

COMPANY INFORMATION

BOARD OF DIRECTORS	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. Mushtaq & Co.
Chartered Accountants
407-Commerce Centre.,
Hasrat Mohani Road, Karachi-74200

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

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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

The directors have pleasure in submitting un-audited financial statements for the third quarter ended on March 31, 2007 in accordance with the requirements of section 245 of the Companies Ordinance, 1984.

FINANCIAL RESULTS

Allhumdullilah, your company has earned a net profit after tax at Rs. 70.676 million (March 2006: Rs. 76.111 million) for the third quarter on March 31, 2007. The sales of the company have increased by Rs. 141.802 million as compared to the corresponding period of last year with a growth of 5.82% whereas, the gross profit margin has slightly been reduced and stood at 10.99% to the net sales. Except distribution cost, which has increased due to increase in sales, all components of operating cost have been decreased as compared to the corresponding period of the last year. Especially, the financial cost has been reduced by Rs. 9.344 million as compared to the corresponding period of the last year. The earning per share at the end of the third quarter is Rs. 7.07/= (March 2006: Rs. 7.61).

YEAR UNDER REVIEW

The year under review is a tough year for whole textile sector. The prices of cotton are on its peak whereas the prices of yarn in local and international market are not in line with prices of cotton. There is slack in demand of apparel in international market and the profit margin is also on declining side. The increasing trend of inflation in the country, affected the salaries and wages and other production cost which inflated cost of production and cost of doing business in Pakistan. To overcome the situation, the management has decided to add auto conners and simplex machines in spinning unit at Nooriabad to have optimum production. The management is striving hard to deal with the situation but it seems difficult to maintain profitability.

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: April 27, 2007



FAISAL SPINNING MILLS LIMITED

BALANCE SHEET (UN-AUDITED) AS AT MARCH 31, 2007

		MARCH 2007 RUPEES	JUNE 2006 RUPEES			MARCH 2007 RUPEES	JUNE 2006 RUPEES
	NOTE				NOTE		
CAPITAL AND LIABILITIES				ASSETS			
AUTHORIZED CAPITAL				FIXED ASSETS			
12,000,000 ordinary shares (June 2006 : 12,000,000) of Rs. 10/= each		<u>120,000,000</u>	<u>120,000,000</u>	Property, plant and equipment	7	1,693,323,611	1,662,322,670
				Capital work in progress		15,415,636	9,640,418
						<u>1,708,739,247</u>	<u>1,671,963,088</u>
ISSUED, SUBSCRIBED AND PAID UP CAPITAL				LONG TERM INVESTMENT			
10,000,000 ordinary shares (June 2006 : 10,000,000) of Rs. 10/= each		100,000,000	100,000,000			127,124,492	111,319,339
REVENUE RESERVES				LONG TERM LOANS			
Reserves		640,000,000	640,000,000			4,287,623	5,069,144
Un-appropriated profit		171,233,440	108,057,732	LONG TERM DEPOSITS			
		<u>911,233,440</u>	<u>848,057,732</u>			4,377,095	2,695,725
SHARE HOLDERS EQUITY							
				CURRENT ASSETS			
LOAN FROM SPONSORS	5	100,000,000	-	Stores, spares and loose tools		56,705,768	28,895,504
LONG TERM LOANS		706,974,614	967,012,984	Stock in trade		756,091,357	588,086,858
DEFERRED LIABILITIES				Trade debtors		291,443,409	160,238,276
Gratuity		30,272,061	26,085,350	Loans and advances		41,911,853	17,990,927
Infrastructure fee payable		5,819,699	4,289,495	Trade deposits		2,508,710	4,814,165
				Other receivable		7,313,000	269,852
CURRENT LIABILITIES				Taxation		19,531,428	21,502,569
Trade and other payable		148,017,436	158,997,461	Cash and bank balances		17,906,461	29,489,883
Mark-up accrued on loans and other payables		24,475,709	31,433,072			<u>1,193,411,986</u>	<u>851,288,034</u>
Short term borrowings - secured		848,408,201	360,000,000				
Current portion of long term borrowings		261,466,180	246,459,236				
Provision for taxation		1,273,103	-				
		<u>1,283,640,629</u>	<u>796,889,769</u>				
CONTINGENCIES AND COMMITMENTS							
	6	-	-				
		<u>3,037,940,443</u>	<u>2,642,335,330</u>				
		<u>3,037,940,443</u>	<u>2,642,335,330</u>				

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

MOHAMMAD SHARIF
Chief Executive

Karachi : April 27, 2007

MOHAMMAD SALIM
Director



FAISAL SPINNING MILLS LIMITED

PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE PERIOD ENDED MARCH 31, 2007

