



*of Companies*

**FIRST QUARTERLY ACCOUNTS  
2015 - 2016  
(UN - AUDITED)**

**UMER GROUP OF COMPANIES**

**FAISAL SPINNING MILLS LIMITED**



## FAISAL SPINNING MILLS LIMITED

### DIRECTORS' REVIEW

Your directors are pleased to present the un-audited condensed interim financial statements of the Company for the first quarter ended 30<sup>th</sup> September 2015.

Salient features of the first quarter ended 30<sup>th</sup> September 2015 are as follows;

- Profit after tax for the first quarter ended 30<sup>th</sup> September 2015 is PKR 21.451 million as against PKR 49.913 million of the corresponding first quarter of last year.
- Earnings per share for the first quarter ended 30<sup>th</sup> September 2015 is PKR 2.15 (30<sup>th</sup> September 2014 PKR 4.99).
- Breakup value of the share as on 30<sup>th</sup> September 2015 is PKR 368.58 (30<sup>th</sup> June, 2015 PKR 366.43).

During the quarter ended 30<sup>th</sup> September 2015, profit has decreased as compared to previous year's quarter ended 30<sup>th</sup> September 2014, due to challenging market condition namely, availability of Indian yarn and the global economic condition which have diminished the demand and resulting in reduced prices of yarn in both local and international market. The uncontrollable increase in cost of production has also made its impact in reducing the profit margin.

#### Future Prospect

The textile industry particularly spinning sector is expected to remain under pressure due to low demand in both local and international markets. In addition, increased competition from other textile producing countries is affecting the local industry.

Currently, cotton prices in local market seem to be at higher based on the news of slow arrival of cotton from cotton fields.

Availability of gas and uninterrupted electricity is a major concern for textile industry in Pakistan. Due to energy crises the export of textile products has fallen. Government should take immediate steps for the availability of gas for textile units.

Government should extend export finance scheme to yarn and grey fabric in order to support spinning segment which is currently in crisis.

In the present scenario the results are likely to be adverse in coming quarter. Management of the company is doing its best efforts to maintain the profitability margin.

#### Acknowledgement

Board of directors acknowledge and appreciate the efforts of the employees and valuable support of the suppliers, various government department and our bankers.

For and on behalf of the Board  
**BILAL SHARIF**  
Chief Executive

Karachi: 28<sup>th</sup> October, 2015



## FAISAL SPINNING MILLS LIMITED

### Condensed Interim Balance Sheet (Un-Audited) As At 30<sup>th</sup> September, 2015

	Note	(Un-Audited) 30 <sup>th</sup> September 2015 Rupees	(Audited) 30 <sup>th</sup> June 2015 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized capital</b>			
12,000,000 (2015: 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>	<u>100,000,000</u>
Reserves		<u>3,500,000,000</u>	<u>3,500,000,000</u>
Unappropriated profits		<u>85,837,245</u>	<u>64,385,963</u>
		<b>3,685,837,245</b>	<b>3,664,385,963</b>
<b>NON CURRENT LIABILITIES</b>			
Long-term financing - secured		<u>1,267,686,771</u>	<u>704,432,590</u>
Infrastructure fee payable		<u>37,369,227</u>	<u>32,925,512</u>
Deferred liabilities		<u>157,778,910</u>	<u>149,307,361</u>
		<b>1,462,834,908</b>	<b>886,665,463</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		<u>819,636,186</u>	<u>552,769,385</u>
Mark-up accrued on loans and other payables		<u>9,324,962</u>	<u>12,536,908</u>
Short-term borrowings - secured		<u>304,000,000</u>	<u>-</u>
Current portion of long term loan		<u>262,091,913</u>	<u>320,819,913</u>
		<b>1,395,053,061</b>	<b>886,126,206</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	4	<u>-</u>	<u>-</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>6,543,725,214</b></u>	<u><b>5,437,177,632</b></u>

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

**BILAL SHARIF**  
Chief Executive

**Karachi: 28<sup>th</sup> October, 2015**



## FAISAL SPINNING MILLS LIMITED

### Condensed Interim Balance Sheet (Un-Audited) As At 30<sup>th</sup> September, 2015

	Note	(Un-Audited) 30 <sup>th</sup> September 2015 Rupees	(Audited) 30 <sup>th</sup> June 2015 Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	2,391,303,112	2,466,090,622
Capital work-in-progress		782,385,759	808,225
Long term investment		498,302,593	496,397,757
Long term deposits		8,859,135	8,859,135
		3,680,850,599	2,972,155,739
 <b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		66,423,923	67,833,505
Stock in trade		1,578,094,347	1,703,046,951
Trade debts		714,408,645	267,388,443
Loans and advances		90,322,342	93,802,032
Trade deposits and prepayments		45,126,293	35,552,377
Other receivables		2,594,432	2,594,432
Income tax refundable		131,081,235	137,452,054
Sales tax refundable		147,626,845	80,139,073
Bank balances		87,196,553	77,213,026
		2,862,874,615	2,465,021,893
<b>TOTAL ASSETS</b>		<b>6,543,725,214</b>	<b>5,437,177,632</b>

