



of Companies

**HALF YEARLY ACCOUNTS
2010 - 2011
(UN - AUDITED)**

UMER GROUP OF COMPANIES

FAISAL SPINNING MILLS LIMITED

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 2010 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 2010 is as under;

	December 2010 PKR in Million	December 2009 PKR in Million
Sales	3,994.444	2,368.356
Gross profit	451.639	270.462
Profit before tax	293.095	89.589
Profit after tax	251.569	65.668
Earning per share	25.16	6.57

The breakup of share as on 31st December 2010 is PKR 163.20 (30th June 2010 PKR 143.05)

By the blessing of Allah Al-Mighty profitability of the company has increased as compared to the corresponding half year of last year.

Auditors' review on the condensed interim financial statements for the half year ended 31st December 2010 is annexed herewith.

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 depends on the direction of yarn and fabric prices based on current raw cotton prices. Currently the raw cotton prices are volatile and cotton rate is around PKR 12,000 per maund which is all times high rates. Moreover cotton rate in international market is around USD 2 per pound.

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 has been observed during December 2010 to February 2011. 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 normal in coming quarters and 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, suppliers, customers 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, 2011

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

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Member of



Illinois, USA

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, 2010, 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, 2010 and 2009 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2010.

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 and 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, 2010 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, 2011**

MUSHTAQ & COMPANY

Chartered Accountants

Engagement Partner:

Shahabuddin A. Siddiqui, FCA



FAISAL SPINNING MILLS LIMITED

Condensed Interim Balance Sheet (Unaudited) As At 31st December, 2010

EQUITY AND LIABILITIES	Note	December 2010 RUPEES	June 2010 RUPEES
SHARE CAPITAL AND RESERVES			
Authorized capital			
12,000,000 (June 2010: 12,000,000) ordinary shares of PKR 10 each		120,000,000	120,000,000
Issued, subscribed and paid up capital		100,000,000	100,000,000
Reserves		1,250,000,000	1,250,000,000
Unappropriated profits		282,080,266	80,510,855
		1,632,080,266	1,430,510,855
Loan from sponsors and relatives		100,000,000	100,000,000
NON CURRENT LIABILITIES			
Long-term financing - secured		81,863,154	115,912,508
Obligation under finance lease		4,445,628	5,803,656
Infrastructure fee payable		20,121,746	19,990,062
Employees retirement benefits		56,364,446	50,118,480
		162,794,974	191,824,706
CURRENT LIABILITIES			
Trade and other payables		434,580,947	303,728,377
Mark-up accrued on loans and other payables		31,474,518	22,669,367
Short-term borrowings - secured		1,533,812,020	599,783,167
Current portion of long term loan		70,659,073	266,916,056
		2,070,526,558	1,193,096,967
CONTINGENCIES AND COMMITMENTS	5	-	-
		<u>3,965,401,798</u>	<u>2,915,432,528</u>

The annexed notes form an integral part of these financial statements

Mohammad Sharif
Chief Executive

Karachi : 24th February, 2011

Half Year ended 31st December 2010



FAISAL SPINNING MILLS LIMITED

Condensed Interim Balance Sheet (Unaudited) As At 31st December, 2010

ASSETS	Note	December 2010 RUPEES	June 2010 RUPEES
NON CURRENT ASSETS			
Property, plant and equipment	6	1,268,401,632	1,340,343,713
Capital work-in-progress		54,628,715	44,240,778
Long term investment		276,527,220	230,414,507
Long term loan		4,055,021	2,794,979
Long term deposits		5,779,445	5,779,445
		1,609,392,033	1,623,573,422
CURRENT ASSETS			
Stores, spare parts and loose tools		68,884,753	67,608,157
Stock in trade		1,940,428,513	893,252,646
Trade debts		225,301,780	190,745,821
Loans and advances		17,682,686	9,831,693
Trade deposits and prepayments		20,692,766	20,258,366
Other receivables		3,037,240	2,046,275
Income tax refundable		16,654,998	17,049,551
Sales tax refundable		24,410,809	16,732,668
Bank balances		38,916,220	74,333,929
		2,356,009,765	1,291,859,106
		<u>3,965,401,798</u>	<u>2,915,432,528</u>

The annexed notes form an integral part of these financial statements

Mohammad Salim
Director

Karachi : 24th February, 2011

Half Year ended 31st December 2010



FAISAL SPINNING MILLS LIMITED

Condensed Interim Profit and Loss Account (Unaudited) For The Half Year Ended 31st December 2010

