



of Companies

**FIRST QUARTERLY ACCOUNTS
2013 - 2014
(UN - AUDITED)**

UMER GROUP OF COMPANIES

FAISAL SPINNING MILLS LIMITED



FAISAL SPINNING MILLS LIMITED

DIRECTORS REVIEW

The Directors have the pleasure to present financial information of the Company for the first quarter of the financial year 2013-14 ended September 30, 2013. This condensed interim financial information is un-audited. The comparative figures for the corresponding quarter ended September 30, 2012 are included for comparison, except in the Balance Sheet where comparative figures are for the year ended June 30, 2013 as required by the International Accounting Standards.

Company Performance

Your Company has achieved very good results for the first quarter of financial year 2013-14. The company made profit after tax during the first quarter of Rs. 173,474,956 as compared to Rs. 81,906,738/= during corresponding first quarter of the preceding financial year.

Sales and Gross Profit for the quarter have also increased as compared to first quarter of preceding financial year. The Company achieved Sales of Rs. 2.35 billion for the quarter as compared to Rs. 1.97 billion during corresponding quarter of previous financial year, depicting increase of 19.29%. This increase is attributed to improvements in price in international as well as local market and increase in sales volume.

Earnings per share for the first quarter stood at Rs. 17.35 as compared to the EPS of corresponding quarter of previous year which was Rs. 8.19.

Future Outlook

The Company faces many challenges to profitability in future. Energy prices, including gas, furnace oil and electricity rates are continuously rising. The approaching winter months are likely to result in gas and electricity shortage, which will affect production badly. China has been main importer of cotton yarn for last three years but due to slump in international market, China's demand for yarn is very slow and the export sales price of yarn may be the lowest in future. Due to low prices of yarn and substantial increase in cost of production, the future outlook is very bleak and depressing.

The management of the company is fully aware of the necessity of Balancing and Modernization and expansion, therefore production capacity of spinning unit is being enhanced by installation of new 6,000 spindles.

Instead of reducing discount rate, the State Bank of Pakistan has increased discount rate by 0.50 which will increase borrowing cost and consequently affects the profitability of company.

Acknowledgement

The Directors are also grateful and pleased to place on record their appreciation for the support, guidance and cooperation extended by the financial institutions, executives, officers, staff, technicians and workers of the company in performance of their duties. The Board of Directors also expresses its appreciation of the understanding and support extended by the shareholders of the company.

For and on behalf of the Board
BILAL SHARIF
Chief Executive

Karachi: October 28th, 2013



FAISAL SPINNING MILLS LIMITED

Condensed Interim Balance Sheet (Un-Audited) As At 30th September, 2013

	30 th September 2013 Rupees	30 th June 2013 Rupees
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized capital		
12,000,000 (June 2013: 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	2,800,000,000	2,800,000,000
Unappropriated profits	284,769,147	111,294,191
	3,184,769,147	3,011,294,191
NON CURRENT LIABILITIES		
Long-term financing - secured	716,609,600	534,477,451
Obligation under finance lease	1,692,151	2,222,968
Infrastructure fee payable	23,370,350	19,782,149
Deferred liabilities	82,640,685	79,050,611
	824,312,786	635,533,179
CURRENT LIABILITIES		
Trade and other payables	459,471,281	416,420,691
Mark-up accrued	15,165,424	12,899,343
Short-term borrowings - secured	653,400,000	929,000,000
Current portion of long term financing	110,211,450	85,421,328
	1,238,248,155	1,443,741,362
CONTINGENCIES AND COMMITMENTS	3	-
	5,247,330,088	5,090,568,732