**MOHAMMAD SALIM**  
Director



## FAISAL SPINNING MILLS LIMITED

### Condensed Interim Profit and Loss Account (Un-Audited) For The First Quarter Ended 30<sup>th</sup> September 2015

	Note	30 <sup>th</sup> September 2015 Rupees	30 <sup>th</sup> September 2014 Rupees
Sales		2,061,910,391	2,560,844,237
Cost of goods sold		1,893,066,813	2,339,712,621
<b>Gross profit</b>		<b>168,843,578</b>	<b>221,131,616</b>
Other income		682,762	4,451,847
		<b>169,526,340</b>	<b>225,583,463</b>
Distribution cost		68,648,091	81,616,250
Administrative expenses		23,945,143	21,159,191
Other operating expenses		3,591,775	5,367,730
Finance cost		33,314,712	45,654,455
		<b>129,499,721</b>	<b>153,797,626</b>
		<b>40,026,619</b>	<b>71,785,837</b>
Share of profit of associated undertaking		1,904,836	3,716,738
<b>Profit before tax</b>		<b>41,931,455</b>	<b>75,502,575</b>
Provision for taxation	6		
Current year		20,480,173	25,589,424
<b>Profit after tax</b>		<b>21,451,282</b>	<b>49,913,151</b>
<b>Earnings per share - basic and diluted</b>		<b>2.15</b>	<b>4.99</b>

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

**BILAL SHARIF**  
Chief Executive

**MOHAMMAD SALIM**  
Director

Karachi: 28<sup>th</sup> October, 2015



## FAISAL SPINNING MILLS LIMITED

### Condensed Interim Statement of Comprehensive Income (Un-Audited) For The First Quarter Ended 30<sup>th</sup> September 2015

	30 <sup>th</sup> September 2015 Rupees	30 <sup>th</sup> September 2014 Rupees
Profit for the period after taxation	21,451,282	49,913,151
Other comprehensive income for the year		
Items that not be reclassified to profit or loss	-	-
<b>Total comprehensive Income for the period</b>	<b>21,451,282</b>	<b>49,913,151</b>

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

**BILAL SHARIF**  
Chief Executive

**MOHAMMAD SALIM**  
Director

Karachi: 28<sup>th</sup> October, 2015



## FAISAL SPINNING MILLS LIMITED

### Condensed Interim Cash Flow Statement (Un-Audited) For The First Quarter Ended 30<sup>th</sup> September 2015

	30 <sup>th</sup> September 2015 Rupees	30 <sup>th</sup> September 2014 Rupees
<b>Cash flows from operating activities</b>		
Profit before tax	41,931,455	75,502,575
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	69,292,804	67,803,000
Share profit of associated undertaking	(1,904,836)	(3,716,738)
Infrastructure fee	4,443,715	1,449,622
Provision for employee benefits	10,665,000	7,125,000
(Gain) on disposal of property, plant and equipment	(313,026)	(4,371,670)
Finance cost	33,314,712	45,654,455
	115,498,369	113,943,669
<b>Operating cash flows before movements in working capital</b>	157,429,824	189,446,244
(Increase) / Decrease in stores, spares and loose tools	1,409,582	1,081,745
(Increase) in stock in trade	124,952,604	484,141,044
(Increase) in trade debts	(447,020,202)	(188,554,016)
(Increase) in loans and advances	3,479,690	(10,417,277)
(Increase) in trade deposits	(9,573,916)	(3,028,394)
Decrease / (Increase) in sales tax refund and other receivables	(67,487,772)	94,590
Increase in trade and other payables	266,871,051	168,143,780
	(127,368,963)	451,461,472
	30,060,861	640,907,716
Finance cost paid	(36,526,658)	(48,659,675)
Employee benefit costs paid	(2,193,451)	(1,225,346)
Income taxes paid	(14,109,354)	(21,197,882)
Long-term deposits refunded / (paid)	-	(1,937,000)
	(52,829,463)	(73,019,903)
<b>Net cash (used) / generated in operating activities</b>	(22,768,602)	567,887,813



