



CONTENTS

Company Information.....	3
Director's Report.....	4
Balance Sheet.....	6
Profit and Loss Account.....	7
Cash Flow Statement.....	8
Statement of Changes in Equity.....	9
Notes to the Accounts.....	10

**COMPANY INFORMATION**

Board of Directors	Dewan Muhammad Yousuf Farooqui Chairman, Board of Directors
	Dewan Abdul Baqi Farooqui Chief Executive Officer
	Dewan Asim Mushfiq Farooqui Director
	Dewan Abdullah Ahmed Farooqui Director
	Dewan Abdul Rehman Farooqui Director
	Mr. Haroon Iqbal Director
	Mr. Abrar Manzoor Director
Audit Committee	Dewan Abdullah Ahmed Farooqui Chairman Dewan Asim Mushfiq Farooqui Member Mr. Haroon Iqbal Member
CFO & Company Secretary	Mr. Abrar Manzoor
Legal Advisors	Mr. Aamir Shehzad Malik
Bankers	MCB Bank Limited United Bank Limited Standard Chartered Bank Limited Saudi Pak Commercial Bank Limited My Bank Limited
Auditors	Feroze Sharif Tariq & Company Chartered Accountants 4-N/4, Block-6, P.E.C.H.S., Karachi 75400, Pakistan.
Tax Advisors	Sharif & Co. Advocates
Registered Office	Finance & Trade Centre Block-A, 7th Floor, Shahrah-e-faisal, Karachi.
Factory Site	54, Km Multan Road, Phool Nagar By Pass District Kasur
Website	www.dfsml.com



IN THE NAME OF ALLAH;
THE MOST GRACIOUS AND MERCIFUL

DIRECTOR'S REPORT

IF YE GIVE THANKS, I WILL GIVE YOU MORE (HOLY QURAN)

Dear Shareholder(s),

Annexed are the financial statements of your Company for the period ended March 31, 2009. These financial statements are being presented on an un-audited basis, and in addition to the approval by the Board of Directors, have duly been endorsed by the Audit Committee of the Board, Chief Executive Officer and the Chief Financial Officer of the Company, as required by the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan.

Comparatively sales dropped by Rs.108 M and Gross profit declined by Rs.78 M. The selling prices of yarn also declined sharply during the period which also caused decrease in gross margins. Export market was hit during this period by worldwide economic turmoil and almost all the industrial sectors were globally imparted, decrease in demand and sale price of yarn was no exception.

Major factors constituting to declining margin comparable with the last corresponding period were raw material consumption which was increased by Rs.27 M with same production parameters, fuel and power cost increased by Rs.11 M and financial charges increased by Rs.7 M.

The management is fully confident that the re-profiling, redesigning of financial standing and financial charges reduction will have positive impact on cash flows and profitability of your company.

The textile industry is facing a depressed operating environment. The lack of power has already forced the closure of hundreds of thousands of textile factories since December 2008; unemployment especially in this sector is already rising. The sector is desperately looking forward to a comprehensive relief package announcement from the government.



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 continuous 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 the Muslim Ummah; Ameen; Summa Ameen.

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

For and on behalf of the board of Directors

Dewan Muhammad Yousuf Farooqui
Chairman

Karachi: April 28, 2009



**CONDENSED INTERIM BALANCE SHEET
FOR THE NINE MONTHS ENDED MARCH 31, 2009**

ASSETS	Note	(Un-Audited)	(Audited)
		March 31, 2009	June 30, 2008
(Rupees)			
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	1,231,494,259	1,273,830,021
Long term deposits		7,850,000	7,976,900
Current Assets			
Stores & Spares		22,485,832	24,690,758
Stock-in-trade		416,878,418	325,251,383
Trade Debts- Unsecured, Considered Good.		138,833,659	95,250,790
Loans & advances- Unsecured, Considered Good.		83,831,231	57,542,869
Trade deposits & short term prepayments- Considered Good.		15,493,709	15,346,809
Other receivables - Unsecured, Considered Good.		8,070,161	6,595,000
Advance income tax		23,482,074	18,116,747
Cash and bank balances		3,530,453	2,013,452
		<u>712,605,537</u>	<u>544,807,808</u>
		<u>1,951,949,796</u>	<u>1,826,614,728</u>
EQUITY AND LIABILITIES			
Shareholders' Equity			
Share Capital			
Authorized Capital			
70,000,000 (June 30, 2008: 70,000,000) ordinary shares of Rs 10/- each		<u>700,000,000</u>	<u>700,000,000</u>
Issued, Subscribed and Paid-up Capital			
60,000,000 (June 30, 2008: 60,000,000) ordinary shares of Rs 10/- each		<u>600,000,000</u>	<u>600,000,000</u>
Un appropriated loss		<u>(96,245,433)</u>	<u>(14,806,039)</u>
		<u>503,754,567</u>	<u>585,193,961</u>
Non-Current Liabilities			
Long term loan	5	208,333,334	-
Redeemable capital	6	-	81,250,000
Liabilities against assets subject to finance lease		44,617,102	64,651,701
Loan from related parties		377,507,265	377,507,265
Deferred liabilities for staff benefits		6,165,764	4,385,212
Deferred Taxation		(23,007,754)	(17,441,565)
Current Liabilities			
Trade & other payables		221,816,602	164,246,386
Accrued interest/ mark-up on loans and other payables		58,412,982	11,137,808
Short term borrowings		277,497,295	239,008,513
Current portion of:			
Liabilities against assets subject to finance lease		45,661,741	50,541,657
Redeemable capital		162,500,000	243,750,000
Long Term loan		41,666,666	-
Provision for taxation		27,024,232	22,383,788
Contingencies and Commitments	7	834,579,518	731,068,153
		<u>1,951,949,796</u>	<u>1,826,614,728</u>