The annexed notes form an integral part of these financial statements

BILAL SHARIF
Chief Executive

Karachi: 28th October 2013



FAISAL SPINNING MILLS LIMITED

Condensed Interim Balance Sheet (Un-Audited) As At 30th September, 2013

	Note	30 th September 2013 Rupees	30 th June 2013 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	4	1,352,767,232	1,404,361,775
Capital work-in-progress		665,756,937	377,111,639
Long term investment		465,775,398	447,639,881
Long term deposits		7,113,235	5,033,195
		2,491,412,802	2,234,146,490
CURRENT ASSETS			
Stores, spare parts and loose tools		63,462,987	78,670,168
Stock in trade		1,862,596,547	2,089,299,296
Trade debts		453,970,232	397,153,858
Loans and advances		116,306,480	60,989,089
Trade deposits and prepayments		30,399,265	22,785,820
Other receivables		5,576,584	5,409,752
Income tax refundable		44,381,493	47,190,115
Sales tax refundable		87,645,909	71,497,066
Bank balances		91,577,789	83,427,078
		2,755,917,286	2,856,422,242
		5,247,330,088	5,090,568,732

MOHAMMAD SALIM
Director



FAISAL SPINNING MILLS LIMITED

Condensed Interim Profit and Loss Account (Un-Audited) For The First Quarter Ended 30th September 2013

	30 th September 2013 Rupees	30 th September 2012 Rupees
Sales	2,355,189,664	1,974,335,382
Cost of goods sold	2,050,880,533	1,788,404,116
Gross profit	304,309,131	185,931,266
Other operating income	3,280,073	750,115
	307,589,204	186,681,381
Distribution cost	69,603,616	56,926,401
Administrative expenses	17,598,767	12,917,871
Other operating expenses	9,404,187	4,711,902
Finance cost	32,303,068	22,599,069
	128,909,638	97,155,243
	178,679,566	89,526,138
Share of profit of associated undertaking	18,135,517	12,131,182
Profit before tax	196,815,083	101,657,320
Provision for taxation	23,340,127	19,750,582
Profit after tax	173,474,956	81,906,738
Earnings per share - basic and diluted	17.35	8.19

The annexed notes form an integral part of these financial statements

BILAL SHARIF
Chief Executive

MOHAMMAD SALIM
Director

Karachi: 28th October 2013



FAISAL SPINNING MILLS LIMITED


Condensed Interim Cash Flow Statement (Un-Audited) For The First Quarter Ended 30th September 2013

	30 th September 2013 Rupees	30 th September 2012 Rupees
Cash flows from operating activities		
Profit before tax	196,815,083	101,657,320
Adjustments for:		
Depreciation of property, plant and equipment	43,829,351	39,563,945
Share of profit of associated undertaking	(18,135,517)	(12,131,182)
Provision for bad debts	-	99,230
Infrastructure fee	3,588,201	475,327
Provision for employee benefits	6,649,500	6,003,120
Gain on disposal of property, plant and equipment	(2,664,885)	(385,580)
Finance cost	32,303,068	22,599,069
	65,569,718	56,223,929
Operating cash flows before movements in working capital	262,384,801	157,881,249
Decrease / (Increase) in stores, spares and loose tools	15,207,181	(14,486,970)
Decrease in stock in trade	226,702,749	559,095,841
Increase in trade debts	(56,816,374)	(99,797,563)
Increase in loans and advances	(55,317,391)	(16,854,551)
Increase in trade deposits	(7,613,445)	(5,218,660)
Increase in sales tax refund and other receivables	16,315,675	(868,560)
Increase in trade and other payables	43,090,465	42,703,788
	148,937,510	464,573,325
Cash generated from operations	411,322,311	622,454,574
Finance cost paid	(30,036,987)	(24,538,678)
Employee benefit costs paid	(3,059,426)	(2,595,610)
Income taxes paid	(20,531,505)	(16,519,506)
Long-term deposits	(2,080,040)	-
	(55,707,958)	(43,653,794)
Net cash from operating activities	355,614,353	578,800,780
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	11,200,000	3,979,310
Addition in property plant and equipment	(289,415,221)	(9,224,901)
	(278,215,221)	(5,245,591)
Net cash used in investing activities	(278,215,221)	(5,245,591)
Cash flows from financing activities		
Proceed from long term financing	248,958,549	-
Payment of long term loan	(42,095,625)	(16,304,625)
Payment of obligation under finance lease	(471,470)	(934,380)
Decrease in short-term borrowings	(275,600,000)	(525,500,000)
Dividend paid	(39,875)	-
	(69,248,421)	(542,739,005)
Net cash from financing activities	(69,248,421)	(542,739,005)
Net increase in cash and cash equivalents	8,150,711	30,816,184
Cash and cash equivalent at the beginning of year	83,427,078	35,981,200
Cash and cash equivalent at the end of year	91,577,789	66,797,384

