

3rd Quarter & Nine Months Ended March 31, 2010

D.S. INDUSTRIES LIMITED

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3rd Quarter & Nine Months Ended March 31, 2010

Company Information

Board of Directors	Mr. Pervez Ahmed	Chief Executive
	Mr. Ali Pervez Ahmed	
	Mr. Hassan Ibrahim Ahmed	
	Mr. Suleman Ahmed	
	Mr. Atta ur Rehman	
	Mr. Muhammad Yousof	
	Mr. Muntazir Mehdi	

Audit Committee	Mr. Suleman Ahmed	Chairman
	Mr. Hassan Ibrahim Ahmed	
	Mr. Atta ur Rehman	

Chief Financial Officer	Mr. Ghulam Abbas (ACA)
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Company Secretary	Mr. Salman Farooq
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Auditors	M/s Horwath Hussain Chaudhury & Co. Chartered Accountants
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Legal Advisor	Cornelius, Lano & Mufli Advocate & Solicitors
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Banks	MCB Bank Limited
	Dawood Islamic Bank Limited
	Habib Bank Limited
	Askari Bank Limited
	KASB Bank Limited
	Meazzan Bank Limited
	Bank Alfalah Limited

Head Office & Registered Office	20-K, Gulberg II, Lahore.
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Share Registrars	Gangjee Registrar Services (Pvt.) Limited
	516-Cifton Centre, Khayab-e-Nor, Block-5, Cifton, Karachi - 75 600

Mills:	11-KM, Sheikhupura Faisalabad Road, Sheikhupura
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3rd Quarter & Nine Months Ended March 31, 2010

Directors' Report

On behalf of the Board of Directors of D.S. Industries Limited, it is my pleasure to present the 3rd quarter and nine months accounts for the period ended March 31, 2010.

Financial Overview:

During this period, the operating results of the Company were as follows:

	Nine Months Period ended March 31,	
	2010	2009
Sales	693,442,300	501,393,923
Gross Profit	60,642,448	1,795,199
Operating Profit/(Loss)	47,041,519	(11,311,668)
Loss before taxation	(45,016,382)	(900,747,604)
Loss after taxation	(30,829,452)	(883,122,115)

During the period under review the sales of the Company grew by 38% to Rs.693.44 million as compared to Rs.501.39 million in the corresponding period ended March 31, 2009. The gross profit of the Company has increased to Rs.60.64 million as compared to Rs.1.79 million during the corresponding period ended March 31, 2009. The operating results have improved from a loss of Rs.11.31 million incurred during nine months period ended March 31, 2009 to profit of Rs.47.04 million earned during the period under review. This significant improvement in gross profit and operating profit of the Company is due to increase in selling prices of yarn and increase in sales volume. During the period under review the Company incurred a net loss of Rs.30.83 million as against net loss of Rs.883.12 million incurred during the comparable period last year. Net loss of corresponding period was high as it included Rs.810.12 million in respect of losses from investments operations. During the period under review, world wide improvement in yarn demand has improved the selling prices significantly. However imposition of quota on export of yarn and sharp increase in cotton prices may keep the net margins under pressure. Moreover, recent increase in energy cost and frequent power break downs will also affect the overall performance of the Company in ensuing period.

The management will continue with its efforts to improve further the overall performance of the Company through increased productivity, cost control and by devising optimal production strategies.

Acknowledgement

The board of directors would like to place on record their appreciation to its valued shareholders, bankers, Securities & Exchange Commission of Pakistan and to the management of Karachi & Lahore Stock Exchanges for their valuable support, assistance and guidance.