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

DEWAN MUHAMMAD YOUSUF FAROOQUI
CHAIRMAN

DEWAN ABDUL BAGI FAROOQUI
CHIEF EXECUTIVE



**CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2009**

	9 Months Ended		Quarter ended	
	July 01, 2008 - March 31, 2009	July 01, 2007 - March 31, 2008	January 01, 2009 - March 31, 2009	January 01, 2008 - March 31, 2008
	(Rupees)			
NET SALES	677,806,076	785,759,037	243,387,765	233,945,445
COST OF SALES	640,280,951	670,421,828	230,812,401	200,499,909
GROSS PROFIT	37,525,125	115,337,209	12,575,364	33,445,536
OPERATING EXPENSES				
Administrative expenses	6,070,030	8,153,207	1,945,097	1,531,039
Selling and distribution expenses	23,273,364	37,204,388	7,819,215	11,184,771
	29,343,394	45,357,595	9,764,312	12,715,809
OPERATING PROFIT	8,181,731	69,979,614	2,811,052	20,729,726
	8,181,731	69,979,614	2,811,052	20,729,726
OTHER INCOME	46,521	-	-	-
OTHER CHARGES				
Finance cost	90,593,391	83,433,150	31,040,709	26,072,955
LOSS BEFORE TAXATION	(82,365,139)	(13,453,536)	(28,229,657)	(5,343,229)
TAXATION				
Current	4,640,444	8,152,326	1,658,752	2,426,346
Deferred	(5,566,189)	(3,554,350)	(2,224,019)	(2,177,116)
	(925,745)	4,597,976	(565,267)	249,230
LOSS AFTER TAXATION	(81,439,394)	(18,051,512)	(27,664,390)	(5,592,459)
Loss per share- Basic and Diluted (Rupees)	(1.36)	(0.30)	(0.46)	(0.09)

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

DEWAN MUHAMMAD YOUSUF FAROOQUI
CHAIRMAN

DEWAN ABDUL BAGI FAROOQUI
CHIEF EXECUTIVE



**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2009**

	March 31, 2009	March 31, 2008
CASH FLOW FROM OPERATING ACTIVITIES	(Rupees)	
Loss before taxation	(82,365,139)	(13,453,536)
Adjustments for non cash and other items:		
Depreciation	90,699,398	95,434,673
Provision for gratuity	1,780,552	534,589
Financial charges	90,593,391	83,433,150
Cash flow before working capital changes	<u>100,708,202</u>	<u>165,948,877</u>
Working Capital changes		
Decrease / (Increase) in long term deposits	126,900	(5,000,000)
Decrease / (Increase) in stores & spares	2,204,925	(4,887,844)
(Increase) in stock in trade	(91,627,035)	(20,604,649)
(Increase) in trade debts	(43,582,869)	(162,194)
(Increase) in loans & advances	(26,288,362)	(4,808,640)
(Increase) / Decrease in trade deposits & short term prepayments	(146,900)	700,000
(Increase) / Decrease in other receivables	(1,475,161)	879,579
Increase in trade & other payables	57,570,216	73,804,845
Increase in short term financing	38,488,782	78,966
Cash generated used in operations	<u>(64,729,504)</u>	<u>40,000,065</u>
Taxes paid	(5,365,327)	(5,623,839)
Financial charges paid	<u>(43,318,217)</u>	<u>(70,175,337)</u>
Net cash generated from (used) in operating activities	<u>(12,704,846)</u>	<u>130,149,766</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure incurred	<u>(48,363,638)</u>	<u>(15,296,691)</u>
Net cash outflow for investing activities	<u>(48,363,638)</u>	<u>(15,296,691)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Redeemable Capital	<u>(162,500,000)</u>	<u>(81,250,000)</u>
Long Term Loan	250,000,000	-
Finance Lease Repayments	<u>(24,914,515)</u>	<u>(30,490,788)</u>
Net cash outflow for financing activities	<u>62,585,485</u>	<u>(111,740,788)</u>
Net Increase in cash and cash equivalents	1,517,001	3,112,287
Cash and cash equivalents at the beginning of the period	2,013,452	1,796,433
Cash and cash equivalents at the end of the period	<u>3,530,453</u>	<u>4,908,720</u>

