

Vision
A Company,
*providing quality textile products
and maintaining
an excellent level of esthetical
and
professional standards.*



Mission Statement

*To become the leaders of
Textile products
in the local
&
international market
and to achieve
the highest level of success.*



FAISAL SPINNING MILLS LIMITED

DIRECTORS' REVIEW

The Board of directors is pleased to present before you the un-audited interim condensed financial statements for the half year ended 31st December 2009 alongwith auditors' review thereon. These statements have been prepared in compliance with IAS-34 and are being submitted under section 245 of The Companies Ordinance 1984.

Operating Results

Operating result of the company for the half year ended 31st December 2009 is as under:

	December 2009 PKR in Million	December 2008 PKR in Million
Sales	2,368.356	2,049.325
Gross profit	270.462	252.379
Profit before tax	89.589	73.991
Profit after tax	65.668	43.944
Earning per share	6.57	4.39

The breakup of share as on 31st December 2009 is PKR 109.35 (30th June 2009 PKR 103.53) Profitability of the company has increased as compared to the corresponding half year of last year.

The title "balance sheet" has been replaced by "Statement of Financial Position" and title "Profit and loss account" has been replaced by "Income Statement" and a new statement namely "Statement of Comprehensive Income" has been included in compliance of the requirements of IAS - 1, Presentation of Financial Statements.

Future Prospects

Rising trend in finance cost has so far been controlled through monetary policy but it is still at higher side. Government should make efforts to bring KIBOR in single digit. Future profitability will depend on direction of raw cotton price and corresponding price of yarn and fabric. Currently raw cotton price is full of volatile and price of cotton has gone above PKR 5,700 per maund. The demand of yarn has increased worldwide. Government has imposed quota on export of yarn except for certain category of yarn, keeping in view of availability of yarn for local consumer. Imposition of quota on export of yarn has constraint the activity of export of yarn. Interrupted power supply has significantly affected production efficiencies and resulted increases in per unit production cost. Besides the load shedding of electricity massive load shedding of gas in Punjab was observed during December 2009 to February 2010 because export oriented textile sector was placed on fourth priority level. In the absence of gas supply, we had to operate machinery through power generation based on furnace oil because currently WAPDA is not reliable source of electricity due to interrupted supply of electricity. In the present scenario the results are likely to be positive in coming quarters. However the effect of gas load shedding and increase in tariff of gas is a concern on profitability, the management of the company is doing its best efforts to maintain the profitability margin.

Acknowledgement

Yours Directors would like to place their appreciation of the cooperation of the financial institutions and dedication shown by the executives, officers, staff, technicians and workers of the company in the performance of their duties.

For and on behalf of the Board
Mohammad Sharif
Chief Executive

Karachi : 24th February, 2010

Half Year ended 31st December 2009

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MUSHTAQ & CO.
CHARTERED ACCOUNTANTS

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**Auditors' Report to the Members on Review of Condensed Interim
Financial Information**

Introduction

We have reviewed the accompanying condensed interim Statement of Financial Position of **Faisal Spinning Mills Limited** as at December 31, 2009, and the related condensed interim Income Statement and condensed interim statement of comprehensive income, condensed interim Statement of Cash Flow and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the interim financial information) for the half year then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures for the quarter ended December 31, 2009 and 2008 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2009.

Scope of Review

We conducted our review in accordance with international standard on review engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of the 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.

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2009 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Karachi:
Date: 24th February, 2010

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Shahabuddin A. Siddiqui



FAISAL SPINNING MILLS LIMITED

Condensed Interim Statement of Financial Position (Un-audited) As At 31st December, 2009

	(Un-audited) 31 st December 2009 Rupees	(Audited) 30 th June 2009 Rupees
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized capital		
12,000,000 (June 2009: 12,000,000) ordinary shares of PKR 10 each	<u>120,000,000</u>	<u>120,000,000</u>
Issued, subscribed and paid up capital	100,000,000	100,000,000
Reserves	850,000,000	850,000,000
Unappropriated profit	143,548,947	85,380,449
	1,093,548,947	1,035,380,449
Loan from sponsors and relatives	94,642,858	89,285,715
NON CURRENT LIABILITIES		
Long-term financing - secured	152,486,534	375,657,041
Obligation under finance lease	3,977,159	4,788,963
Infrastructure fee payable	18,794,485	18,524,847
Deferred liabilities	68,727,944	63,583,083
	243,986,122	462,553,934
CURRENT LIABILITIES		
Trade and other payables	272,615,865	192,778,392
Mark-up accrued on loans and other payables	30,619,201	45,104,131
Short-term borrowings - secured	1,288,989,646	831,305,967
Current portion of long term loan	318,845,312	174,616,517
	1,911,070,024	1,243,805,007
CONTINGENCIES AND COMMITMENTS 5	-	-
	<u>3,343,247,951</u>	<u>2,831,025,105</u>

