



*of Companies*

**THIRD QUARTERLY ACCOUNTS  
2011-2012  
(UN - AUDITED)**

**UMER GROUP OF COMPANIES**

**FAISAL SPINNING MILLS LIMITED**



## FAISAL SPINNING MILLS LIMITED

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### Vision

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





FAISAL SPINNING MILLS LIMITED

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## 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 condensed financial statements for the nine months ended 31<sup>st</sup> March 2012. 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 31<sup>st</sup> March 2012 is as under;

	PKR in Million
Sales	5,465.189
Gross profit	553.431
Profit before tax	223.768
Profit after tax	169.892
	=====
	PKR per share
Earning per share	16.99
Breakup value per share	213.39

#### Future Prospects

Currently demand of textile products is sluggish due economic recession in developed countries. The sales and profitability of company has been affected due to volatile prices of cotton during last nine months. The price of cotton has now come down to normal level after abnormal increase in last year.

Pakistani Rupees has been depreciated around 4% during the nine months ended 31<sup>st</sup> March 2012.

No further reduction in discount rate was made by State Bank of Pakistan and discount rate has been kept unchanged at 12%. The State Bank of Pakistan should consider a further reduction in discount rate and it should be in single digit.

The intensity of gas load shedding has increased in Punjab during the nine months ended 31<sup>st</sup> March 2012 as compared to previous nine months. In the absence of gas the machineries had to be operated through power generation based on furnace oil which caused increased in fuel and power cost.

Currently the price of cotton in local market is around PKR 5,800 to 7,000 per maund. Due to international economic recession the prices of cotton is expected to be stable in subsequent quarter.

In the present scenario the results are likely to be adverse in coming quarters. However 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

Karachi : 26<sup>th</sup> April, 2012

**Bilal Sharif**  
Chief Executive

## FAISAL SPINNING MILLS LIMITED

### Condensed Interim Balance Sheet (Unaudited) As At 31<sup>st</sup> March, 2012

EQUITY AND LIABILITIES	Note	31 <sup>st</sup> March 2012 Rupees	30 <sup>th</sup> June 2011 Rupees
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized capital</b>			
12,000,000 (2011:12,000,000) 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		1,800,000,000	1,800,000,000
Unappropriated profit		233,957,015	139,064,820
		2,133,957,015	2,039,064,820
<b>NON CURRENT LIABILITIES</b>			
Long-term financing - secured		202,512,968	260,185,690
Obligation under finance lease		225,415	3,008,976
Long-term payable		12,642,779	11,066,141
Employees retirement benefits		68,210,171	59,293,795
		283,591,333	333,554,602
<b>CURRENT LIABILITIES</b>			
Trade and other payables		415,773,955	398,864,053
Mark-up accrued on loans and other payables		40,904,438	15,704,508
Short-term borrowings - secured		1,229,245,486	625,340,854
Current portion of long term loan		100,807,831	178,933,238
		1,786,731,710	1,218,842,653
<b>CONTINGENCIES AND COMMITMENTS</b>	5	4,204,280,058	3,591,462,075

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



Karachi : 26<sup>th</sup> April, 2012

**Bilal Sharif**  
Chief Executive

**FAISAL SPINNING MILLS LIMITED**

**Condensed Interim Balance Sheet (Unaudited)  
As At 31<sup>st</sup> March, 2012**

ASSETS	Note	31 <sup>st</sup> March 2012 Rupees	30 <sup>th</sup> June 2011 Rupees
<b>NON CURRENTASSETS</b>			
Property, plant and equipment	6	1,396,111,307	1,513,757,757
Capital work-in-progress		65,784,696	1,599,401
Long term investment		360,696,523	337,173,615
Long term deposits		5,769,445	5,769,445
		1,828,361,971	1,858,300,218
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		75,320,793	67,620,445
Stock in trade		1,759,079,780	1,262,850,313
Trade debts		365,883,649	243,342,243
Loans and advances		35,593,773	41,748,200
Trade deposits and prepayments		12,348,687	11,419,814
Other receivables		1,766,621	2,366,254
Income tax refundable		30,658,923	28,312,284
Sales tax refundable		47,883,426	37,762,395
Bank balances		47,382,435	37,739,909
		2,375,918,087	1,733,161,857
		<u>4,204,280,058</u>	<u>3,591,462,075</u>

