



## FAISAL SPINNING MILLS LIMITED

### COMPANY INFORMATION

<b>BOARD OF DIRECTORS</b>	Mr. Mohammad Sharif	Chief Executive / Director
	Mr. Mohammad Salim	Director
	Mr. Mohammad Shaheen	Director
	Mr. Mohammad Shakeel	Director
	Mr. Khurram Salim	Director
	Mr. Bilal Sharif	Director
	Mr. Mohammad Amin	Director
	Mr. Adil Shakeel	Director

**COMPANY SECRETARY** Mr. Asif Mahmood  
FCA, FCIS, FITM, FICS, APA

**CHIEF FINANCIAL OFFICER** Mr. Anwar Hussain, FCA

**AUDIT COMMITTEE** Mr. Khurram Salim  
Mr. Bilal Sharif  
Mr. Mohammad Shakeel

**AUDITORS** M/s. M. Yousuf Adil Saleem & Co.  
Chartered Accountants  
Cavish Court, A-35, Block 7 & 8, K.C.H.S.U.,  
Shahrah-e-Faisal, Karachi.

**LEGAL ADVISOR** Mr. Shahid Pervaiz Jami

**BANKERS** Bank of Punjab  
Citi Bank, N.A.  
Habib Bank Limited  
Hong Kong and Shanghai Banking Corp. Ltd.  
Standard Chartered Bank  
United Bank Limited

**REGISTERED OFFICE:** Umer Chambers, 10/2, Bilmoria Street,  
Off. I.I. Chundrigar Road, Karachi.  
Tel: (021) 2635916-17  
Fax: (021) 263-7826  
E-mail: [khioff@umergroup.com](mailto:khioff@umergroup.com)  
Website: [www.umergroup.com](http://www.umergroup.com)

**LIAISON / CORRESPONDENCE OFFICE:** 9th Floor, City Tower, 6-K,  
Main Boulevard, Gulberg II, Lahore  
Tel: (042) 111-130-130  
Fax: (042) 5770015  
E-mail: [lhroff@umergroup.com](mailto:lhroff@umergroup.com)  
Website: [www.umergroup.com](http://www.umergroup.com)

**MILLS AT:** Spinning Unit:  
A-150 S.I.T.E. Nooriabad  
Ph: (02202) 660002

Weaving Unit:  
18-KM, Sheikhpura Faisalabad Road,  
Feroze Watwan, Distt. Sheikhpura  
Tel : 056 - 3731446 - 7



## FAISAL SPINNING MILLS LIMITED

### DIRECTORS REVIEW

On behalf of the Board of directors, I feel pleasure in submitting the un audited financial statements for the first quarter ended on September 30, 2006 in accordance with the requirements of section 245 of the Companies Ordinance, 1984.

#### FINANCIAL RESULTS.

By the Grace of Almighty Allah, your company has earned a net profit after tax at Rs. 37.383 million (September 2005: Rs. 44.280 million) for the first quarter ended on September 30, 2006. The distribution cost of the company has increased whereas administrative and other operating expenses have slightly decreased as compare to the corresponding figure of last period. The major component of operating expenses is the financial cost which is 63.09% of the total operating cost. The financial cost to net sales is 4.87% as compared to 5.44% in the corresponding period of the last period. To reduce the financial cost and maintain covenants the sponsor and their relatives have injected interest free loan of Rs. 100 million. The earning per share at the end of the first quarter is Rs. 3.74/= (September 2005: Rs. 4.43).

#### YEAR UNDER REVIEW

The overall performance of the company is satisfactory inspite of the astonishing increase of financial cost. The prices of cotton are on higher side and on the other hand the prices of yarn are depressed in local market and in international market, the weaving unit performed well and continues to contribute major share in the profitability of the company.

#### EXPANSION PLAN

The management has added gas based power generation unit to cater the demand of weaving unit situated at Sheikupura. However, as discussed in directors' report to the shareholders of annual report for the year ended June 30, 2006 no further expansion is undertaken except BMR already committed and discussed in the earlier reports.

#### THANKS AND GRATITUDE.

Your director would like to place their appreciation of the cooperation of the financial institutions and dedication shown by the executives, officers, staff members and workers of the company in the performance of their duties. The directors do hope that it will continue in future.