## FAISAL SPINNING MILLS LIMITED

### Condensed Interim Cash Flow Statement (Un-Audited) For The First Quarter Ended 30<sup>th</sup> September 2015

	30 <sup>th</sup> September 2015 Rupees	30 <sup>th</sup> September 2014 Rupees
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	7,700,000	7,750,000
Addition in property plant and equipment	(783,469,802)	(54,030,540)
<b>Net cash used in investing activities</b>	<b>(775,769,802)</b>	<b>(46,280,540)</b>
<b>Cash flows from financing activities</b>		
Proceed from long term finance	758,971,164	-
Payment of long-term financing	(254,444,983)	(48,114,079)
Payment of obligation under finance lease	-	(533,823)
Increase in short-term borrowings	304,000,000	(349,952,831)
Dividend paid	(4,250)	(4,500)
<b>Net cash from financing activities</b>	<b>808,521,931</b>	<b>(398,605,233)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>9,983,527</b>	<b>123,002,040</b>
<b>Cash and cash equivalent at the beginning of period</b>	<b>77,213,026</b>	<b>53,654,391</b>
<b>Cash and cash equivalent at the end of period</b>	<b>87,196,553</b>	<b>176,656,431</b>

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

**BILAL SHARIF**  
Chief Executive

**MOHAMMAD SALIM**  
Director

Karachi: 28<sup>th</sup> October, 2015





## FAISAL SPINNING MILLS LIMITED

### Condensed Interim Statement of Changes In Equity (Un-Audited) For The First Quarter Ended 30<sup>th</sup> September 2015

	Reserves				Unappropriated	
	Share Capital	Capital Reserves	General Reserves	Total	Profit	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>Balance as at 30th June, 2014</b>	100,000,000	24,150,000	3,375,850,000	3,400,000,000	52,943,097	3,552,943,097
Total comprehensive income for the first quarter ended 30th September 2014	-	-	-	-	49,913,151	49,913,151
	100,000,000	24,150,000	3,375,850,000	3,400,000,000	102,856,248	3,602,856,248
Final dividend for the year ended June 30, 2014 PKR. 5.0 per share	-	-	-	-	(50,000,000)	(50,000,000)
Total comprehensive income for the remaining period	-	-	-	-	111,529,715	111,529,715
Transferred to general reserve	-	-	100,000,000	100,000,000	(100,000,000)	-
<b>Balance as at 30th June, 2015</b>	100,000,000	24,150,000	3,475,850,000	3,500,000,000	64,385,963	3,664,385,963
Total comprehensive income for the first quarter ended 30th September 2015	-	-	-	-	21,451,282	21,451,282
<b>Balance as at 30th September, 2015</b>	<b>100,000,000</b>	<b>24,150,000</b>	<b>3,475,850,000</b>	<b>3,500,000,000</b>	<b>85,837,245</b>	<b>3,685,837,245</b>

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

**BILAL SHARIF**  
Chief Executive

**MOHAMMAD SALIM**  
Director

Karachi: 28<sup>th</sup> October, 2015



## FAISAL SPINNING MILLS LIMITED

### Condensed Interim Notes To The Financial Statements (Un-Audited) For The First Quarter Ended 30<sup>th</sup> September, 2015

#### 1 REPORTING ENTITY

Faisal Spinning Mills Limited ('the Company') is incorporated in Pakistan as a Public Limited Company under the Companies Ordinance, 1984 and is listed on Karachi Stock Exchange (Guarantee) Limited, Islamabad Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited. The Company is primarily a spinning unit engaged in the manufacture and sale of yarn and woven fabric, however, it is also engaged in the generation of electricity for self consumption. The registered office of the Company is situated at Umer House, 23/1, Sector 23, S.M. Farooq Road, Korangi Industrial Area, Karachi. The manufacturing facility is located at Nooriabad District Dadu in the Province of Sindh and District Sheikhpura in the Province of Punjab.

#### 2 BASIS OF PREPARATION

This interim financial information is not audited and has been presented in condensed form and does not include all the information as is required to be provided in a full set of annual financial statements. This condensed interim financial information should be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2015.

##### 2.1 Statement of compliance

This condensed interim financial report has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting, and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed.

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 first quarter ended September 30, 2015.

##### 2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except for certain financial instruments at fair value, certain financial liabilities at amortized cost and employees retirement benefits at present value. In this financial information, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

##### 2.3 Judgments, estimates and assumptions

The preparation of financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

##### 2.4 Functional currency

This financial information is prepared in Pak Rupees which is the Company's functional currency.