The annexed notes form an integral part of these financial statements



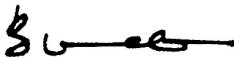
**Mohammad Salim**  
Director

## FAISAL SPINNING MILLS LIMITED

### Condensed Interim Profit and Loss Account (Unaudited) For The Nine Months Ended 31<sup>st</sup> March 2012

	Nine Months Ended		Quarter Ended	
	31 <sup>st</sup> March 2012 Rupees	31 <sup>st</sup> March 2011 Rupees	31 <sup>st</sup> March 2012 Rupees	31 <sup>st</sup> March 2011 Rupees
Sales	5,465,189,105	6,494,872,496	1,830,166,182	2,453,884,509
Cost of goods sold	4,911,757,120	5,565,241,127	1,615,746,180	2,022,436,447
<b>Gross profit</b>	553,431,985	929,631,369	214,420,002	431,448,062
Other operating income	4,581,171	3,417,545	4,056,518	2,522,251
	558,013,156	933,048,914	218,476,520	433,970,313
Distribution cost	169,713,615	190,937,021	55,513,082	62,404,476
Administrative expenses	36,046,845	29,760,381	13,099,141	9,813,922
Other operating expenses	10,069,863	27,522,557	4,299,856	14,523,471
Finance cost	150,855,454	161,900,361	63,867,180	71,282,479
	366,685,777	410,120,320	136,779,259	158,024,348
	191,327,379	522,928,594	81,697,261	275,945,965
Share of profit of associated undertaking	32,441,608	93,011,315	14,506,022	46,898,602
<b>Profit before tax</b>	223,768,987	615,939,909	96,203,283	322,844,567
Provision for taxation				
Current year	54,541,661	64,982,376	18,367,546	24,526,317
Prior year	(664,869)	1,069,872	(664,869)	-
	53,876,792	66,052,248	17,702,677	24,526,317
<b>Profit after tax</b>	169,892,195	549,887,661	78,500,606	298,318,250
<b>Earnings per share - basic and diluted</b>	16.99	54.99	7.85	29.83

The annexed notes form an integral part of these financial statements



**Bilal Sharif**  
Chief Executive



**Mohammad Salim**  
Director

Karachi : 26<sup>th</sup> April, 2012

## FAISAL SPINNING MILLS LIMITED

### Condensed Interim Cash Flow Statement (Unaudited) For The Nine Months Ended 31<sup>st</sup> March 2012

	31 <sup>st</sup> March 2012 Rupees	31 <sup>st</sup> March 2011 Rupees
<b>Cash flows from operating activities</b>		
Profit before tax	223,768,987	615,939,909
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	124,461,000	113,427,000
Share of profit of associated undertaking	(32,441,608)	(93,011,315)
Provision for bad debts	135,873	320,138
Bad debts recovered	(3,400,000)	(1,545,152)
Infrastructure fee	1,576,638	6,204,153
Provision for employee benefits	16,425,000	13,212,758
(Gain) on disposal of property, plant and equipment	(289,050)	(588,680)
Finance cost	150,855,454	161,900,361
	257,323,307	199,919,263
<b>Operating cash flows before movements in working capital</b>	481,092,294	815,859,172
(Increase) / decrease in stores, spares and loose tools	(7,700,348)	9,027,728
(Increase) in stock in trade	(496,229,467)	(1,163,997,401)
(Increase) in trade debts	(122,541,406)	(243,601,857)
Decrease in loans and advances	9,554,427	724,347
(Increase) in trade deposits	(928,873)	(6,330,120)
Decrease / (Increase) in other receivables	599,633	(5,018,821)
(Increase) in sales tax refundable	(10,256,904)	(9,975,096)
Increase in trade and other payables	16,299,501	99,171,766
Increase in short-term borrowings	603,904,632	1,030,458,316
	(7,298,805)	(289,541,138)
<b>Cash generated by operations</b>	473,793,489	526,318,034
Finance cost paid	(125,655,524)	(145,222,905)
Employee benefit costs paid	(7,508,624)	(6,861,693)
Income taxes paid	(56,223,431)	(63,640,388)
Long-term deposits	-	10,000
Long-term loans	-	(273,476)
	(189,387,579)	(215,988,462)
<b>Net cash from operating activities</b>	284,405,910	310,329,572

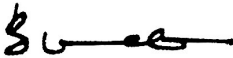


**FAISAL SPINNING MILLS LIMITED**

**Condensed Interim Cash Flow Statement (Unaudited)  
For The Nine Months Ended 31<sup>st</sup> March 2012**

	31 <sup>st</sup> March 2012 Rupees	31 <sup>st</sup> March 2011 Rupees
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	350,000	1,300,000
Addition in property plant and equipment	(71,060,795)	(174,264,983)
Dividend received	8,918,700	5,945,800
<b>Net cash used in investing activities</b>	<u>(61,792,095)</u>	<u>(167,019,183)</u>
<b>Cash flows from financing activities</b>		
Proceed from long term finance	-	129,948,000
Payment of loan from sponsors and relatives	(100,000,000)	-
Payment of long-term financing	(36,575,000)	(228,219,349)
Payment of obligation under finance lease	(2,006,690)	(6,581,585)
Dividend paid	(74,389,599)	(49,627,672)
<b>Net cash from financing activities</b>	<u>(212,971,289)</u>	<u>(154,480,606)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	9,642,526	(11,170,217)
<b>Cash and cash equivalent at the beginning of period</b>	<u>37,739,909</u>	<u>74,333,929</u>
<b>Cash and cash equivalent at the end of period</b>	<u><u>47,382,435</u></u>	<u><u>63,163,712</u></u>