On behalf of the Board  
**MOHAMMAD SHARIF**  
CHIEF EXECUTIVE / DIRECTOR

KARACHI : 30 OCTOBER 2006

**FAISAL SPINNING MILLS LIMITED**

**BALANCE SHEET ( UN-AUDITED )  
AS AT SEPTEMBER 30, 2006**

	NOTE	(UN-AUDITED) SEPTEMBER 2006 RUPEES	(AUDITED) JUNE 2006 RUPEES
<b>CAPITAL AND LIABILITIES</b>			
<b>AUTHORIZED CAPITAL</b>			
12,000,000 ordinary shares ( June 2006 : 12,000,000) of Rs. 10/= each		<u>120,000,000</u>	<u>120,000,000</u>
<b>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>			
10,000,000 ordinary shares ( June 2006 : 10,000,000) of Rs. 10/= each		100,000,000	100,000,000
Reserves		640,000,000	640,000,000
Un-appropriated profit		<u>145,440,905</u>	<u>108,057,732</u>
<b>SHARE HOLDERS EQUITY</b>	<b>3</b>	<b>885,440,905</b>	<b>848,057,732</b>
Loan From Sponsors		100,000,000	-
Long Term Loans		757,431,454	967,012,984
<b>DEFERRED LIABILITIES</b>			
Gratuity		27,296,923	26,085,350
Infrastructure fee payables		5,095,791	4,289,495
<b>CURRENT LIABILITIES</b>			
Trade and other payables		248,732,500	158,997,461
Mark-up accrued on loans		27,735,375	31,433,072
Short term borrowings - secured		362,348,495	360,000,000
Current portion of long term borrowings		243,646,736	246,459,236
Provision for taxation		11,224,194	-
		<u>893,687,300</u>	<u>796,889,769</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	<b>4</b>	-	-
		<u>2,668,952,373</u>	<u>2,642,335,330</u>

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

  
**MOHAMMAD SHARIF**  
Chief Executive



## FAISAL SPINNING MILLS LIMITED

### BALANCE SHEET ( UN-AUDITED ) AS AT SEPTEMBER 30, 2006

	NOTE	(UN-AUDITED) SEPTEMBER 2006 RUPEES	(AUDITED) JUNE 2006 RUPEES
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
Property, plant and equipment		1,618,334,171	1,662,322,670
Capital work in progress		124,453,962	9,640,418
		<b>1,742,788,133</b>	<b>1,671,963,088</b>
Long Term Investment		121,209,667	111,319,339
Long Term Loans		7,383,080	5,069,144
Long Term Deposits		2,738,185	2,695,725
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		48,804,741	28,895,504
Stock in trade		364,979,798	588,086,858
Trade debtors		218,182,009	160,238,276
Loans and advances		106,778,206	17,990,927
Trade deposits		5,288,000	4,814,165
Other receivables		2,628,291	269,852
Taxation		23,418,634	21,502,569
Cash and bank balances		24,753,629	29,489,883
		<b>794,833,308</b>	<b>851,288,034</b>
		<b>2,668,952,373</b>	<b>2,642,335,330</b>

  
**MOHAMMAD SALIM**  
Director

**FAISAL SPINNING MILLS LIMITED**

**PROFIT AND LOSS ACCOUNT ( UN-AUDITED )  
FOR THE QUARTER ENDED SEPTEMBER 30, 2006**

	(UN-AUDITED) <b>SEPTEMBER 2006 RUPEES</b>	(UN-AUDITED) <b>SEPTEMBER 2005 RUPEES</b>
Sales (net)	819,965,769	810,109,553
Cost of goods sold	718,184,499	688,465,676
Gross profit	101,781,270	121,643,877
Other operating income	-	57,083
	<u>101,781,270</u>	<u>121,700,960</u>
Distribution cost	14,747,206	11,792,273
Administrative expenses	6,545,267	7,775,953
Other operating expenses	2,037,739	2,902,570
Finance cost	39,734,019	44,081,331
	<u>63,064,231</u>	<u>66,552,127</u>
	38,717,039	55,148,833
Share of profit of associated undertaking	9,890,328	-
Profit before taxation	48,607,367	55,148,833
Provision for taxation	11,224,194	10,869,010
Profit after taxation	<u>37,383,173</u>	<u>44,279,823</u>
Earnings per share- basic and diluted	<u>Rs.3.74</u>	<u>Rs.4.43</u>