For and on behalf of the Board


Pervez Ahmed
(Chief Executive)

Lahore: April 29, 2010

D.S. INDUSTRIES LIMITED 03

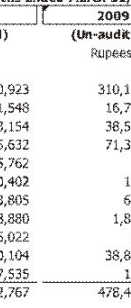
3rd Quarter & Nine Months Ended March 31, 2010

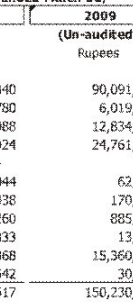
D.S. INDUSTRIES LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2010

	March 31, 2010		June 30, 2009	
	(Un-audited) Rupees	(Audited) Rupees	(Un-audited) Rupees	(Audited) Rupees
CAPITAL AND RESERVES				
Share Capital and Reserves				
Authorized capital: 100,000,000 (June 30, 2009: 100,000,000) ordinary shares of Rs. 10 each		1,000,000,000		1,000,000,000
Issued, subscribed and paid up capital		600,000,000		600,000,000
Reserves		(260,173,303)		(26,621,600)
		339,826,697		273,378,399
Surplus on Revaluation of Property, Plant and Equipment	4	133,133,473		142,411,238
Non Current Liabilities				
Long term financing		209,400,000		261,311,706
Deferred liabilities		79,738,272		91,334,428
		289,138,272		352,646,134
Current Liabilities				
Trade and other payables	5	124,189,331		221,493,861
Accrued interest		101,870,507		86,154,210
Advances, deposits, prepayments and other receivables		922,549		4,994,129
Share of loss of associated company		194,741,006		84,130,000
Investment loss on investments in associate		1,725,389		620,763
Dividend payable		317,363		327,845
Trade and other payables		14,204,638		64,740,038
		433,942,463		458,887,822
Contingencies and Commitments	6	878,731,810		838,181,793
		1,418,558,503		1,691,566,127
		(Un-audited) Rupees		(Audited) Rupees
ASSETS				
Non Current Assets				
Property, plant and equipment	7	366,303,039		601,500,310
Capital work in progress		30,686,613		46,964,423
Investment in associate		29,948,750		41,941,813
Long term deposits		32,195,546		2,965,134
		459,133,948		713,371,676
Current Assets				
Stores and spares		1,182,609		1,046,025
Stock in trade		30,686,613		23,306,997
Trade debts (billed/cleared - considered good)		22,716,707		22,350,652
Advances, deposits, prepayments and other receivables		4,994,129		2,240,183
Other receivables		33,701,370		2,488,584
Tax refunds due from Government		4,994,129		4,994,129
Short term investments		194,741,006		136,215,022
Investment loss on investments in associate		1,725,389		620,763
Share of loss of associated company		6,787,587		196,908,130
Investment loss on investments in associate		3,704,638		2,965,134
Cash and bank balances		3,669,209		2,547,207
		382,494,831		120,877,017
		878,731,810		838,181,793
		(Un-audited) Rupees		(Audited) Rupees

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


Pervez Ahmed
(Chief Executive)


Director

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3rd Quarter & Nine Months Ended March 31, 2010

D.S. INDUSTRIES LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE 3RD QUARTER AND NINE MONTHS ENDED MARCH 31, 2010

	Nine Months Ended March 31,		Quarter Ended March 31,	
	2010	2009	2010	2009
Sales - net	693,442,300	501,393,923	154,535,369	154,466,652
Cost of sales	(632,799,852)	(499,598,273)	(162,415,899)	(172,435,240)
Gross Profit / (Loss)	60,642,448	1,795,199	51,119,470	(17,968,588)
Operating expenses:				
- Distribution costs	(529,589)	(609,584)	(189,163)	(214,294)
- Administrative expenses	(13,077,329)	(12,492,844)	(3,377,780)	(4,589,083)
	(13,606,918)	(13,102,568)	(3,566,943)	(4,803,377)
Operating Profit / (Loss)	47,041,519	(11,311,668)	47,548,527	(24,762,067)
Finance cost	(80,269,442)	(79,237,951)	(21,444,745)	(25,099,958)
Other operating expenses	(283,890)	(296,022,948)	(74,884,745)	(37,588,157)
Other operating income	239,194	-	73,854	37,588,157
Share of loss of associated company	(6,779,552)	(198,998,120)	(6,779,552)	(53,702,245)
Impairment loss on investments in associate	(4,963,811)	(600,237,481)	(1,966,636)	2,496,000
(Loss) / Profit before Taxation	(45,016,382)	(900,747,604)	(15,400,700)	(56,479,613)
Taxation	14,189,930	6,125,489	1,717,438	6,628,222
(Loss) / Profit after Taxation	(30,826,452)	(894,622,115)	(13,683,262)	(63,107,391)
Earnings per Share - Basic	(0.51)	(14.73)	0.79	(0.79)

