



*of Companies*

**HALF YEARLY ACCOUNTS  
2013 - 2014  
(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.

**Directors' Review**

The Board of directors is pleased to present before you the un-audited condensed financial statements for the half year ended 31<sup>st</sup> December 2013. 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 31<sup>st</sup> December 2013 is as under;

	PKR in Million
Sales	4,697.621
Gross profit	721.844
Profit before tax	452.072
Profit after tax	405.159
	=====
	PKRpershare
Earnings per share	40.52
Breakup value per share	336.64

Auditors' review on the condensed interim financial statements for the half year ended 31<sup>st</sup> December 2013 is annexed herewith.

**Overview and Future Prospects**

By the blessing of Allah Al Mighty the expansion of 6,000 spindles has been successfully completed within stipulated time. The production has now increased by 9 tons of yarn per day.

During the half year ended 31<sup>st</sup> December 2013, the profitability of company has increased substantially as compared to previous half year despite the fact that international market is in depression and yarn demand is at slump due to lack of demand of yarn from China.

The Pakistani Rupee has been depreciated around 8% since June 2013, however strengthen subsequently to some extent. A major increase in exports and production of textile industry is being expected by government official, after getting Generalized System of Preferences (GSP) Plus status by the European Union. But the shortage of energy, law and order situation and lack of adequate technology are the major constrain of taking benefits from GPS Plus.

The intensity of gas load shedding has increased in Punjab during the half year ended 31<sup>st</sup> December 2013. 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.

Cotton prices are now steady around PKR 6,900 to PKR 7,200 per maund but the depression in international market may affect the steadiness of cotton prices.

In the present scenario the results are likely to be depressed in coming quarters. The management of the company is doing its best efforts to maintain the profitability margin.

**Acknowledgment**

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: 25<sup>th</sup> February , 2014**

# MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

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Member of



Illinois, USA

## Auditor's 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, 2013, 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 for the quarter ended December 31, 2013 and December 31, 2012 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2013.

### 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 interim financial information for the half year ended December 31, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

**Karachi: 25<sup>th</sup> February , 2014**

**MUSHTAQ & COMPANY**  
Chartered Accountants  
**Engagement Partner:**  
Mushtaq Ahmed Vohra F.C.A

**Condensed Interim Balance Sheet (Un-audited)  
as at 31<sup>st</sup> December , 2013**

Note	31 <sup>st</sup> December 2013 Rupees	30 <sup>th</sup> June 2013 Rupees
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
<b>Authorized capital</b>		
12,000,000 (2013: 12,000,000) ordinary shares of PKR 10 each	<b>120,000,000</b>	120,000,000
Issued, subscribed and paid up capital	<b>100,000,000</b>	100,000,000
Reserves	<b>2,800,000,000</b>	2,800,000,000
Unappropriated profits	<b>466,453,302</b>	111,294,191
	<b>3,366,453,302</b>	3,011,294,191
<b>NON CURRENT LIABILITIES</b>		
Long-term financing - secured	<b>813,113,669</b>	534,477,451
Obligation under finance lease	<b>1,097,724</b>	2,222,968
Deferred liabilities	<b>110,098,753</b>	98,832,760
	<b>924,310,146</b>	635,533,179
<b>CURRENT LIABILITIES</b>		
Trade and other payables	<b>545,562,343</b>	416,420,691
Mark-up accrued on loans and other payables	<b>36,418,396</b>	12,899,343
Short-term borrowings - secured	<b>2,058,192,299</b>	929,000,000
Current portion of long term loan	<b>146,690,246</b>	85,421,328
	<b>2,786,863,284</b>	1,443,741,362
<b>CONTINGENCIES AND COMMITMENTS</b>	<b>5</b>	-
	<b>7,077,626,732</b>	5,090,568,732