**MOHAMMAD SHARIF**  
CHIEF EXECUTIVE/DIRECTOR



**MOHAMMAD SALIM**  
DIRECTOR

**FAISAL SPINNING MILLS LIMITED**

**CASH FLOW STATEMENT ( UN-AUDITED )  
FOR THE QUARTER ENDED SEPTEMBER 30, 2006**

	(UN-AUDITED) <b>SEPTEMBER 2006 RUPEES</b>	(UN-AUDITED) <b>SEPTEMBER 2005 RUPEES</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	<b>48,607,367</b>	<b>55,148,833</b>
Add: Adjustments to reconcile profit to net cash provided by operating activities		
Depreciation	45,046,500	45,321,000
Financial charges	39,734,019	44,081,331
Provision for gratuity	2,550,000	2,250,000
(Gain) on disposal of fixed assets	-	(57,083)
Share of profit of associated undertaking	(9,890,328)	-
Infrastructure fee	806,296	104,147
	<b>78,246,487</b>	<b>91,699,395</b>
Operating profit before working capital changes	<b>126,853,854</b>	<b>146,848,228</b>
<b>(Increase)/decrease in current assets</b>		
Stocks, stores and spares	203,197,823	143,908,438
Trade debts	(57,943,733)	58,895,473
Loan and advances	(80,693,107)	(10,842,734)
Trade deposits	(473,835)	(48,617,864)
Other receivables	(2,358,439)	54,116,994
	<b>61,728,709</b>	<b>197,460,307</b>
<b>Increase/(decrease) in current liabilities</b>		
Trade and other payables	89,735,039	(39,018,358)
Short term borrowing secured	2,348,495	(281,117,595)
	<b>92,083,534</b>	<b>(320,135,953)</b>
Cash generated from operations	280,666,097	24,172,582
<b>Payment for:</b>		
Taxes	(10,010,237)	(23,657,865)
Financial charges paid	(43,431,716)	(29,523,978)
Gratuity	(1,338,427)	(469,000)
	<b>(54,780,380)</b>	<b>(53,650,843)</b>
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>225,885,717</b>	<b>(29,478,261)</b>



**MOHAMMAD SHARIF**  
CHIEF EXECUTIVE/DIRECTOR

**FAISAL SPINNING MILLS LIMITED**

**CASH FLOW STATEMENT ( UN-AUDITED )  
FOR THE QUARTER ENDED SEPTEMBER 30, 2006**

	(UN-AUDITED) <b>SEPTEMBER 2006 RUPEES</b>	(UN-AUDITED) <b>SEPTEMBER 2005 RUPEES</b>
<b>Balance brought forward</b>	<b>225,885,717</b>	<b>(29,478,261)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of fixed assets	-	200,000
Fixed capital expenditure	(115,871,545)	(19,048,465)
Decrease / (Increase) in long term loans	(2,313,936)	78,538
Decrease / (Increase) in long term deposits	(42,460)	-
<b>Net cash outflow from investing activities</b>	<b>(118,227,941)</b>	<b>(18,769,927)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Loan from Sponsors	100,000,000	-
Proceeds form long term loans	-	140,000,000
Repayment of long term loan	(212,394,030)	(48,822,602)
<b>Net cash flow from financing activities</b>	<b>(112,394,030)</b>	<b>91,177,398</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(4,736,254)</b>	<b>42,929,210</b>
Cash and cash equivalents at beginning of the period	29,489,883	15,847,610
<b>Cash and cash equivalents at end of the period</b>	<b>24,753,629</b>	<b>58,776,820</b>



**MOHAMMAD SHARIF**  
Chief Executive



**MOHAMMAD SALIM**  
Director



## FAISAL SPINNING MILLS LIMITED

### NOTES TO THE ACCOUNTS ( UN-AUDITED ) FOR THE QUARTER ENDED SEPTEMBER 30, 2006

#### 1 STATUS AND ACTIVITIES

The company was incorporated in Pakistan on January 31, 1985 as a public limited company under the Companies Ordinance, 1984. The registered office of the Company is situated at Umer Chambers, 10/2, Bilmoria Street, Off. I.I Chundrigar Road, Karachi. The Company is currently listed on Karachi, Lahore and Islamabad stock exchanges. The principal business of the Company is manufacturing and sale of yarn and woven fabrics.