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



**Bilal Sharif**  
Chief Executive



**Mohammad Salim**  
Director

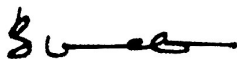
Karachi : 26<sup>th</sup> April, 2012

## FAISAL SPINNING MILLS LIMITED

### Condensed Interim Statement of Changes in Equity (Unaudited) For The Nine Months Ended 31<sup>st</sup> March 2012

	Reserves				Unappropriated Profit Rupees	Total Rupees
	Share Capital	Capital Reserves	General Reserves	Total		
	Rupees	Rupees	Rupees			
<b>Balance as at 30<sup>th</sup> June, 2010</b>	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. 5.0 per share	-	-	-	-	(50,000,000)	(50,000,000)
Profit for nine months ended 31 <sup>st</sup> March 2011	-	-	-	-	549,887,661	549,887,661
<b>Balance as at 31<sup>st</sup> March, 2011</b>	100,000,000	24,150,000	1,225,850,000	1,250,000,000	580,398,516	1,930,398,516
Profit for the remaining period	-	-	-	-	108,666,304	108,666,304
Transferred to general reserve	-	-	550,000,000	550,000,000	(550,000,000)	-
<b>Balance as at 30<sup>th</sup> June, 2011</b>	100,000,000	24,150,000	1,775,850,000	1,800,000,000	139,064,820	2,039,064,820
Final cash dividend for the year ended June 30, 2011 PKR. 7.50 per share	-	-	-	-	(75,000,000)	(75,000,000)
Profit for nine months ended 31 <sup>st</sup> March 2012	-	-	-	-	169,892,195	169,892,195
<b>Balance as at 31<sup>st</sup> March, 2012</b>	<b>100,000,000</b>	<b>24,150,000</b>	<b>1,775,850,000</b>	<b>1,800,000,000</b>	<b>233,957,015</b>	<b>2,133,957,015</b>

The annexed notes form an integral part of these financial statements



**Bilal Sharif**  
Chief Executive



**Mohammad Salim**  
Director

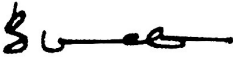
Karachi : 26<sup>th</sup> April, 2012

**FAISAL SPINNING MILLS LIMITED**

**Condensed Interim Statement of Comprehensive Income (Unaudited)  
For the Nine Months Ended 31<sup>st</sup> March 2012**

Note	Nine Months Ended		Quarter Ended	
	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
	Rupees	Rupees	Rupees	Rupees
Profit after taxation	169,892,195	549,887,661	78,500,606	298,318,250
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<u>169,892,195</u>	<u>549,887,661</u>	<u>78,500,606</u>	<u>298,318,250</u>

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



**Bilal Sharif**  
Chief Executive



**Mohammad Salim**  
Director

Karachi : 26<sup>th</sup> April, 2012



## FAISAL SPINNING MILLS LIMITED

### Condensed Interim Notes to the Financial Statements ( Unaudited ) For The Nine Months ended 31<sup>st</sup> March, 2012

#### 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 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, 2011.

#### 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<sup>th</sup> June, 2011.

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<sup>th</sup> June 2011.

#### 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 30<sup>th</sup> June 2011.

#### 6 PROPERTY, PLANT AND EQUIPMENTS

	MARCH 2012 Rupees	JUNE 2011 Rupees
Written down value of assets - opening	1,513,757,757	1,340,343,713
Addition during the period	6,875,500	323,007,172
Disposal during the period - written down value	(60,950)	(11,669,625)
Depreciation charged during the period	(124,461,000)	(137,923,503)
Written down value of asset - closing	<u>1,396,111,307</u>	<u>1,513,757,757</u>

**FAISAL SPINNING MILLS LIMITED**

**Condensed Interim Notes to the Financial Statements ( Unaudited )  
For The Nine Months ended 31<sup>st</sup> March, 2012**

**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:

	Nine Month Ended		Quarter Ended	
	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
	Rupees	Rupees	Rupees	Rupees
Services received	3,162,000	11,399,659	2,022,000	3,652,766
Services rendered	15,204,600	1,100,000	15,204,600	1,100,000
Electricity purchased	119,873,652	83,411,325	46,965,677	30,914,335
Purchase of yarn, fabric and stores	550,021,816	634,981,561	143,680,137	296,207,970
Sales of cotton, yarn and fabric	189,561,719	57,969,933	9,273,678	24,155,982

**8 DATE OF AUTHORIZATION FOR ISSUE**

These nine months period financial statements were authorized for issue on 26<sup>th</sup> April 2012 by the Board of Directors of the Company.

**9 DIVIDEND**

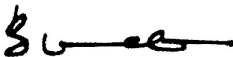
The Company has paid cash dividend at the rate of 75.0% (i.e. PKR 7.50 per share) on the ordinary shares as approved in 27<sup>th</sup> Annual General Meeting held on October 27, 2011.

**10 OTHERS**

There are no other significant activity since 30<sup>th</sup> June 2011 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 and quarter.



**Bilal Sharif**  
Chief Executive



**Mohammad Salim**  
Director

Karachi : 26<sup>th</sup> April, 2012

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