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



**BILAL SHARIF**  
Chief Executive

Karachi: 25<sup>th</sup> February , 2014

**Condensed Interim Balance Sheet (Un-audited)  
as at 31<sup>st</sup> December , 2013**

	Note	31 <sup>st</sup> December 2013 Rupees	30 <sup>th</sup> June 2013 Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	6	1,933,588,639	1,404,361,775
Capital work-in-progress		201,735,736	377,111,639
Long term investment		475,337,770	447,639,881
Long term deposits		7,363,235	5,033,195
		<b>2,618,025,380</b>	<b>2,234,146,490</b>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		69,892,934	78,670,168
Stock in trade		3,625,405,421	2,089,299,296
Trade debts		446,685,720	397,153,858
Loans and advances		89,051,563	60,989,089
Trade deposits and prepayments		33,875,840	22,785,820
Other receivables		2,696,326	5,409,752
Sales tax refundable		95,073,816	71,497,066
Income tax refundable		46,352,519	47,190,115
Cash and bank balances		50,567,213	83,427,078
		<b>4,459,601,352</b>	<b>2,856,422,242</b>
		<b>7,077,626,732</b>	<b>5,090,568,732</b>



**MOHAMMAD SALIM**  
Director

**Condensed Interim Profit and Loss Account (Un-audited)  
for the half year ended 31<sup>st</sup> December , 2013**

	Half Year Ended		Quarter Ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	Rupees	Rupees	Rupees	Rupees
Sales	<b>4,697,621,235</b>	4,007,435,539	<b>2,342,431,571</b>	2,033,100,157
Cost of goods sold	<b>3,975,776,255</b>	3,533,624,574	<b>1,924,895,722</b>	1,745,220,458
<b>Gross profit</b>	<b>721,844,980</b>	473,810,965	<b>417,535,849</b>	287,879,699
Other income	<b>7,501,293</b>	2,647,714	<b>4,221,220</b>	1,897,599
	<b>729,346,273</b>	476,458,679	<b>421,757,069</b>	289,777,298
Distribution cost	<b>156,248,211</b>	118,581,042	<b>86,644,595</b>	61,654,641
Administrative expenses	<b>34,299,102</b>	24,538,244	<b>16,700,335</b>	11,620,373
Other operating expenses	<b>22,130,282</b>	14,083,230	<b>12,726,095</b>	9,371,328
Finance cost	<b>98,239,735</b>	52,850,307	<b>65,936,667</b>	30,251,238
	<b>310,917,330</b>	210,052,823	<b>182,007,692</b>	112,897,580
	<b>418,428,943</b>	266,405,856	<b>239,749,377</b>	176,879,718
Share of profit of associated undertaking	<b>33,643,689</b>	28,004,834	<b>15,508,172</b>	15,873,652
<b>Profit before tax</b>	<b>452,072,632</b>	294,410,690	<b>255,257,549</b>	192,753,370
Provision for taxation				
Current year	<b>46,913,521</b>	40,096,858	<b>23,573,394</b>	20,346,276
<b>Profit after tax</b>	<b>405,159,111</b>	254,313,832	<b>231,684,155</b>	172,407,094
<b>Earnings per share - basic and diluted</b>	<b>40.52</b>	25.43	<b>23.17</b>	17.24

The annexed notes form an integral part of these condensed interim financial statements.



**BILAL SHARIF**  
Chief Executive



**MOHAMMAD SALIM**  
Director

Karachi: 25<sup>th</sup> February , 2014

**Condensed Interim Cash Flow Statement (Un-audited)  
for the half year ended 31<sup>st</sup> December , 2013**

	31 <sup>st</sup> December 2013 Rupees	31 <sup>st</sup> December 2012 Rupees
<b>Cash flows from operating activities</b>		
Profit before tax	452,072,632	294,410,690
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	98,531,665	79,121,945
Share profit of associated undertaking	(33,643,689)	(28,004,834)
Provision for bad debts	208,494	99,230
Infrastructure fee	4,631,097	1,757,701
Provision for employee benefits	13,200,000	12,036,000
(Gain) on disposal of property, plant and equipment	(5,801,897)	(385,580)
Finance cost	98,239,735	52,850,307
	<b>175,365,405</b>	<b>117,474,769</b>
<b>Operating cash flows before movements in working capital</b>	<b>627,438,037</b>	<b>411,885,459</b>
Decrease / (Increase) in stores, spares and loose tools	8,777,234	(22,794,908)
(Increase) in stock in trade	(1,536,106,125)	(1,060,618,142)
(Increase) in trade debts	(49,531,862)	(10,250,114)
(Increase) in loans and advances	(28,062,474)	(125,122,733)
(Increase) in trade deposits	(11,090,020)	(12,189,576)
Decrease / (Increase) in other receivable	2,713,426	-
(Increase) in sales tax refundable	(23,785,244)	(7,311,263)
Increase in trade and other payables	94,076,124	13,426,303
	<b>(1,543,008,941)</b>	<b>(1,224,860,433)</b>
<b>Cash used in operations</b>	<b>(915,570,904)</b>	<b>(812,974,974)</b>
Finance cost paid	(74,720,682)	(45,717,369)
Employee benefit costs paid	(6,565,104)	(4,476,385)
Income taxes paid	(46,075,925)	(39,649,406)
Long-term deposits refunded	(2,330,040)	-
	<b>(129,691,751)</b>	<b>(89,843,160)</b>
<b>Net cash from operating activities</b>	<b>(1,045,262,655)</b>	<b>(902,818,134)</b>