	NINE MONTHS ENDED		QUARTER ENDED	
	MARCH 31		MARCH 31	
	2007	2006	2007	2006
	←————— RUPEES —————→			
Sales (net)	2,574,642,516	2,432,839,616	859,510,055	825,511,706
Cost of goods sold	2,291,496,466	2,118,649,528	778,243,238	731,807,733
Gross profit	283,146,050	314,190,088	81,266,817	93,703,973
Other operating income	2,091,345	1,964,447	99,477	114,605
	285,237,395	316,154,535	81,366,294	93,818,578
Distribution cost	44,605,430	42,960,746	17,199,677	18,748,070
Administrative expenses	19,674,299	22,750,079	6,152,387	7,654,487
Other operating expenses	4,767,070	5,770,622	889,410	1,173,383
Finance cost	126,235,302	135,579,745	40,466,595	43,948,369
	195,282,101	207,061,192	64,708,069	71,524,309
Profit before taxation	89,955,294	109,093,343	16,658,225	22,294,269
Share of profit of associated undertaking	15,805,153	-	2,688,441	-
Profit before taxation	105,760,447	109,093,343	19,346,666	22,294,269
Provision for taxation	35,084,739	32,982,415	11,672,471	11,239,920
Profit after taxation	70,675,708	76,110,928	7,674,195	11,054,349
Earnings per share- basic and diluted	Rs.7.07	Rs.7.61	Rs.0.77	Rs.1.11

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

MOHAMMAD SHARIF
Chief Executive

MOHAMMAD SALIM
Director

Karachi : April 27, 2007



FAISAL SPINNING MILLS LIMITED

**CASH FLOW STATEMENT
FOR THE PERIOD ENDED MARCH 31, 2007**

Note	Nine months ended	
	March 31 2007	March 31 2006
.....Rupees.....		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	105,760,447	109,093,343
Adjustments for:		
Depreciation on property, plant and equipment	141,639,500	135,963,000
Provision for employee benefits	7,650,000	6,750,000
Infrastructure fee	1,530,204	148,707
Dividend income	(891,870)	(891,870)
Finance cost	126,235,302	135,579,745
Share of profit of associated undertaking	(15,805,153)	-
Gain on disposal of property, plant and equipment	(361,572)	(651,772)
	259,996,411	276,897,810
Operating profit before changes in working capital	365,756,858	385,991,153
(Increase) / decrease in current assets		
Stocks and stores	(195,814,763)	(62,252,182)
Trade debts	(131,205,133)	(60,711,280)
Loans and advances	(23,920,926)	43,782,843
Trade deposits and short-term prepayments	2,305,455	78,020
Other receivables	(7,043,148)	(3,045,309)
Taxation	1,971,141	53,986,323
	(353,707,374)	(28,161,585)
Increase in trade and other payables	(10,980,025)	(18,106,332)
	(364,687,399)	(46,267,917)
Cash generated from operations	1,069,459	339,723,236
Finance cost paid	(133,192,665)	(133,982,044)
Employee benefits paid	(3,463,289)	(3,080,724)
Income taxes paid	(33,811,636)	(59,278,883)
	(170,467,590)	(196,341,651)
Net cash from / (used in) operating activities	(169,398,131)	143,381,585
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditures	(194,719,089)	(102,402,616)
Proceeds from disposal of property, plant and equipment	16,665,000	16,275,000
Dividend received	891,870	891,870
Long-term deposits	(1,681,370)	-
Long term loans	781,521	289,923
	(178,062,068)	(84,945,823)
Net cash used in investing activities	(178,062,068)	(84,945,823)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term financing obtained	60,592,224	140,000,000
Loan from sponsors	100,000,000	-
Payment of long-term financing	(305,623,648)	(154,195,077)
Dividend paid	(7,500,000)	(7,500,000)
(Decrease) / increase in short term borrowings	488,408,201	(30,669,264)
Net cash (used in) / from financing activities	335,876,777	(52,364,341)
Net increase / (decrease) in cash and cash equivalents during the period	(11,583,422)	6,071,421
Cash and cash equivalents at beginning of the period	29,489,883	15,847,610
Cash and cash equivalents at end of the period	17,906,461	21,919,031

Mohammad Sharif
Chief Executive

Mohammad Salim
Director



FAISAL SPINNING MILLS LIMITED

**STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2007**

The changes in the equity are as follows:

	Share capital	Reserves		Unappropriated profit	Total
		Capital	Revenue		
← R u p e e s →					
Balance as at July 01, 2005	100,000,000	24,150,000	475,850,000	166,718,662	766,718,662
Profit for the period March 31, 2006			-	76,110,928	76,110,928
Dividend for the year ended June 30, 2005 Rs 0.75/- per share				(7,500,000)	(7,500,000)
Balance as at March 31, 2006	100,000,000	24,150,000	475,850,000	235,329,590	835,329,590
Profit for the period				12,728,142	12,728,142
Transferred to general reserves			140,000,000	(140,000,000)	-
Balance as at June 30, 2006	100,000,000	24,150,000	615,850,000	108,057,732	848,057,732
Profit for the period March 31, 2007				70,675,708	70,675,708
Final Dividend for the year ended June 30, 2006 Rs 0.75/- per share				(7,500,000)	(7,500,000)
Balance as at March 31, 2007	100,000,000	24,150,000	615,850,000	171,233,440	911,233,440