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

Mohammad Sharif
Chief Executive

Karachi : 24th February, 2010

Half Year ended 31st December 2009

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FAISAL SPINNING MILLS LIMITED

**Condensed Interim Statement of Financial Position (Un-audited)
As At 31st December, 2009**

		(un-audited) 31 st December 2009 Rupees	(Audited) 30 th June 2009 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	1,393,343,050	1,461,869,550
Capital work-in-progress		734,074	15,845
Long term investment		165,478,999	153,004,719
Long term loan		1,864,271	2,036,054
Long term deposits		8,309,295	7,498,095
		1,569,729,689	1,624,424,263
CURRENT ASSETS			
Stores, spare parts and loose tools		84,466,929	56,001,019
Stock in trade		1,296,348,306	822,995,766
Trade debts		273,107,213	235,947,772
Loans and advances		27,795,611	8,962,819
Trade deposits & prepayments		18,148,008	17,138,603
Other receivables		3,971,117	1,357,906
Income tax refundable		33,855,116	40,772,339
Sales tax refundable		13,516,571	10,097,730
Bank balances		22,309,391	13,326,888
		1,773,518,262	1,206,600,842
		<u>3,343,247,951</u>	<u>2,831,025,105</u>

Mohammad Salim
Director



FAISAL SPINNING MILLS LIMITED

**Condensed Interim Income Statement (un-audited)
For the Half Year Ended 31st December 2009**

	Half Year Ended		Quarter Ended	
	31 st December 2009 Rupees	31 st December 2008 Rupees	31 st December 2009 Rupees	31 st December 2008 Rupees
Sales	2,368,356,665	2,049,325,342	1,238,890,082	966,962,658
Cost of goods sold	2,097,894,394	1,796,945,924	1,098,507,324	837,764,261
Gross profit	270,462,271	252,379,418	140,382,758	129,198,397
Other operating income	780,295	946,981	434,091	577,845
	271,242,566	253,326,399	140,816,849	129,776,242
Distribution cost	65,610,946	40,716,984	39,615,402	17,773,987
Administrative expenses	18,332,058	14,384,736	9,602,385	8,160,381
Other operating expenses	4,293,688	3,469,703	1,808,948	1,424,661
Finance cost	106,782,926	128,830,633	58,098,644	75,348,654
	195,019,618	187,402,056	109,125,379	102,707,683
Share of profit of associated undertaking	76,222,948	65,924,343	31,691,470	27,068,559
	13,366,150	8,066,774	6,865,895	3,992,657
Profit before tax	89,589,098	73,991,117	38,557,365	31,061,216
Provision for taxation				
Current year	23,920,600	21,496,887	12,522,874	10,317,173
Prior year	-	(1,358,367)	-	(1,358,367)
Deferred	-	9,908,437	-	9,908,437
	23,920,600	30,046,957	12,522,874	18,867,243
Profit after tax	65,668,498	43,944,160	26,034,491	12,193,973
Earnings per share - basic and diluted	6.57	4.39	2.60	1.22

The annexed notes form an integral part of these financial statements

Mohammad Sharif
Chief Executive

Mohammad Salim
Director

Karachi : 24th February, 2010



FAISAL SPINNING MILLS LIMITED

**Condensed Interim Statement of Comprehensive Income (un-audited)
For the Half Year Ended 31st December 2009**

	Half Year Ended		Quarter Ended	
	31 st December	31 st December	31 st December	31 st December
	2009	2008	2009	2008
	Rupees	Rupees	Rupees	Rupees
Profit for the period after taxation	65,668,498	43,944,160	26,034,491	12,193,973
Other comprehensive income for the period	-	-	-	-
Total comprehensive Income for the period	<u>65,668,498</u>	<u>43,944,160</u>	<u>26,034,491</u>	<u>12,193,973</u>

