



of Companies

HALF YEARLY ACCOUNTS
2012 - 2013
(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 condensed financial statements for the half year ended 31st December 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 half year ended 31st December 2012 is as under;

	PKR in Million
Sales	4,007.435
Gross profit	473.810
Profit before tax	294.410
Profit after tax	254.313
	=====
Earning per share	PKR per share 25.43
Breakup value per share	246.73

Auditors' review on the condensed interim financial statements for the half year ended 31st December 2012 is annexed herewith.

Overview and Future Prospects

During the half year ended 31st December 2012 demand of yarn was satisfactory whereas demand of fabric was suppressed. Pakistani Rupees has been depreciated around 5% during the half year ended 31st December 2012.

The reduction in discount rate by State Bank of Pakistan to 9.5% is appreciated. No further reduction in discount rate was made by State Bank of Pakistan after the monetary policy announced in December 2012. The State Bank of Pakistan should consider a further reduction in discount rate in order to support business and economic activities.

The intensity of gas load shedding has increased in Punjab during the half year ended 31st December 2012 as compared to previous half year. 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 and international market is increasing. In local market, it is around PKR 6,300 to 6,500 per maund. Due to lower production of cotton in Pakistan the prices of cotton is expected to be higher in subsequent quarter.

In the present scenario the results are likely to be positive in coming quarters. 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
Bilal Sharif
Chief Executive

Karachi : 28th February, 2013

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

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Member of



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

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Faisal Spinning Mills Limited** as at December 31, 2012, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement 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 interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income account for the quarter ended December 31, 2012 and 2011 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2012.

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, 2012 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

KARACHI:

Date: **28th February, 2013**

MUSHTAQ & COMPANY

Chartered Accountants

Engagement Partner:

Shahabuddin A. Siddiqui, FCA



FAISAL SPINNING MILLS LIMITED

Condensed Interim Balance Sheet (Unaudited) As At 31st December, 2012

EQUITY AND LIABILITIES	Note	31st December 2012 Rupees	30th June 2012 Rupees
SHARE CAPITAL AND RESERVES			
AUTHORIZED CAPITAL			
12,000,000 (June 2012: 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		<u>100,000,000</u>	100,000,000
Reserves		<u>2,100,000,000</u>	2,100,000,000
Unappropriated profits		<u>267,376,104</u>	63,062,272
		2,467,376,104	2,263,062,272
NON CURRENT LIABILITIES			
Long-term financing - secured		<u>144,840,250</u>	177,449,500
Obligation under finance lease		<u>3,226,944</u>	4,230,147
Deferred liabilities		<u>86,718,857</u>	77,401,541
		234,786,051	259,081,188
CURRENT LIABILITIES			
Trade and other payables		<u>452,069,431</u>	437,587,390
Mark-up accrued on loans and other payables		<u>20,145,862</u>	13,012,924
Short-term borrowings - secured		<u>1,608,117,578</u>	540,500,000
Current portion of long term loan		<u>76,829,793</u>	95,563,160
		2,157,162,664	1,086,663,474
CONTINGENCIES AND COMMITMENTS	5	-	-
		<u>4,859,324,819</u>	<u>3,608,806,934</u>

The annexed notes form an integral part of these financial statements

Bilal Sharif
Chief Executive

Karachi : 28th February, 2013

Half Year ended 31st December 2012

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FAISAL SPINNING MILLS LIMITED

Condensed Interim Balance Sheet (Unaudited) As At 31st December, 2012

ASSETS		31 st December 2012 Rupees	30 th June 2012 Rupees
NON CURRENT ASSETS			
Property, plant and equipment	6	1,358,230,730	1,439,394,698
Capital work-in-progress		63,915,318	46,673,647
Long term investment		402,687,665	380,628,631
Long term deposits		5,033,195	5,033,195
		1,829,866,908	1,871,730,171
CURRENT ASSETS			
Stores, spare parts and loose tools		98,617,802	75,822,894
Stock in trade		2,250,511,185	1,189,893,043
Trade debts		329,392,127	319,241,243
Loans and advances		134,887,033	9,764,300
Trade deposits and prepayments		27,148,124	14,958,548
Other receivables		2,594,432	2,964,932
Sales tax refundable		64,728,566	56,510,211
Income tax refundable		31,492,940	31,940,392
Cash and Bank balances		90,085,702	35,981,200
		3,029,457,911	1,737,076,763
		4,859,324,819	3,608,806,934