	Half Year Ended		Quarter Ended	
	December 2010 Rupees	December 2009 Rupees	December 2010 Rupees	December 2009 Rupees
Sales	3,994,444,325	2,368,356,665	2,053,747,126	1,238,890,082
Cost of goods sold	3,542,804,680	2,097,894,394	1,794,640,439	1,098,507,324
Gross profit	451,639,645	270,462,271	259,106,687	140,382,758
Other operating income	895,294	780,295	412,038	434,091
	452,534,939	271,242,566	259,518,725	140,816,849
Distribution cost	81,988,883	65,610,946	38,842,138	39,615,402
Administrative expenses	19,946,459	18,332,058	8,964,120	9,602,385
Other operating expenses	12,999,086	4,293,688	7,669,006	1,808,948
Finance cost	90,617,882	106,782,926	58,332,338	58,098,644
	205,552,310	195,019,618	113,807,602	109,125,379
	246,982,629	76,222,948	145,711,123	31,691,470
Share of profit of associated undertaking	46,112,713	13,366,150	26,353,173	6,865,895
Profit before tax	293,095,342	89,589,098	172,064,296	38,557,365
Provision for taxation				
Current year	40,456,059	23,920,600	20,799,686	12,522,874
Prior year	1,069,872	-	1,069,872	-
	41,525,931	23,920,600	21,869,558	12,522,874
Profit after tax	251,569,411	65,668,498	150,194,738	26,034,491
Earnings per share - basic and diluted	25.16	6.57	15.02	2.60

The annexed notes form an integral part of these financial statements

Mohammad Sharif
Chief Executive

Mohammad Salim
Director

Karachi : 24th February, 2011



FAISAL SPINNING MILLS LIMITED

Condensed Interim Statement of Cash Flows (Unaudited) For The Half Year Ended 31st December 2010

	December 2010 RUPEES	December 2009 RUPEES
Cash flows from operating activities		
Profit before tax	293,095,342	89,589,098
Adjustments for:		
Depreciation of property, plant and equipment	75,618,000	76,911,000
Share of profit of associated undertaking	(46,112,713)	(13,366,150)
Provision for bad debts	151,398	-
Infrastructure fee	131,684	269,638
Provision for employee benefits	8,805,758	8,688,000
(Gain) on disposal of property, plant and equipment	(75,293)	-
Finance cost	90,617,882	106,782,926
	129,136,716	179,285,414
Operating cash flows before movements in working capital	422,232,058	268,874,512
(Increase) in stores, spares and loose tools	(1,276,596)	(28,465,910)
(Increase) in stock in trade	(1,047,175,867)	(473,352,540)
(Increase) in trade debts	(34,555,960)	(37,159,441)
(Increase) in loans and advances	(7,850,993)	(18,832,792)
(Increase) in trade deposits	(434,400)	(1,009,405)
(Increase) in other receivables	(990,965)	(2,613,211)
(Increase) in sales tax refundable	(7,829,538)	(3,125,114)
Increase in trade and other payables	85,808,936	78,461,560
Increase in short-term borrowings	934,028,853	457,683,679
	(80,276,530)	(28,413,174)
Cash generated by operations	341,955,528	240,461,338
Finance cost paid	(81,812,731)	(115,910,713)
Employee retirement benefit cost paid	(2,559,792)	(3,543,139)
Income taxes paid	(41,131,378)	(15,893,382)
Long-term loans	(1,260,042)	171,783
Long-term deposits	-	(811,200)
	(126,763,943)	(135,986,651)
Net cash from operating activities	215,191,585	104,474,687



FAISAL SPINNING MILLS LIMITED

Condensed Interim Statement of Cash Flows (Unaudited) For The Half Year Ended 31st December 2010

	December 2010 RUPEES	December 2009 RUPEES
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	300,000	-
Addition in property plant and equipment	(14,288,563)	(9,102,729)
Dividend received	-	891,870
Net cash used in investing activities	(13,988,563)	(8,210,859)
Cash flows from financing activities		
Proceed from long term finance	-	5,616,560
Payment of long-term financing	(225,695,181)	(77,008,027)
Payment of obligation under finance lease	(5,969,184)	(8,362,049)
Dividend paid	(4,956,366)	(7,527,809)
Net cash from financing activities	(236,620,731)	(87,281,325)
Net increase / (decrease) in cash and cash equivalents	(35,417,709)	8,982,503
Cash and cash equivalent at the beginning of period	74,333,929	13,326,888
Cash and cash equivalent at the end of period	38,916,220	22,309,391

