



of Companies

**THIRD QUARTERLY ACCOUNTS
2010 - 2011
(UN - AUDITED)**

UMER GROUP OF COMPANIES

FAISAL SPINNING MILLS LIMITED



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 nine months ended 31st March 2011 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 nine months ended 31st March 2011 is as under;

	March 2011	March 2010
	Rupess in Million	Rupess in Million
Sales	6,494.872	3,742.600
Gross profit	929.631	513.640
Profit before tax	615.939	198.263
Profit after tax	549.887	160.882
Earning per share	54.99	16.09

The breakup of share as on 31st March 2011 is PKR 193.03 (30th June 2010 PKR 143.05)
Profitability of the company has increased as compared to the corresponding nine months of last year.

Future Prospects

Future profitability will depend on direction of raw cotton price and corresponding price of yarn and fabric. In the month of March 2011 the activities in textile industry was severely affected due to withdrawal of zero rated exemption of Sales Tax. But subsequently, zero rated exemption was restored in a modified form in April 2011

World and local trading of cotton remained full of volatile posture fluctuating cotton rates. In local market cotton rate has touched all time high of around PKR 12,500 per maund, whereas in international market cotton rate has touched around 2.0 USD per pound.

Rising trend in inflation has so far been controlled through tighten monetary policy but it has affected the business activities very badly. Government should make efforts to bring KIBOR in single digit.

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 2010 to February 2011 because export oriented textile sector was not placed on 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.

Currently the prices of cotton in local and international market are coming down which resulted in decrease in prices of yarn and fabric. More over the demand of yarn and fabric in international market has also decreased due to the reason that the China has suspended the buying. Besides the gas loadshading in winter season, the gas loadshading is now continue in summer season which is affecting the cost of production. In the present scenario the results are not likely to be positive in coming quarter, however the manegment is doing its best effort to maintain the profitability.

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 : 26th April, 2011

THIRD QUARTER REPORT 2011

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FAISAL SPINNING MILLS LIMITED

Condensed Interim Balance Sheet (Unaudited) As At 31st March, 2011

EQUITY AND LIABILITIES	Note	31 st March 2011 Rupees	30 st June 2010 Rupees
SHARE CAPITAL AND RESERVES			
Authorized capital			
12,000,000 (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		580,398,516	80,510,855
		1,930,398,516	1,430,510,855
Loan from sponsors and relatives		100,000,000	100,000,000
NON CURRENT LIABILITIES			
Long-term financing - secured		209,285,690	115,912,508
Obligation under finance lease		3,757,547	5,803,656
Infrastructure fee payable		26,194,215	19,990,062
Employees retirement benefits		56,469,545	50,118,480
		295,706,997	191,824,706
CURRENT LIABILITIES			
Trade and other payables		403,272,471	303,728,377
Mark-up accrued on loans and other payables		39,346,823	22,669,367
Short-term borrowings - secured		1,630,241,483	599,783,167
Current portion of long term loan		70,736,049	266,916,056
		2,143,596,826	1,193,096,967
CONTINGENCIES AND COMMITMENTS	5	4,469,702,339	2,915,432,528

The annexed notes form an integral part of these financial statements

Mohammad Sharif
Chief Executive

Karachi : 26th April, 2011



FAISAL SPINNING MILLS LIMITED

Condensed Interim Balance Sheet (Unaudited) As At 31st March, 2011

ASSETS	Note	31 st March 2011 Rupees	30 st June 2010 Rupees
NON CURRENT ASSETS			
Property, plant and equipment	6	1,231,964,299	1,340,343,713
Capital work-in-progress		212,746,855	44,240,778
Long term investment		317,480,022	230,414,507
Long term loan		3,068,455	2,794,979
Long term deposits		5,769,445	5,779,445
		1,771,029,076	1,623,573,422
CURRENT ASSETS			
Stores, spare parts and loose tools		58,580,429	67,608,157
Stock in trade		2,057,250,047	893,252,646
Trade debts		435,862,829	190,745,821
Loans and advances		9,521,381	10,215,728
Trade deposits and prepayments		26,588,486	20,258,366
Other receivables		6,681,061	1,662,240
Income tax refundable		14,637,691	17,049,551
Sales tax refundable		26,387,627	16,732,668
Bank balances		63,163,712	74,333,929
		2,698,673,263	1,291,859,106
		<u>4,469,702,339</u>	<u>2,915,432,528</u>