The annexed notes form an integral part of these financial statements

Mohammad Sharif
Chief Executive

Mohammad Salim
Director

Karachi : 24th February, 2010



FAISAL SPINNING MILLS LIMITED

**Condensed Interim Statement of Cash Flow (Un-audited)
For the Half Year Ended 31st December 2009**

	31 st December 2009	31 st December 2008
	Rupees	Rupees
Cash flows from operating activities		
Profit before tax	89,589,098	73,991,117
Adjustments for:		
Depreciation of property, plant and equipment	76,911,000	85,881,000
Share profit of associated undertaking	(13,366,150)	(8,066,774)
Infrastructure fee	269,638	5,430,081
Provision for employee benefits	8,688,000	6,723,000
Provision for bad debts	-	979,291
Loss / (gain) on disposal of property, plant and equipment	-	(103,302)
Finance cost	106,782,926	128,830,633
	<u>179,285,414</u>	<u>219,673,929</u>
Operating cash flows before movements in working capital	268,874,512	293,665,046
(Increase) / decrease in stores, spares and loose tools	(28,465,910)	375,585
(Increase) in stock in trade	(473,352,540)	(452,467,877)
(Increase) in trade debts	(37,159,441)	(141,255,323)
(Increase) in loans and advances	(18,832,792)	(16,035,840)
(Increase) in trade deposits	(1,009,405)	(3,985,693)
(Increase) in other receivables and taxation	(2,613,211)	(1,590,231)
(Increase) in sales tax refundable	(3,125,114)	(1,300,160)
Increase in trade and other payables	79,353,430	150,288,019
	<u>(485,204,983)</u>	<u>(465,971,520)</u>
Cash generated by operations	(216,330,471)	(172,306,474)
Finance cost paid	(115,910,713)	(105,581,836)
Employee benefit costs paid	(3,543,139)	(2,743,114)
Income taxes paid	(15,893,382)	(17,852,762)
Long-term loans	171,783	(247,789)
Long-term deposits	(811,200)	-
	<u>(135,986,651)</u>	<u>(126,425,501)</u>
Net cash from operating activities	(352,317,122)	(298,731,975)



FAISAL SPINNING MILLS LIMITED

**Condensed Interim Statement of Cash Flow (un-audited)
For the Half Year Ended 31st December 2009**

	31 st December 2009	31 st December 2008
	Rupees	Rupees
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	-	500,000
Addition in property plant and equipment	(9,102,729)	(14,619,321)
Net cash used in investing activities	(9,102,729)	(14,119,321)
Cash flows from financing activities		
Proceeds from finance lease	5,616,560	-
Payment of long-term financing	(77,008,027)	(151,653,969)
Payment of obligation under finance lease	(8,362,049)	(7,579,803)
Increase in short-term borrowings	457,683,679	481,872,524
Dividend paid	(7,527,809)	(7,500,000)
Net cash from financing activities	370,402,354	315,138,752
Net increase / (decrease) in cash and cash equivalents	8,982,503	2,287,456
Cash and cash equivalent at the beginning of period	13,326,888	26,622,507
Cash and cash equivalent at the end of period	22,309,391	28,909,963

The annexed notes form an integral part of these financial statements

Mohammad Sharif
Chief Executive

Mohammad Salim
Director

Karachi : 24th February, 2010



FAISAL SPINNING MILLS LIMITED

Condensed Interim Statement of Changes in Equity For The Half Year Ended 31st December 2009

	Reserves				Unappropriated Profit Rupees	Total Rupees
	Share Capital Rupees	Capital Reserves Rupees	General Reserves Rupees	Total Rupees		
Balance as at 30th June, 2008	100,000,000	24,150,000	815,850,000	840,000,000	37,520,309	877,520,309
Profit for half year ended 31 st December 2008	-	-	-	-	43,944,160	43,944,160
Final dividend for the year ended June 30, 2009 PKR PKR 0.75 per share					(7,500,000)	(7,500,000)
Balance as at 31st December, 2008	100,000,000	24,150,000	815,850,000	840,000,000	73,964,469	1,021,464,469
Profit for remaining half year ended 30 th June 2009	-	-	-	-	21,415,980	21,415,980
Transferred to general reserve	-	-	10,000,000	10,000,000	(10,000,000)	-
Balance as at 30th June, 2009	100,000,000	24,150,000	825,850,000	850,000,000	85,380,449	1,035,380,449
Profit for half year ended 31 st December 2009	-	-	-	-	65,668,498	65,668,498
Final dividend for the year ended June 30, 2009 PKR 0.75 per share					(7,500,000)	(7,500,000)
Balance as at 31st December, 2009	100,000,000	24,150,000	825,850,000	850,000,000	143,548,947	1,093,548,947