**Condensed Interim Cash Flow Statement (Un-audited)  
for the half year ended 31<sup>st</sup> December , 2013**

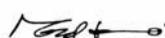
	31 <sup>st</sup> December 2013	31 <sup>st</sup> December 2012
	Rupees	Rupees
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	27,884,304	3,979,310
Addition in property plant and equipment	(474,465,033)	(18,793,378)
Dividend received	5,945,800	5,945,800
<b>Net cash used in investing activities</b>	<u>(440,634,929)</u>	<u>(8,868,268)</u>
<b>Cash flows from financing activities</b>		
Proceed from long term finance	395,611,588	-
Payment of long-term financing	(55,875,250)	(49,489,094)
Payment of obligation under finance lease	(956,446)	(2,856,726)
Increase / (decrease) in short-term borrowings	1,129,192,299	1,067,617,578
Dividend paid	(14,934,472)	(49,480,854)
<b>Net cash from financing activities</b>	<u>1,453,037,719</u>	<u>965,790,904</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<u>(32,859,865)</u>	<u>54,104,502</u>
<b>Cash and cash equivalent at the beginning of period</b>	<u>83,427,078</u>	<u>35,981,200</u>
<b>Cash and cash equivalent at the end of period</b>	<u>50,567,213</u>	<u>90,085,702</u>

The annexed notes form an integral part of these condensed interim financial statements.



**BILAL SHARIF**  
Chief Executive

Karachi: 25<sup>th</sup> February , 2014



**MOHAMMAD SALIM**  
Director

**Condensed Interim Statement of Comprehensive Income (Un-audited)  
for the half year ended 31<sup>st</sup> December , 2013**

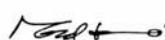
	Half Year Ended		Quarter Ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	Rupees	Rupees	Rupees	Rupees
<b>Profit after tax</b>	405,159,111	254,313,832	231,684,155	172,407,094
Other comprehensive income for the half year	-	-	-	-
<b>Total comprehensive Income for the half year</b>	<u>405,159,111</u>	<u>254,313,832</u>	<u>231,684,155</u>	<u>172,407,094</u>

The annexed notes form an integral part of these condensed interim financial statements.



**BILAL SHARIF**  
Chief Executive

Karachi: 25<sup>th</sup> February , 2014



**MOHAMMAD SALIM**  
Director

**Condensed Interim Statement of Changes in Equity (Un-audited)  
for the half year ended 31<sup>st</sup> December , 2013**

	Reserves				Unappropriated	
	Share Capital	Capital Reserves	General Reserves	Sub Total	Profit	Total
	Rupees	Rupees	Rupees		Rupees	Rupees
<b>Balance as at 30 June, 2012</b>	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 31 December 2012	-	-	-	-	254,313,832	254,313,832
<b>Balance as at 31 December, 2012</b>	100,000,000	24,150,000	2,075,850,000	2,100,000,000	267,376,104	2,467,376,104
Profit for the remaining period	-	-	-	-	543,918,087	543,918,087
Transferred to general reserve	-	-	700,000,000	700,000,000	(700,000,000)	-
<b>Balance as at 30 June, 2013</b>	100,000,000	24,150,000	2,775,850,000	2,800,000,000	111,294,191	3,011,294,191
Final dividend for the year ended June 30, 2013 PKR. 5.0 per share	-	-	-	-	(50,000,000)	(50,000,000)
Profit for the half year ended 31 December 2013	-	-	-	-	405,159,111	405,159,111
<b>Balance as at 31 December, 2013</b>	<b>100,000,000</b>	<b>24,150,000</b>	<b>2,775,850,000</b>	<b>2,800,000,000</b>	<b>466,453,302</b>	<b>3,366,453,302</b>