The annexed notes form an integral part of these financial statements

Mohammad Sharif
Chief Executive

Karachi : 24th February, 2011

Mohammad Salim
Director



FAISAL SPINNING MILLS LIMITED

Condensed Interim Statement of Changes in Equity (Unaudited) For The Half Year Ended 31st December 2010

	Reserves				Unappropriated Profit	Total
	Share Capital	Capital Reserves	General Reserves	Total		
	RUPEES	RUPEES	RUPEES	RUPEES		
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
Final cash dividend for the year ended June 30, 2009 PKR. 0.75 per share	-	-	-	-	(7,500,000)	(7,500,000)
Profit for half year ended 31 st December 2009	-	-	-	-	65,668,498	65,668,498
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
Profit for the remaining period	-	-	-	-	336,961,908	336,961,908
Transferred to general reserve	-	-	400,000,000	400,000,000	(400,000,000)	-
Balance as at 30th June, 2010	100,000,000	24,150,000	1,225,850,000	1,250,000,000	80,510,855	1,430,510,855
Final cash dividend for the year ended June 30, 2010 PKR. 5.00 per share	-	-	-	-	(50,000,000)	(50,000,000)
Profit for half year ended 31 st December 2010	-	-	-	-	251,569,411	251,569,411
Balance as at 31st December, 2010	100,000,000	24,150,000	1,225,850,000	1,250,000,000	282,080,266	1,632,080,266

The annexed notes form an integral part of these financial statements

Mohammad Sharif
Chief Executive

Mohammad Salim
Director

Karachi : 24th February, 2011



FAISAL SPINNING MILLS LIMITED

Condensed Interim Statement of Comprehensive Income (Unaudited) For the Half Year Ended 31st December 2010

	December 2010 RUPEES	December 2009 RUPEES
Profit for the half year after taxation	251,569,411	65,668,498
Other comprehensive income for the half year	-	-
Total comprehensive Income for the half year	251,569,411	65,668,498

The annexed notes form an integral part of these financial statements

Mohammad Sharif
Chief Executive

Mohammad Salim
Director

Karachi : 24th February, 2011



FAISAL SPINNING MILLS LIMITED

Condensed Interim Notes to the Financial Statements (Unaudited) For The Half Year Ended 31st December, 2010

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, 2010. 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, 2010 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, 2010.

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 June 30, 2010.

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 judgments 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 Judgments 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 June 30, 2010.

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 June 30, 2010.

5 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There is no material change in contingencies and commitments as disclosed in annual financial statements for the year ended June 30, 2010.



FAISAL SPINNING MILLS LIMITED

Condensed Interim Notes to the Financial Statements (Unaudited) For The Half Year Ended 31st December, 2010

6 ACQUISITION AND DISPOSAL OF FIXED ASSETS	December 2010 Rupees	June 2010 Rupees
Written down value of assets - opening	1,340,343,713	1,461,869,550
Addition during the period	3,900,626	33,079,249
Disposal during the period - written down value	(224,707)	(2,238,046)
Depreciation charged during the period	<u>(75,618,000)</u>	<u>(152,367,040)</u>
Written down value of asset - closing	<u>1,268,401,632</u>	<u>1,340,343,713</u>

7 TRANSACTIONS WITH ASSOCIATED UNDERTAKING

The Company enters into transactions with the related parties in normal course of business at arm's length price 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:

	December 2010 Rupees	December 2009 Rupees
Services received	7,746,893	4,748,000
Services rendered	-	1,000,000
Electricity purchased	52,496,990	7,371,389
Purchase of yarn, fabric and stores	338,773,591	260,478,931
Sales of cotton, yarn and fabric	33,813,951	15,079,179
Dividend received	-	891,870

8 DATE OF AUTHORIZATION FOR ISSUE

These six months period financial statements were authorized for issue on 24th February 2011 by the board of directors of the company.

9 DIVIDEND

The Company has paid cash dividend at the rate of 50.0% (i.e. PKR 5.00 per share) on the ordinary shares as approved in 26th Annual General Meeting held on October 26, 2010.

10 OTHERS

There are no other significant activity since June 30, 2010 affecting the financial statements.

11 COMPARATIVE FIGURES

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 while profit & Loss accounts has been compared with corresponding figures of last half year.

Mohammad Sharif
Chief Executive

Mohammad Salim
Director

Karachi : 24th February, 2011

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