Mohammad Salim
Director



FAISAL SPINNING MILLS LIMITED

**Condensed Interim Profit and Loss Account (Unaudited)
For The Half Year Ended 31st December 2012**

	Half Year Ended		Quarter Ended	
	31 st December 2012 Rupees	31 st December 2011 Rupees	31 st December 2012 Rupees	31 st December 2011 Rupees
Sales	4,007,435,539	3,635,022,923	2,033,100,157	1,811,867,350
Cost of goods sold	3,533,624,574	3,296,010,940	1,745,220,458	1,638,902,724
Gross profit	473,810,965	339,011,983	287,879,699	172,964,626
Other operating income	2,647,714	524,653	1,897,599	343,073
	476,458,679	339,536,636	289,777,298	173,307,699
Distribution cost	118,581,042	114,200,533	61,654,641	54,145,382
Administrative expenses	24,538,244	22,947,704	11,620,373	10,905,784
Other operating expenses	14,083,230	5,770,007	9,371,328	3,094,369
Finance cost	52,850,307	86,988,274	30,251,238	46,369,186
	210,052,823	229,906,518	112,897,580	114,514,721
	266,405,856	109,630,118	176,879,718	58,792,978
Share of profit of associated undertaking	28,004,834	17,935,586	15,873,652	10,044,695
Profit before tax	294,410,690	127,565,704	192,753,370	68,837,673
Provision for taxation				
Current year	40,096,858	36,174,115	20,346,276	18,053,590
Profit after tax	254,313,832	91,391,589	172,407,094	50,784,083
Earnings per share - basic and diluted	25.43	9.14	17.24	5.08

The annexed notes form an integral part of these financial statements

Bilal Sharif
Chief Executive

Mohammad Salim
Director

Karachi : 28th February, 2013

FAISAL SPINNING MILLS LIMITED

**Condensed Interim Cash Flow Statement (Unaudited)
For The Half Year Ended 31st December 2012**

	31 st December 2012 Rupess	31 st December 2011 Rupess
Cash flows from operating activities		
Profit before tax	294,410,690	127,565,704
Adjustments for:		
Depreciation of property, plant and equipment	79,121,945	82,974,000
Share profit of associated undertaking	(28,004,834)	(17,935,586)
Provision for bad debts	99,230	135,873
Infrastructure fee	1,757,701	1,161,125
Provision for employee benefits	12,036,000	10,950,000
(Gain) on disposal of property, plant and equipment	(385,580)	-
Finance cost	52,850,307	86,988,274
	117,474,769	164,273,686
Operating cash flows before movements in working capital	411,885,459	291,839,390
(Increase) in stores, spares and loose tools	(22,794,908)	(17,007,149)
(Increase) in stock in trade	(1,060,618,142)	(743,031,503)
(Increase) in trade debts	(10,250,114)	(199,523,473)
(Increase) in loans and advances	(125,122,733)	(69,054,045)
(Increase) in trade deposits	(12,189,576)	(929,487)
(Increase) in sales tax refund and other receivables	(7,311,263)	(12,324,155)
Increase in trade and other payables	13,426,303	55,563,594
	(1,224,860,433)	(986,306,218)
Cash generated by operations	(812,974,974)	(694,466,828)
Finance cost paid	(45,717,369)	(71,674,806)
Employee benefit costs paid	(4,476,385)	(3,581,121)
Income taxes paid	(39,649,406)	(35,101,084)
Long-term deposits refunded	-	811,200
	(89,843,160)	(109,545,811)
Net cash from operating activities	(902,818,134)	(804,012,639)



FAISAL SPINNING MILLS LIMITED

Condensed Interim Cash Flow Statement (Unaudited) For The Half Year Ended 31st December 2012

	31 st December 2012 Rupees	31 st December 2011 Rupees
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	3,979,310	-
Addition in property plant and equipment	(18,793,378)	(882,174)
Dividend received	5,945,800	-
Net cash used in investing activities	(8,868,268)	(882,174)
Cash flows from financing activities		
Payment of loan from sponsors and relatives	-	(100,000,000)
Payment of long-term financing	(49,489,094)	(34,050,000)
Payment of obligation under finance lease	(2,856,726)	(1,316,922)
Increase / (decrease) in short-term borrowings	1,067,617,578	982,816,887
Dividend paid	(49,480,854)	(14,085,730)
Net cash from financing activities	965,790,904	833,364,235
Net increase / (decrease) in cash and cash equivalents	54,104,502	28,469,422
Cash and cash equivalent at the beginning of year	35,981,200	37,739,909
Cash and cash equivalent at the end of period	90,085,702	66,209,331

The annexed notes form an integral part of these financial statements

Bilal Sharif
Chief Executive

Mohammad Salim
Director

Karachi : 28th February, 2013



FAISAL SPINNING MILLS LIMITED

Condensed Interim Statement of Changes in Equity (Unaudited) For The Half Year Ended 31st December 2012