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



**BILAL SHARIF**  
Chief Executive



**MOHAMMAD SALIM**  
Director

**Karachi: 25<sup>th</sup> February , 2014**

**Condensed Interim Notes to Financial Information (Un-audited)  
for the half year ended 31<sup>st</sup> December , 2013**

**1 NATURE AND SCOPE OF THE BUSINESS**

The company was incorporated in Pakistan as a public limited company on January 31, 1985 under Companies Ordinance, 1984. 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 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, 2013.

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 information 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, 2013 which have been subjected to a review but not audited. These condensed interim financial information also include the condensed interim profit and loss account for the quarter ended 31 December, 2013.

**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, 2013 except for adoption of IAS-19, as more described in note 3.2 below.

**3.2** Change in accounting policy for employee benefits - defined benefit plan

IAS 19 (revised) ' Employee benefits' amends the accounting for employment benefits which became effective to the Company from July 1, 2013. The changes introduced by the IAS 19 (revised) are as follows:

- (a) The standard requires past service cost to be recognised immediately in profit and loss account;
- (b) The standard replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit assets or liability and the discount rate, measured at the beginning of the year;
- (c) There is new term "remeasurement". This is made up of actuarial gains and losses, the differences between actual investment returns and return implied by the net interest cost; and
- (d) The amendment requires an entity to recognise remeasurements immediately in other comprehensive income. Actuarial gains or losses beyond corridor limits were previously amortised over the expected future services of the employees.

The management believes that the effects of these changes would not have any effect on this condensed interim financial information as the cumulative balance for unrecognised actuarial losses as at June 30, 2013 was Nil.

**Condensed Interim Notes to Financial Information (Un-audited)  
for the half year ended 31<sup>st</sup> December , 2013**

**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, 2013.
- 4.3** The Company's financial risk management objectives and policies are consistent with those disclosed in the financial information as at and for the year ended 30 June 2013.

**5 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS**

There has been no significant change in the contingencies and commitments since the last audited financial statements except as disclosed in note 5.1 and 5.2 respectively.

	<b>31<sup>st</sup> December 2013</b>	<b>30<sup>th</sup> June 2013</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>5.1 Contingencies</b>		
Bank Guarantee issued by bank on behalf of the company	35,439,000	35,439,000
<b>5.2 Commitments</b>		
Confirmed letter of credit in respect of:		
Plant and machinery, raw material & stores	393,685,240	435,333,160
Civil works	-	100,000,000
	<b>393,685,240</b>	<b>535,333,160</b>

**6 PROPERTY, PLANT AND EQUIPMENTS**

Written down value of assets - opening	1,404,361,775	1,439,394,698
Addition during the period	649,840,936	127,982,562
Disposals during the period - written down value	(22,082,407)	(7,990,303)
Depreciation charged during the period	(98,531,665)	(155,025,182)
Written down value of assets - closing	<b>1,933,588,639</b>	<b>1,404,361,775</b>

**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:

**Condensed Interim Notes to Financial Information (Un-audited)  
for the half year ended 31<sup>st</sup> December , 2013**

	Half Year Ended		Quarter Ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	Rupees	Rupees	Rupees	Rupees
Services received	150,000	3,582,600	75,000	1,368,600
Services rendered	-	4,152,732	-	4,152,732
Electricity purchased	54,692,745	45,062,749	31,187,747	27,301,770
Purchase of yarn, fabric and stores	393,405,738	374,018,537	219,408,171	210,652,117
Sales of cotton, yarn and fabric	-	66,562,066	-	39,466,280
Dividend received	5,945,800	5,945,800	5,945,800	5,945,800

**8 DATE OF AUTHORIZATION FOR ISSUE**

These six months period financial information were authorized for issue on 25<sup>th</sup> February 2014 by the board of directors of the Company.

**9 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 29<sup>th</sup> Annual General Meeting held on 22<sup>nd</sup> October, 2013.

**10 OTHERS**

There are no other significant activity since 30<sup>th</sup> June, 2013 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: 25<sup>th</sup> February , 2014

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