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

DEWAN MUHAMMAD YOUSUF FAROOQUI
CHAIRMAN

DEWAN ABDUL BAGI FAROOQUI
CHIEF EXECUTIVE

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED MARCH 31, 2009**

	Share Capital	Unappropriated Profit/ (Loss) (Rupees)	Total
Balance as at July 01, 2007	600,000,000	21,733,861	621,733,861
Loss for the period July 01, 2007 to March 31, 2008	-	(18,051,512)	(18,051,512)
Balance as at March 31, 2008	<u>600,000,000</u>	<u>3,682,349</u>	<u>603,682,349</u>
Balance as at July 01, 2008	600,000,000	(14,806,039)	585,193,961
Net loss for the nine months ended March 31, 2009	-	(81,439,394)	(81,439,394)
Balance as at March 31, 2009	<u>600,000,000</u>	<u>(96,245,433)</u>	<u>503,754,567</u>

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

DEWAN MUHAMMAD YOUSUF FAROOQUI
CHAIRMAN

DEWAN ABDUL BAGI FAROOQUI
CHIEF EXECUTIVE

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2009**

- 1 Dewan Farooque Spinning Mills Limited was incorporated in Pakistan on December 22, 2003, as a 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, Shahra-e-Faisal, Karachi, Pakistan; while its manufacturing facilities are located at 54 km Multan Road, near the Bhai Pheru By-pass, near the city of Lahore in Pakistan. The principal activity of the company is manufacturing and sale of fine quality yarn. The Company has an installed capacity of 28,800 spindles.
- 2 These financial statements have been prepared in accordance with the requirements of the International Accounting Standard- 34 (IAS 34), 'Interim Financial Reporting', and are being presented to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984. In order to comply with the requirements of the aforesaid IAS, these financial statements include the following:
- Balance Sheet as at March 31, 2009, with comparative Balance Sheet as at June 30, 2008.
 - Profit and Loss Account for the nine months ended March 31, 2009 and the quarter ended Mar 31, 2009 with the comparable interim periods i.e. Nine Months & Quarter ended March 31, 2008.
 - Cash Flow Statement and Statement of Changes in Equity, cumulatively, for the nine month ended March 31, 2009, with a comparative statement for the comparable nine month ended March 31, 2008.
- 3 These financial statements have been prepared using the same accounting policies and methods of computation as were applied in the preparation of the financial statements for the preceding financial year ended June 30, 2008.

	March 31, 2009	June 30, 2008
4 <u>Property, plant and equipment</u>		
Operating Fixed Assets 4.1	1,206,404,907	1,273,830,021
Capital Work In Progress	25,089,352	-
	<u>1,231,494,259</u>	<u>1,273,830,021</u>

- 4.1 Details of additions during the period is as follows:

Leasehold Land	595,500	2,250,000
Buildings	1,234,560	20,191,400
Plant & Machinery	21,454,575	31,672,897
Furniture & fixtures	-	74,022
Vehicles	37,550	12,939,900
Computer Equipment	215,000	554,243
	<u>23,537,185</u>	<u>67,682,462</u>



- 5 **Long Term Loan** 208,333,334 -
- This Term Finance is issued by Saudi Pak Commercial Bank Limited to finance permanent working capital requirement of the company.
- 6 **Redeemable Capital - Secured, Non-Participatory**
- Privately Placed Term Finance Certificates
- | | | |
|--|--------------------|--------------------|
| | 325,000,000 | 406,250,000 |
| <u>Less: Payments during the period</u> | <u>81,250,000</u> | <u>81,250,000</u> |
| <u>Less: Classified as current liability</u> | <u>243,750,000</u> | <u>243,750,000</u> |
| | <u>-</u> | <u>81,250,000</u> |
- 7 There has been no significant change in the status of contingencies and commitments during the period, except MyBank Limited has filed a suit in Hon'able Court of Sindh at Karachi for the recovery of outstanding liabilities. The hearing of the case is fixed on May 22, 2009 before registrar. The management of the Company is confident that the matter will be resolved affirmatively.
- 8 **Related Party Transactions**
- Purchases**
- | | | |
|-----------------------------------|-------------|------------|
| Raw Material | 144,566,233 | 87,673,295 |
| Construction and packing material | - | 69,802 |
| Vehicles | 36,000 | 12,477,000 |
- Sales**
- | | | |
|------|------------|------------|
| Yarn | 34,232,364 | 14,741,440 |
|------|------------|------------|
- 9 These financial statements have been authorised for issue on April 28, 2009 by the Board of Directors of the Company.
- 10 Figures have been rounded off to the nearest rupees.

DEWAN MUHAMMAD YOUSUF FAROOQUI
CHAIRMANDEWAN ABDUL BAGI FAROOQUI
CHIEF EXECUTIVE