	Share Capital		Reserves		Unappropriated Profit Rupees	Total Rupees
	Capital Reserves	General Reserves	Total	Total		
	Rupees	Rupees	Rupees	Rupees		
Balance as at 30th June, 2011	100,000,000	24,150,000	1,775,850,000	1,800,000,000	139,064,820	2,039,064,820
Final dividend for the year ended June 30, 2011 PKR. 7.5 per share	-	-	-	-	(75,000,000)	(75,000,000)
Profit for the half year ended 31st December 2011	-	-	-	-	91,391,589	91,391,589
Balance as at 31st December, 2011	100,000,000	24,150,000	1,775,850,000	1,800,000,000	155,456,409	2,055,456,409
Profit for the remaining period	-	-	-	-	207,605,863	207,605,863
Transferred to general reserve	-	-	300,000,000	300,000,000	(300,000,000)	-
Balance as at 30th June, 2012	100,000,000	24,150,000	2,075,850,000	2,100,000,000	63,062,272	2,263,062,272
Final dividend for the year ended June 30, 2012 PKR. 5.0 per share	-	-	-	-	(50,000,000)	(50,000,000)
Profit for the half year ended 31st December 2012	-	-	-	-	254,313,832	254,313,832
Balance as at 31st December, 2012	100,000,000	24,150,000	2,075,850,000	2,100,000,000	267,376,104	2,467,376,104

The annexed notes form an integral part of these financial statements

Bilal Sharif
Chief Executive

Mohammad Salim
Director

Karachi : 28th February, 2013



FAISAL SPINNING MILLS LIMITED

**Condensed Interim Statement of Comprehensive Income (Unaudited)
For the Half Year Ended 31st December 2012**

	Half Year Ended		Quarter Ended	
	31 st December 2012 Rupees	31 st December 2011 Rupees	31 st December 2012 Rupees	31 st December 2011 Rupees
Profit for the half year after taxation	254,313,832	91,391,589	172,407,094	50,784,083
Other comprehensive income for the half year	-	-	-	-
Total comprehensive Income for the half year	254,313,832	91,391,589	172,407,094	50,784,083

The annexed notes form an integral part of these financial statements

Bilal Sharif
Chief Executive

Mohammad Salim
Director

Karachi : 28th February, 2013



FAISAL SPINNING MILLS LIMITED

Condensed Interim Notes To The Financial Statements (Unaudited) For The Half Year Ended 31st December, 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.

These condensed interim financial statements comprise of condensed balance sheet, condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes for the half year ended December 31, 2012 which have been subjected to a review but not audited. These condensed interim financial statements also include the condensed interim profit and loss account for the quarter ended 31st December, 2012.

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 30th June, 2012.

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 30th June, 2012.
- 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 30th June 2012.

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 30th June, 2012.



FAISAL SPINNING MILLS LIMITED

Condensed Interim Notes To The Financial Statements (Unaudited)
For The Half Year Ended 31st December, 2012

	DECEMBER 2012 RUPEES	JUNE 2012 RUPEES
6 PROPERTY, PLANT AND EQUIPMENTS		
Written down value of assets - opening	1,439,394,698	1,513,757,757
Addition during the period	1,551,707	87,170,114
Disposal during the period - written down value	(3,593,730)	(296,054)
Depreciation charged during the period	(79,121,945)	(161,237,119)
Written down value of asset - closing	1,358,230,730	1,439,394,698

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:

	Half Year Ended		Quarter Ended	
	31st December 2012 Rupees	31st December 2011 Rupees	31st December 2012 Rupees	31st December 2011 Rupees
	Services received	3,582,600	1,140,000	1,368,600
Services rendered	4,152,732	-	4,152,732	-
Electricity purchased	45,062,749	72,907,975	27,301,770	39,905,238
Purchase of yarn, fabric and stores	374,018,537	406,341,679	210,652,117	146,740,804
Sales of cotton, yarn and fabric	66,562,066	180,288,041	39,466,280	55,840,658
Dividend received	5,945,800	8,918,700	5,945,800	8,918,700

8 RECLASSIFICATION

Corresponding figures have been rearranged and reclassified to reflect more appropriate presentation of events and transactions of the purposes of comparison. Significant reclassifications made is as following:

	From	TO	Nature	Amount
	Loan & Advances	Trade deposits and prepayments		
	Security Deposits	Trade Deposits	Proper classification	2,782,000

9 DATE OF AUTHORIZATION FOR ISSUE

These six months period financial statements were authorized for issue on 28th February 2013 by the board of directors of the Company.

10 DIVIDEND

The Company has paid cash dividend at the rate of 50% (i.e. PKR 5.0 per share) on the ordinary shares as approved in 28th Annual General Meeting held on 24th October, 2012.

11 OTHERS


There are no other significant activity since 30th June, 2012 affecting the financial statements.

12 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.

Karachi : 28th February, 2013


 Bilal Sharif
 Chief Executive


 Mohammad Salim
 Director

Half Year ended 31st December 2012

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