The annexed notes form an integral part of these financial statements

Karachi: 28th October 2013


BILAL SHARIF
Chief Executive


MOHAMMAD SALIM
Director



FAISAL SPINNING MILLS LIMITED

Condensed Interim Statement of Changes In Equity (Un-Audited) For The First Quarter Ended 30th September 2013

	Reserves				Unappropriated	
	Share Capital	Capital Reserves	General Reserves	Total	Profit	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
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
Profit for the quarter ended 30th September 2012	-	-	-	-	81,906,738	81,906,738
Balance as at 30th September, 2012	100,000,000	24,150,000	2,075,850,000	2,100,000,000	144,969,010	2,344,969,010
Final dividend for the year ended June 30, 2013 PKR. 5.0 per share	-	-	-	-	(50,000,000)	(50,000,000)
Profit for the remaining period	-	-	-	-	716,325,181	716,325,181
Transferred to general reserve	-	-	700,000,000	700,000,000	(700,000,000)	-
Balance as at 30th June, 2013	100,000,000	24,150,000	2,775,850,000	2,800,000,000	111,294,191	3,011,294,191
Profit for the quarter ended 30th September 2013	-	-	-	-	173,474,956	173,474,956
Balance as at 30th September, 2013	100,000,000	24,150,000	2,775,850,000	2,800,000,000	284,769,147	3,184,769,147

BILAL SHARIF
Chief Executive

MOHAMMAD SALIM
Director

Karachi: 28th October 2013



FAISAL SPINNING MILLS LIMITED

Condensed Interim Statement of Comprehensive Income (Un-Audited) For The First Quarter Ended 30th September 2013

	30 th September 2013 Rupees	30 th September 2012 Rupees
Profit for the year after taxation	173,474,956	81,906,738
Other comprehensive income for the period	-	-
Total comprehensive Income for the period	173,474,956	81,906,738

The annexed notes form an integral part of these financial statements

BILAL SHARIF
Chief Executive

MOHAMMAD SALIM
Director

Karachi: 28th October 2013



FAISAL SPINNING MILLS LIMITED

Condensed Interim Notes To The Financial Statements (Unaudited) For The First Quarter Ended 30th September, 2013

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 principal business of the company is manufacturing and sale of yarn and woven fabrics. The registered office is located at Umer House, 23/1, Sector 23, S. M. Farooq Road, Korangi Industrial Area, Karachi.

2 Accounting Policies

All accounting policies adopted for the preparation of these quarterly financial statements are the same as applied in preparation of the preceding annual published financial statements of the company for the year ended June 30, 2013.

3 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, 2013.

4 Acquisition and Disposal of Fixed Assets

	September 2013 RUPEES	June 2013 RUPEES
Written down value of assets - opening	1,404,361,775	1,439,394,698
Addition during the period	769,923	127,982,562
Disposal during the period - written down value	(8,535,115)	(7,990,303)
Depreciation charged during the period	(43,829,351)	(155,025,182)
Written down value of asset - closing	<u>1,352,767,232</u>	<u>1,404,361,775</u>

5 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:

	September 2013 RUPEES	September 2012 RUPEES
Services received	75,000	2,214,000
Electricity purchased	23,504,998	17,760,979
Purchase of yarn, fabric and stores	173,997,567	163,366,420
Sales of cotton, yarn and fabric	-	27,095,786

6 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 quarter.

BILAL SHARIF
Chief Executive

MOHAMMAD SALIM
Director

Karachi: 28th October 2013

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