should be classified under current liabilities. Furthermore, the company has been unable to ensure timely repayments of restructured debts owing to financial institutions due to liquidity problems therefore the financial institution and not renewed the expired short term finance facilities of the company
- b) Had the provisions for the mark up, as discussed in preceding paragraph (a), been made in these Condensed interim financial statements, the loss after taxation would have been higher by Rs. 373.38 million and markup payable would have been higher and shareholders' equity would have been lower by Rs. 410.29 million.

#### **Qualified Conclusion**

Based on our review, except for the matter discussed in the preceding paragraph (a) and (b) and its effects, 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, 2015 are not prepared, in all material respects, in accordance with approved accounting standard as applicable in Pakistan.

Audit Engaging Partner: Mohammad Tariq  
Dated: February 24, 2016  
Place: Karachi

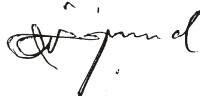


CHARTERED ACCOUNTANTS

## CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2015

|  | Note | Un-Audited<br>Dec. 31,<br>2015 | Audited<br>June 30,<br>2015 |
|--|------|--------------------------------|-----------------------------|
| <b>EQUITY AND LIABILITIES</b>  |      |                                |                             |
| <b>SHAREHOLDERS' EQUITY</b>  |      |                                |                             |
| Rupees   |      |                                |                             |
| <b>Share capital</b>   |      |                                |                             |
| Authorised capital   |      | <b>1,000,000,000</b>           | 1,000,000,000               |
| 100,000,000 (June 30, 2015: 100,000,000) ordinary shares of Rs.10/- each |      |                                |                             |
| <b>Issued, Subscribed and Paid-up Capital</b>                            |      |                                |                             |
| 97,750,726 (June 30, 2015: 97,750,726) ordinary shares of Rs.10/- each   |      | <b>977,507,260</b>             | 977,507,260                 |
| <b>Un appropriated loss</b>  |      |                                |                             |
|  |      | <b>(319,228,274)</b>           | (211,828,315)               |
|  |      | <b>658,278,986</b>             | 765,678,945                 |
| Surplus on revaluation of property, plant and equipment                  |      | <b>541,624,466</b>             | 556,337,724                 |
| <b>NON-CURRENT LIABILITIES</b>   |      |                                |                             |
| Long Term Loans  | 5    | <b>278,969,310</b>             | 342,170,888                 |
| <b>Deferred liabilities</b>  |      |                                |                             |
| Deferred liabilities for staff benefits                                  |      | <b>7,924,822</b>               | 7,924,822                   |
| Deferred Taxation  |      | <b>162,241,192</b>             | 168,880,788                 |
| <b>CURRENT LIABILITIES</b>   |      |                                |                             |
| Trade & other payables   |      | <b>65,199,679</b>              | 63,944,202                  |
| Accrued mark-up  |      | <b>54,198,793</b>              | 47,549,097                  |
| Short term borrowings- secured   |      | <b>197,318,393</b>             | 26,054,191                  |
| Current portion of long term liabilities                                 |      | <b>348,322,899</b>             | 279,416,128                 |
| Provision for taxation   |      | <b>66,654,199</b>              | 66,654,199                  |
|  |      | <b>731,693,963</b>             | 483,617,817                 |
| Contingencies and Commitments  | 6    | <b>-</b>                       | -                           |
|  |      | <b>2,380,732,739</b>           | 2,324,610,985               |
| <b>ASSETS</b>  |      |                                |                             |
| <b>NON-CURRENT ASSETS</b>  |      |                                |                             |
| Property, plant and equipment  | 7    | <b>1,456,201,281</b>           | 1,511,296,562               |
| Long term deposits   |      | <b>26,747,245</b>              | 26,747,245                  |
| <b>CURRENT ASSETS</b>  |      |                                |                             |
| Stores & Spares  |      | <b>33,929,573</b>              | 35,644,171                  |
| Stock-in-trade   |      | <b>183,377,592</b>             | 155,068,130                 |
| Trade Debts- Unsecured, Considered Good                                  |      | <b>337,930,584</b>             | 309,537,032                 |
| Loans & advances- Unsecured, Considered Good                             |      | <b>129,181,582</b>             | 99,155,511                  |
| Trade deposits & other receivables- Considered Good                      |      | <b>63,963,141</b>              | 67,974,549                  |
| Advance income tax   |      | <b>147,420,492</b>             | 117,227,307                 |
| Cash and bank balances   | 8    | <b>1,981,248</b>               | 1,960,477                   |
|  |      | <b>897,784,212</b>             | 786,567,177                 |
| <b>TOTAL ASSETS</b>  |      | <b>2,380,732,739</b>           | 2,324,610,985               |