Mohammad Sharif
Chief Executive

Mohammad Salim
Director

Karachi : 24th February, 2010



FAISAL SPINNING MILLS LIMITED

CONDENSED INTERIM NOTES TO THE ACCOUNTS (Un-audited) FOR THE HALF YEAR ENDED 31st DECEMBER, 2009

1 NATURE AND SCOPE OF THE BUSINESS

The company was incorporated in Pakistan as a public limited company on January 31, 1985. Its shares are quoted on the Karachi, Lahore and Islamabad Stock Exchanges. The company is principally engaged in manufacturing and sale of yarn and fabrics. The registered office is located at Umer House, 23/1, Sector 23, S.M Farooq Road, Korangi Industrial Area, Karachi.

2 BASIS OF PREPARATION

2.1 Statement of compliance

"This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the International Finance Reporting Standard (IFRS) IAS 34 Interim Financial Reporting as applicable in Pakistan. This condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended 30th June, 2009.

This condensed interim financial information is being submitted to the shareholders as required by the Listing regulations of Karachi, Lahore and Islamabad Stock Exchanges and section 245 of the Companies Ordinance, 1984.

These condensed interim financial statements comprise of condensed interim statement of financial position, condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flow and condensed interim statement of changes in equity together with the notes for the half year ended December 31, 2009 which have been subjected to a review but not audited. These condensed interim financial statements also include the condensed interim income statement for the quarter ended December 31, 2009.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended 30 June, 2009 except amendments in International Accounting Standard 1 (Revised) 'Presentation of Financial Statements' which became applicable from the financial periods beginning on or after 1 January 2009. The application of this standard has resulted in certain increased disclosures including the statement of other comprehensive income which has been reflected in the Company's condensed interim financial information.

4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

4.1 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision

4.2 Judgements and estimates made by management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended 30 June, 2009.

4.3 The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2009.

5 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There is no material change in contingencies and commitments as disclosed in annual financial statements of the company for the year ended June 30, 2009.

	(Un-audited)	(Audited)
	31st December 2009	30th June 2009
Contingencies		
Bank guarantees issued in ordinary course of business	56,274,000	56,274,000
Commitments		
Letter of credit	12,986,572	9,871,295
Building and civil works	5,000,000	-



FAISAL SPINNING MILLS LIMITED

	(Un-audited) 31 st December 2009	(Audited) 30 th June 2009
	RUPEES	RUPEES
6 ACQUISITION AND DISPOSAL OF FIXED ASSETS		
written down value of assets - opening	1,461,869,550	1,603,499,001
Addition during the period	8,384,500	23,979,948
disposal during the period - written down value	-	(1,054,932)
depreciation charged during the period	(76,911,000)	(164,554,467)
written down value of assets - closing	<u>1,393,343,050</u>	<u>1,461,869,550</u>

7 TRANSACTIONS WITH ASSOCIATED UNDERTAKING

The Company enters into transactions with the 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 terms of employment are as follows:

	31 st December 2009	31 st December 2008
	RUPEES	RUPEES
Services received	4,748,000	2,297,260
Services rendered	1,000,000	5,050,000
Electricity purchased	7,371,389	6,573,280
Purchase of yarn, fabric and stores	260,478,931	189,472,069
Sales of cotton	4,267,509	-
Sales of yarn, fabric and store	10,811,670	98,757,205
Dividend received	891,870	891,870

8 DATE OF AUTHORIZATION FOR ISSUE

These six months period financial statements were authorized for issue on 24th February 2010 by the Board of Directors of the Company.

9 DIVIDEND

The Company has paid cash dividend at the rate of 7.5% (i.e. PKR 0.75 per share) on the ordinary shares as approved in 25th Annual General Meeting held on October 23, 2009.

10 OTHERS


There are no other significant activity since June 30, 2009 affecting the financial statements.

11 GENERAL

11.1 In order to comply with the requirements of international Accounting Standards 34 "Interim Financial Reporting", Statement of Financial Position has been compared with the balances of annual financial statements while Income statement, Statement of Comprehensive Income and Cash Flow Statement has been compared with corresponding figures of last year quarter.

11.2 Figures have been rounded off to the nearest rupee.


Mohammad Sharif
 Chief Executive


Mohammad Salim
 Director

Karachi : 24th February, 2010

Half Year ended 31st December 2009

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