#### 2 ACCOUNTING POLICIES

All accounting policies adopted for the preparation of these quarterly accounts are the same as applied in preparation of preceding annual published accounts of the company for the year ended June 30, 2006.

#### 3 STATEMENT OF CHANGES IN EQUITY

The changes in equity is as follows:

	SHARE CAPITAL	CAPITAL RESERVE	REVENUE RESERVES	PROFIT FOR THE YEAR AND APPROPRIATION	TOTAL RUPEES
	RUPEES				
Balance as at July 01, 2005	100,000,000	24,150,000	475,850,000	166,718,662	766,718,662
Net profit for the year ended June 30, 2006	-	-	-	88,839,070	88,839,070
<b>APPROPRIATIONS</b>					
Transferred to general reserve	-	-	140,000,000	(140,000,000)	-
Final dividend for the period ended June 30, 2005 Rs - 0.75 per share	-	-	-	(7,500,000)	(7,500,000)
Balance as at June 30, 2006	100,000,000	24,150,000	615,850,000	108,057,732	848,057,732
<b>APPROPRIATIONS</b>					
Net profit upto Sep 30, 2006	-	-	-	37,383,173	37,383,173
Balance as at Sep 30, 2006	<b>100,000,000</b>	<b>24,150,000</b>	<b>615,850,000</b>	<b>145,440,905</b>	<b>885,440,905</b>





## FAISAL SPINNING MILLS LIMITED

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#### 4 CONTINGENCIESANDCOMMITMENTS

There are no material changes in contingencies and commitments as disclosed in the notes to the financial statements for the year ending June 30, 2006

#### 5 TRANSACTIONSWITHASSOCIATED UNDERTAKINGS

The Company enters into transactions with related parties in normal course of business at arm's length determined in accordance with "Comparable Uncontrolled Price Method". Transactions with related parties other than remuneration and benefits to key management personnel under the term of employment are as follows.

	SEPTEMBER 2006 RUPEES	SEPTEMBER 2005 RUPEES
Purchases	75,690,700	58,865,834
Sales	4,522,036	149,965,749
Services received	511,000	772,000
Electric Purchased	26,510,146	40,361,902

#### 6 COMPARATIVE FIGURES

Comparative figures have been reclassified, wherever necessary, for the purposes of comparison. In order to comply with the requirements of International Accounting Standards 34 "Interim Financial Reporting", Balance Sheet has been compared with the balances of annual financial statements whereas Profit and Loss Account and Cash Flow Statement have been compared with corresponding figures of last comparative quarter.

#### 7. DATE OF AUTHORIZATION FOR ISSUE

These financial statement have been approved by the board of director of the company and authorized for issue on 30th October 2006.

#### 8. GENERAL

The figures have been rounded off to the nearest rupee.



## FAISAL SPINNING MILLS LIMITED

### NOTES TO THE ACCOUNTS ( UN-AUDITED ) FOR THE QUARTER ENDED SEPTEMBER 30, 2006

#### 1 STATUS AND ACTIVITIES

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	RUPEES				
Balance as at July 01, 2005	100,000,000	24,150,000	475,850,000	166,718,662	766,718,662
Net profit for the year ended June 30, 2006	-	-	-	88,839,070	88,839,070
<b>APPROPRIATIONS</b>					
Transferred to general reserve	-	-	140,000,000	(140,000,000)	-
Final dividend for the period ended June 30, 2005 Rs - 0.75 per share	-	-	-	(7,500,000)	(7,500,000)
Balance as at June 30, 2006	100,000,000	24,150,000	615,850,000	108,057,732	848,057,732
<b>APPROPRIATIONS</b>					
Net profit upto Sep 30, 2006	-	-	-	37,383,173	37,383,173
Balance as at Sep 30, 2006	<b>100,000,000</b>	<b>24,150,000</b>	<b>615,850,000</b>	<b>145,440,905</b>	<b>885,440,905</b>