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



**Ishtiaq Ahmed**  
Chief Executive Officer



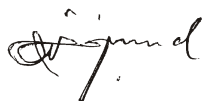
**Haroon Iqbal**  
Director

DEWAN FAROOQUE SPINNING MILLS LIMITED

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015**

| Note                                       | July-Dec<br>2015     | July-Dec<br>2014 | Oct-Dec<br>2015      | Oct-Dec<br>2014 |
|--|----------------------|------------------|----------------------|-----------------|
|  | (Rupees)             |                  |                      |                 |
| <b>SALES - NET</b>                         | <b>442,469,411</b>   | 544,405,977      | <b>239,620,303</b>   | 292,197,265     |
| <b>COST OF SALES</b>                       | <b>(503,413,058)</b> | (530,089,380)    | <b>(230,472,617)</b> | (271,762,294)   |
| <b>GROSS (LOSS) / PROFIT</b>               | <b>(60,943,647)</b>  | 14,316,597       | <b>9,147,686</b>     | 20,434,971      |
| <b>OPERATING EXPENSES</b>                  |                      |                  |                      |                 |
| Administrative expenses                    | (12,088,106)         | (13,891,467)     | (6,227,397)          | (8,300,657)     |
| Selling and distribution expenses          | (9,008,726)          | (10,822,746)     | (4,714,259)          | (4,241,611)     |
|  | <b>(21,096,832)</b>  | (24,714,213)     | <b>(10,941,656)</b>  | (12,542,268)    |
| <b>OPERATING LOSS</b>                      | <b>(82,040,479)</b>  | (10,397,616)     | <b>(1,793,970)</b>   | 7,892,703       |
| Finance cost                               | (26,282,124)         | (25,771,887)     | (15,085,193)         | (12,971,626)    |
| Provision for doubtful debts               | (20,430,210)         | -                | (20,430,210)         | -               |
| Other Income                               |                      | 130,817          | (744)                | 60,435          |
|  | <b>(46,712,334)</b>  | (25,641,070)     | <b>(35,516,147)</b>  | (12,911,191)    |
| <b>LOSS BEFORE TAXATION</b>                | <b>(128,752,813)</b> | (36,038,686)     | <b>(37,310,117)</b>  | (5,018,488)     |
| <b>TAXATION</b>                            |                      |                  |                      |                 |
| Current                                    | -                    | (5,444,060)      | <b>2,028,491</b>     | (2,921,973)     |
| Deferred                                   | <b>6,639,596</b>     | (2,620,932)      | <b>(1,755,912)</b>   | 13,314,740      |
|  | <b>6,639,596</b>     | (8,064,992)      | <b>272,579</b>       | 10,392,767      |
| <b>(LOSS) / PROFIT AFTER TAXATION</b>      | <b>(122,113,217)</b> | (44,103,678)     | <b>(37,037,538)</b>  | 5,374,279       |
| Basic (loss) / earnings per share (Rupees) | <b>(1.25)</b>        | (0.45)           | <b>(0.38)</b>        | 0.05            |