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


Pervez Ahmed
(Chief Executive)


Director

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3rd Quarter & Nine Months Ended March 31, 2010

D.S. INDUSTRIES LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE 3RD QUARTER AND NINE MONTHS ENDED MARCH 31, 2010

	Nine Months Ended March 31,		Quarter Ended March 31,	
	2010	2009	2010	2009
(Loss) / Profit after Taxation for the Period	(30,829,452)	(883,122,115)	17,118,138	(47,553,380)
Other comprehensive income:				
Incremental depreciation (net of deferred tax) charged on revalued property, plant and equipment during the year	9,277,755	4,378,883	3,092,585	3,284,161
Total Comprehensive (Loss) / Income for the period	(21,551,697)	(878,743,234)	20,210,723	(44,269,219)

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

Pervez Ahmed
(Chief Executive)

Director

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3rd Quarter & Nine Months Ended March 31, 2010

D.S. INDUSTRIES LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2010

	March 31, 2010		March 31, 2009	
	(Un-audited) Rupees	(Audited) Rupees	(Un-audited) Rupees	(Audited) Rupees
CASH FLOW FROM OPERATING ACTIVITIES				
Loss before taxation	(45,016,382)	(900,747,604)		
Adjustments for:				
- Depreciation	44,200,271	39,417,130		
- Loss on sale of investment	-	30,686,613		
- Deficit on remeasurement of investment at fair value through profit & loss	203,591	33,191,780		
- Impairment loss on investment in associate	4,963,811	406,257,483		
- Provision for gratuity	1,725,389	620,763		
- Share of net loss of associate	6,787,587	196,908,130		
- Finance cost	80,269,442	79,237,951		
	130,155,885	971,855,635		
Operating profit before working capital changes	93,139,173	30,306,074		
(Increase) / decrease in current assets:				
- Stock in trade	(280,583)	1,066,466		
- Trade and other payables	(7,471,336)	5,866,188		
- Advances, deposits, prepayments and other receivables	36,611,607	8,242,791		
- Tax refunds due from Government	(3,614,963)	7,779,715		
- Short term investments	(12,947,046)	630,516		
- Trade and other payables	1,472,716	99,078,818		
Cash (used in) / generated from Operations	(60,256,692)	119,037,401		
Income tax paid	-	-		
Finance cost paid	(14,556,433)	(6,108,101)		
Gratuity paid	(2,279,742)	(1,342,984)		
Workers' (profit) participation fund paid	(993,225)	-		
Net Cash generated from Operating Activities	35,345,370	88,333,570		
CASH FLOW FROM INVESTING ACTIVITIES				
Capital work in progress	(191,201)	(995,001)		
Long term deposits and advances	(14,672,352)	(60,000)		
Short term investments	(14,843,933)	(62,472,571)		
Net Cash used in Investing Activities	(29,687,386)	(122,567,572)		
CASH FLOW FROM FINANCING ACTIVITIES				
Repayment of long term loan	(11,285,706)	(18,875,000)		
Short term borrowings	3,063,167	(811,499)		
Dividend paid	(2,279,742)	(1,342,984)		
Net Cash used in Financing Activities	(10,502,281)	(20,529,483)		
Net Increase in Cash and Cash Equivalents	1,455,603	3,427,694		
Cash and cash equivalents at the beginning of the period	2,647,207	5,105,584		
Cash and Cash Equivalents at the End of the period	4,102,810	8,533,278		

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

Pervez Ahmed
(Chief Executive)

Director

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3rd Quarter & Nine Months Ended March 31, 2010

D.S. INDUSTRIES LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2010

Particulars	Share Capital		Accumulated Profit/(Loss)		Total
	2010	2009	2010	2009	
Balance as at June 30, 2008	600,000,000	600,000,000	96,024,943	696,024,943	
Total comprehensive loss for the nine months period ended March 31, 2009	-	-	(878,743,234)	(878,743,234)	
Balance as at March 31, 2009	600,000,000	600,000,000	(81,718,291)	(82,718,291)	
Balance as at June 30, 2009	600,000,000	600,000,000	(88,621,606)	(296,621,606)	