FAISAL SPINNING MILLS LIMITED

NOTES TO THE ACCOUNTS (UNAUDITED) FOR THE PERIOD ENDED MARCH 31, 2007

1 STATUS AND ACTIVITIES

The Company was incorporated in Pakistan on January 31, 1985 under the Companies Ordinance 1984 as a public limited Company and its shares are quoted on all stock exchanges of Pakistan. The Company is principally engaged in the manufacture and sale of cotton yarn and woven fabrics.

2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with the directives issued by the Securities & Exchange Commission of Pakistan and are in compliance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and being submitted to shareholders as required by Section 245 of the Companies Ordinance, 1984.

These financial statements have been prepared under "Historical Cost Convention" except for staff gratuity accounted for in accordance with "International Accounting Standard - 19" and modifications due to adjustments for exchange rate fluctuations.

3 ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of these interim financial statements are consistent with those applied in the preparation of the preceding annual published financial statements of the Company for the period ended June 30, 2006.

4 SHARE CAPITAL

Authorised:

Number of shares		
Mar-07	JUN-06	
12,000,000	12,000,000	Ordinary shares of Rs. 10/- each
12,000,000	12,000,000	

Issued, subscribed and paid-up:

Fully paid ordinary shares of Rs. 10 each

10,000,000	10,000,000	Issued for cash
10,000,000	10,000,000	

	MARCH 31 2007	JUNE 30 2006	
	← Rupees →		

	120,000,000	120,000,000
	120,000,000	120,000,000

	100,000,000	100,000,000
	100,000,000	100,000,000

5 LOAN FROM SPONSORS

The above loan is unsecured, interest free and not repayable in the next twelve months.

	100,000,000	-
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6 CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

There is no material change in contingencies as disclosed in the notes to the financial statements for the year ended June 30, 2006 except for the professional tax which was imposed by provincial government. The Honourable Supreme Court of Pakistan decided the case in favor of provincial government. The company has paid the professional tax subsequently. The bank guarantee issued in favor of Sui Gas Company amounted to Rs. 49.732 million and in favor of Excise and Taxation Office is

	MARCH 31, 2007	JUNE 30, 2006	
	Rupees		

6.2 Commitments

Letters of credits against import of machinery
Civil works

16.154 Million	65.00 Million
10.00 Million	6.00 Million
	26.154 Million
	71.00 Million

7 PROPERTY, PLANT AND EQUIPMENT	MARCH 31, 2007	JUNE 30, 2006
	Rupees	Rupees
Written down value at beginning of the period	1,662,322,670	1,705,814,261
Additions during the period		
Owned		
Factory building	521,333	44,209,956
Non-factory building	102,954	15,918,949
land	-	48,800
Plant and machinery	176,532,281	78,251,963
Furniture and fixture	175,804	814,971
Elec.equipment & fitting	10,461,200	10,775,349
Equipment & other assets	95,000	5,458,946
Vehicles	1,055,300	1,228,528
	188,943,872	156,707,462
Written down value of assets disposed off	(16,303,431)	(19,803,810)
Depreciation	(141,639,500)	(180,395,243)
	1,693,323,611	1,662,322,670

8 TRANSACTIONS WITH ASSOCIATED 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: -

	NINE MONTHS ENDED	
	MARCH 2007	MARCH 2006
	Rupees	
Purchases	237,860,025	241,284,527
Sales	85,298,554	495,076,578
Services availed	2,041,000	986,500
Services rendered	2,498,650	-
Electricity purchased	33,303,828	113,542,573
Dividend received	891,870	891,870

9 DATE OF AUTHORIZATION FOR ISSUE

These interim financial statements were authorized for issue on 27th April, 2007 by the Board of Directors of the Company.

10 OTHERS

- The textile business in the all year business however, major raw material purchase I.e. cotton, take place during the four months from October to January. This leads to higher figures in respect of stocks and short term borrowings being reflected during these periods.
- Deferred tax provision has not been recognized, as the Company is being assessed under the final tax regime and the Company's export sales for the foreseeable future is likely to remain above the present threshold point.
- There are no other significant activities since June 30, 2006 affecting the financial statements other than disclosed in these financial statements.

11 GENERAL

- Figures have been rounded off to the nearest rupee.
- Corresponding figures have been rearranged, where ever necessary, for the purpose of comparison.