Mohammad Salim
Director



FAISAL SPINNING MILLS LIMITED

Condensed Interim Profit and Loss Account (Unaudited) For The Nine Months Ended 31st March 2011

	Nine Months Ended		Quarter Ended	
	31 st March 2011 Rupees	31 st March 2010 Rupees	31 st March 2011 Rupees	31 st March 2010 Rupees
Sales	6,494,872,496	3,742,600,353	2,453,884,509	1,347,028,621
Cost of goods sold	5,565,241,127	3,228,959,710	2,022,436,447	1,131,065,316
Gross profit	929,631,369	513,640,643	431,448,062	215,963,305
Other operating income	3,417,545	1,741,553	2,522,251	961,258
	933,048,914	515,382,196	433,970,313	216,924,563
Distribution cost	190,937,021	149,052,675	62,404,476	56,226,662
Administrative expenses	29,760,381	27,349,592	9,813,922	9,017,534
Other operating expenses	27,522,557	8,964,672	14,523,471	4,670,984
Finance cost	161,900,361	167,722,213	71,282,479	60,939,287
	410,120,320	353,089,152	158,024,348	130,854,467
	522,928,594	162,293,044	275,945,965	86,070,096
Share of profit of associated undertaking	93,011,315	35,970,101	46,898,602	22,603,951
Profit before tax	615,939,909	198,263,145	322,844,567	108,674,047
Provision for taxation				
Current year	64,982,376	37,380,744	24,526,317	13,460,144
Prior year	1,069,872	-	-	-
	66,052,248	37,380,744	24,526,317	13,460,144
Profit after tax	549,887,661	160,882,401	298,318,250	95,213,903
Earnings per share - basic and diluted	54.99	16.09	29.83	9.52

The annexed notes form an integral part of these financial statements

Mohammad Sharif
Chief Executive

Mohammad Salim
Director

Karachi : 26th April, 2011



FAISAL SPINNING MILLS LIMITED

Condensed Interim Statement of Cash Flows (Unaudited) For The Nine Months Ended 31st March 2011

	31st March 2011 Rupees	31st March 2010 Rupees
Cash flows from operating activities		
Profit before tax	615,939,909	198,263,145
Adjustments for:		
Depreciation of property, plant and equipment	113,427,000	116,116,500
Share of profit of associated undertaking	(93,011,315)	(35,970,101)
Provision for bad debts	(1,225,014)	-
Infrastructure fee	6,204,153	1,090,301
Provision for employee benefits	13,212,758	12,230,000
(Gain) on disposal of property, plant and equipment	(588,680)	(581,576)
Finance cost	161,900,361	167,722,213
	199,919,263	260,607,337
Operating cash flows before movements in working capital	815,859,172	458,870,482
(Increase) / decrease in stores, spares and loose tools	9,027,728	(28,630,813)
(Increase) in stock in trade	(1,163,997,401)	(238,687,925)
(Increase) in trade debts	(243,601,857)	(99,448,338)
(Increase) / decrease in loans and advances	724,347	(9,493,899)
(Increase) in trade deposits	(6,330,120)	(2,265,129)
(Increase) in other receivables	(5,018,821)	(969,042)
(Increase) in sales tax refundable	(9,975,096)	(7,228,719)
Increase in trade and other payables	99,171,766	80,076,329
Increase in short-term borrowings	1,030,458,316	207,912,837
	(289,541,138)	(98,734,699)
Cash generated by operations	526,318,034	360,135,783
Finance cost paid	(145,222,905)	(169,814,170)
Employee benefit costs paid	(6,861,693)	(5,433,514)
Income taxes paid	(63,640,388)	(31,036,686)
Long-term loans	(273,476)	(1,606,981)
Long-term deposits	10,000	(1,092,000)
	(215,988,462)	(208,983,351)
Net cash inflow from operating activities	310,329,572	151,152,432



FAISAL SPINNING MILLS LIMITED

Condensed Interim Statement of Cash Flows (Unaudited) For The Nine Months Ended 31st March 2011