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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015**

|   | <b>July-Dec<br/>2015</b>    | July-Dec<br>2014           | <b>Oct-Dec<br/>2015</b>    | Oct-Dec<br>2014          |
|---|-----------------------------|----------------------------|----------------------------|--------------------------|
|   | (Rupees)                    |                            |                            |                          |
| (Loss) / Profit after Taxation  | (122,113,217)               | (44,103,678)               | (37,037,538)               | 5,374,279                |
| Transfer from surplus on revaluation<br>of property plant and equipment in<br>respect of: |                             |                            |                            |                          |
| Incremental depreciation  | 21,960,087                  | 24,363,492                 | <b>10,980,044</b>          | 12,181,745               |
| Related deferred tax  | (7,246,829)                 | (8,283,587)                | <b>(3,733,215)</b>         | (4,141,793)              |
|   | <b>14,713,258</b>           | 16,079,905                 | <b>7,246,829</b>           | 8,039,952                |
| <b>TOTAL COMPREHENSIVE<br/>(LOSS)/ INCOME FOR THE PERIOD</b>                              | <b><u>(107,399,959)</u></b> | <b><u>(28,023,773)</u></b> | <b><u>(29,790,709)</u></b> | <b><u>13,414,231</u></b> |

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



**Ishtiaq Ahmed**  
Chief Executive Officer



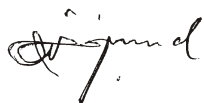
**Haroon Iqbal**  
Director

DEWAN FAROOQUE SPINNING MILLS LIMITED

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

| Note   | <u>July-Dec<br/>2015</u>    | <u>July-Dec<br/>2014</u>   |
|--|-----------------------------|----------------------------|
| (Rupees)   |                             |                            |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>               |                             |                            |
| Loss before taxation                                     | (128,752,813)               | (36,038,686)               |
| Depreciation   | 55,095,282                  | 61,266,538                 |
| Financial charges  | 26,282,124                  | 25,771,887                 |
| Cash flow before working capital changes                 | <u>(47,375,407)</u>         | <u>50,999,739</u>          |
| <b>Working Capital changes</b>                           |                             |                            |
| <b>(Increase)/ Decrease in assets:</b>                   |                             |                            |
| Stores & spares  | 1,714,597                   | 1,620,172                  |
| Stock in trade   | (28,309,462)                | (98,074,172)               |
| Trade debts  | (28,393,552)                | 124,998,499                |
| Loans & advances   | (30,026,071)                | (16,030,110)               |
| Trade deposits & other receivables                       | 4,011,408                   | 787,584                    |
| <b>Increase/ (Decrease) in liabilities:</b>              |                             |                            |
| Trade creditors and other payables                       | 1,255,475                   | (31,426,746)               |
| Cash generated/(used) in operations                      | (79,747,605)                | (18,124,773)               |
| Taxes paid   | (30,193,184)                | (2,903,554)                |
| Gratuity paid  | -                           | (19,500)                   |
| Net cash generated/(used) in operating activities        | <u>(157,316,196)</u>        | <u>29,951,912</u>          |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>               |                             |                            |
| Capital expenditure incurred                             | -                           | -                          |
| Net cash outflow from investing activities               | -                           | -                          |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>               |                             |                            |
| Financial charges paid                                   | (13,927,235)                | (16,066,534)               |
| Net cash Inflow/(out flow) from financing activities     | <u>(13,927,235)</u>         | <u>(16,066,534)</u>        |
| Net decrease in cash and cash equivalents                | <u>(171,243,431)</u>        | <u>13,885,378</u>          |
| Cash and Cash equivalents at the beginning of the period | <u>(24,093,714)</u>         | <u>(25,228,573)</u>        |
| Cash and Cash equivalents at the end of the period 7     | <u><u>(195,337,145)</u></u> | <u><u>(11,343,195)</u></u> |