	31 st March 2011 Rupees	31 st March 2010 Rupees
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	1,300,000	997,000
Addition in property plant and equipment	(174,264,983)	(33,638,340)
Dividend received	5,945,800	891,870
Net cash used in investing activities	(167,019,183)	(31,749,470)
Cash flows from financing activities		
Proceed from long term finance	129,948,000	-
Proceeds from finance lease	-	5,616,560
Payment of long-term financing	(228,219,349)	(79,532,707)
Payment of obligation under finance lease	(6,581,585)	(11,031,829)
Dividend paid	(49,627,672)	(7,527,809)
Net cash out flow from financing activities	(154,480,606)	(92,475,785)
Net increase / (decrease) in cash and cash equivalents	(11,170,217)	26,927,177
Cash and cash equivalent at the beginning of period	74,333,929	13,326,888
Cash and cash equivalent at the end of period	63,163,712	40,254,065

The annexed notes form an integral part of these financial statements

Mohammad Sharif
Chief Executive

Karachi : 26th April, 2011

Mohammad Salim
Director



FAISAL SPINNING MILLS LIMITED

Condensed Interim Statement of Changes in Equity (Unaudited) For The Nine Months Ended 31st March 2011

	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 nine months ended 31 st March 2010	-	-	-	-	160,882,401	160,882,401
Balance as at 31st March, 2010	100,000,000	24,150,000	825,850,000	850,000,000	238,762,850	1,188,762,850
Profit for the remaining period	-	-	-	-	241,748,005	241,748,005
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 nine months ended 31 st March 2011	-	-	-	-	549,887,661	549,887,661
Balance as at 31st March, 2011	<u>100,000,000</u>	<u>24,150,000</u>	<u>1,225,850,000</u>	<u>1,250,000,000</u>	<u>580,398,516</u>	<u>1,930,398,516</u>

The annexed notes form an integral part of these financial statements

Mohammad Sharif
Chief Executive

Mohammad Salim
Director

Karachi : 26th April, 2011



FAISAL SPINNING MILLS LIMITED

**Condensed Interim Statement of Comprehensive Income (Unaudited)
For The Nine Months Ended 31st March 2011**

	31st March 2011 Rupees	31st March 2010 Rupees
Profit after taxation for the nine months	549,887,661	160,882,401
Other comprehensive income for the nine months	-	-
Total comprehensive Income for the nine months	<u>549,887,661</u>	<u>160,882,401</u>

The annexed notes form an integral part of these financial statements

Mohammad Sharif
Chief Executive

Karachi : 26th April, 2011

Mohammad Salim
Director



FAISAL SPINNING MILLS LIMITED

Condensed Interim Notes to the Financial Statements (Unaudited) For The Nine Months Ended 31st March 2011

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.

3 SIGNIFICANT ACCOUNTING POLICIES

- 3.1 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, 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 30 June, 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 30 June 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 Nine Months Ended 31st March 2011

	March 2011 Rupees	June 2010 Rupees
6 ACQUISITION AND DISPOSAL OF FIXED ASSETS		
written down value of assets - opening	1,340,343,713	1,461,869,550
Addition during the period	5,758,906	33,079,249
disposal during the period - written down value	(711,320)	(2,238,046)
depreciation charged during the period	(113,427,000)	(152,367,040)
written down value of asset - closing	<u>1,231,964,299</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:

	March 2011 Rupees	March 2010 Rupees
Services received	11,399,659	6,706,484
Services rendered	1,100,000	1,700,000
Electricity purchased	83,411,325	15,716,281
Purchase of yarn, fabric and stores	634,981,561	386,795,335
Sales of cotton, yarn and fabric	57,969,933	26,411,579
Dividend received	5,945,800	891,870

8 DATE OF AUTHORIZATION FOR ISSUE

These nine months period financial statements were authorized for issue on 26th April 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 year period.

Mohammad Sharif
Chief Executive

Karachi : 26th April, 2011

Mohammad Salim
Director

Vision

*A company,
providing quality textile products
and maintaining
an excellent level of ethical
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.*

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FAISAL SPINNING MILLS LIMITED

Umer House, 23/1, Sector 23, S.M. Farooq Road,
Korangi Industrial Area, Karachi-74900, Pakistan

Phone : 021 - 35115177 - 80

Fax no. : 021 - 35063002 - 3

E-mail : khioff@umergroup.com

Website: <http://www.umergroup.com>