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 HALF YEAR ENDED DECEMBER 31, 2015**

|  | Share Capital      | Unappropriated<br>Profit / (loss) | Total              |
|--|--------------------|-----------------------------------|--------------------|
|  | (Rupees)           |                                   |                    |
| 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> |
| Balance as at July 01, 2015                      | 977,507,260        | (211,828,315)                     | 765,678,945        |
| Total comprehensive income/(loss) for the period | -                  | (107,399,959)                     | (107,399,959)      |
| Balance as at December 31, 2015                  | <u>977,507,260</u> | <u>(319,228,274)</u>              | <u>658,278,986</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  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 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 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 December 31, 2015 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 December 31, 2015 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, 2015 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, 2015.

## DEWAN FAROOQUE SPINNING MILLS LIMITED

**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 December 31, 2015. 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.

### **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' 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, 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 Long term loans**

Syndicated Long Term Loans - Secured  
Sponsor Loan unsecured

|  | <b>Dec. 31,<br/>2015</b>  | Jun. 30,<br>2015          |
|--|---------------------------|---------------------------|
|  | 163,314,329               | 198,749,800               |
|  | 115,654,981               | 143,421,088               |
|  | <b><u>278,969,310</u></b> | <b><u>342,170,888</u></b> |

### **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.

**DEWAN FAROOQUE SPINNING MILLS LIMITED**

|  | Dec. 31,<br>2015     | Rupees | Jun. 30,<br>2015     |
|--|----------------------|--------|----------------------|
| <b>7 PROPERTY, PLANT AND EQUIPMENT</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>(55,095,282)</u>  |        | <u>(122,587,899)</u> |
|  | <u>1,417,721,050</u> |        | <u>1,472,816,332</u> |
| <br>                                   |                      |        |                      |
| Add: Capital work in progress          | <u>38,480,230</u>    |        | <u>38,480,230</u>    |
| Closing written down value             | <u>1,456,201,280</u> |        | <u>1,511,296,562</u> |

|                                    | Dec. 31,<br>2015     | Rupees | Dec. 31,<br>2014    |
|------------------------------------|----------------------|--------|---------------------|
| <b>8 CASH AND CASH EQUIVALENTS</b> |                      |        |                     |
| Cash and Bank Balances             | 1,981,248            |        | 10,642,038          |
| Short term Borrowings              | <u>(197,318,393)</u> |        | <u>(21,985,233)</u> |
|                                    | <u>(195,337,145)</u> |        | <u>(11,343,195)</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.37.914 million.

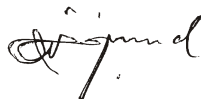
|  | July-Dec<br>2015 | July-Dec<br>2014 | Oct-Dec<br>2015 | Oct-Dec<br>2014 |
|--|------------------|------------------|-----------------|-----------------|
| <b>10 BASIC EARNINGS PER SHARE</b>         |                  |                  |                 |                 |
| (Loss)/ profit after taxation              | (122,113,217)    | (44,103,678)     | (37,037,538)    | 5,374,279       |
| Weighted average number of ordinary shares | 97,750,726       | 97,750,726       | 97,750,726      | 97,750,726      |
| Basic (Loss) / earnings per share          | (1.25)           | (0.45)           | (0.38)          | 0.05            |

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.

|                                      | Dec. 31,<br>2015 | Rupees | Dec. 31,<br>2014 |
|--------------------------------------|------------------|--------|------------------|
| <b>11 RELATED PARTY TRANSACTIONS</b> |                  |        |                  |
| Purchases - Raw Material/ Yarn       | -                |        | 71,890,620       |
| Sales - Yarn/ Waste/ Cotton          | 385,102          |        | 6,748,092        |
| Provident Fund                       | <u>3,820,850</u> |        | <u>2,883,197</u> |

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 February 24, 2016 by the Board of Directors of the company.



**Ishtiaq Ahmed**  
Chief Executive Officer



**Haroon Iqbal**  
Director