#### 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2015.

## FAISAL SPINNING MILLS LIMITED

### Condensed Interim Notes To The Financial Statements (Un-Audited) For The First Quarter Ended 30<sup>th</sup> September, 2015

#### 4 CONTINGENCIES AND COMMITMENTS

There is no material change in contingencies and commitments as disclosed in annual financial statements for the year ended June 30, 2015.

	Note	September 30, 2015 Rupees (Un-Audited)	June 30, 2015 Rupees (Audited)
<b>5 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets			
- assets owned by the Company	5.1	2,391,303,112	2,466,090,622
- assets subject to finance lease	5.2	-	-
		<b>2,391,303,112</b>	2,466,090,622
Capital work in progress		<b>782,385,759</b>	808,225
		<b><u>3,173,688,871</u></b>	<b><u>2,466,898,847</u></b>
<b>5.1 Assets owned by the Company</b>			
Net book value at the beginning of the period/year		<b>2,466,090,622</b>	2,015,364,294
Additions during the period/year			
Factory buildings		-	42,329,131
Non factory buildings		-	69,480,796
Plant and machinery		-	468,569,987
Electric installation		-	83,498,060
Equipment and other assets		-	28,396,345
Vehicles		<b>1,892,268</b>	8,623,507
		<b>1,892,268</b>	700,897,826
Net book value of assets transferred from leased assets		-	3,406,210
Net book value of assets disposed during the period/year		(7,386,974)	(4,600,042)
Depreciation for the period/year		<b>(69,292,804)</b>	(248,977,666)
Net book value at the end of the period/year		<b><u>2,391,303,112</u></b>	<b><u>2,466,090,622</u></b>
<b>5.2 Assets subject to finance lease</b>			
Net book value at the beginning of the period/year		-	4,257,763
Net book value of assets transferred to owned assets		-	(3,406,210)
Depreciation for the period/year		-	(851,553)
Net book value at the end of the period/year		<u>-</u>	<u>-</u>

#### 6 PROVISION FOR TAXATION

Provision for current tax has been in accordance with the requirements of section 18 and section 154 of the Income Tax Ordinance, 2001.

#### 7 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise associated companies and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company.



## FAISAL SPINNING MILLS LIMITED

### Condensed Interim Notes To The Financial Statements (Un-Audited) For The First Quarter Ended 30<sup>th</sup> September, 2015

Transactions with key management personnel are limited to payment of short term employee benefits only. The Company in the normal course of business carries out various transactions with associated companies and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an arm's length transaction.

Details of transactions and balances with related parties is as follows:

	Quarter ended September 30, 2015 Rupees (Un-Audited)	September 30, 2014 Rupees (Un-Audited)
<b>7.1 Transactions with related parties</b>		
<b>Nature of relationship</b>		
Associated companies		
<b>Nature of transaction</b>		
Purchases	250,203,215	179,955,524
Sales	11,018,652	7,588,518
Services received	51,214,234	75,000
Purchase of electricity	36,119,036	50,601,378

#### 7.2 Balances with related parties

There are no balances with related parties as at the reporting date.

### 8 SEGMENT REPORTING

The Company has three reportable segments, which offer different products and are managed separately. The following summary describes the operations in each of the company's reportable segments.

Reportable segment	Principal activity
Spinning	Manufactures and sale of yarn
Weaving	Manufactures and sale of woven fabric
Power	Generation and sale of electricity

Information about operating segments as at September 30, 2015 is as follows:

	Quarter ended September 30, 2015			
	Spinning Rupees	Weaving Rupees	Power Rupees	Total Rupees
Revenue from external customers	939,351,113	1,122,559,278	-	2,061,910,391
Inter-segment revenues	8,528,400	-	131,488,551	140,016,951
	Quarter ended September 30, 2014			
	Spinning Rupees	Weaving Rupees	Power Rupees	Total Rupees
Revenue from external customers	1,333,487,595	1,227,356,642	-	2,560,844,237
Inter-segment revenues	6,613,000	-	138,178,260	144,791,260

**FAISAL SPINNING MILLS LIMITED**

**Condensed Interim Notes To The Financial Statements (Un-Audited)  
For The First Quarter Ended 30<sup>th</sup> September, 2015**

As at September 30, 2015					
	Spinning Rupees	Weaving Rupees	Power Rupees	Un-allocated Rupees	Total Rupees
Segment assets	<u>3,143,067,037</u>	<u>2,480,107,130</u>	<u>134,681,239</u>	<u>785,869,808</u>	<u>6,543,725,214</u>
As at June 30, 2015					
	Spinning Rupees	Weaving Rupees	Power Rupees	Un-allocated Rupees	Total Rupees
Segment assets	<u>3,186,878,157</u>	<u>1,753,169,742</u>	<u>149,968,728</u>	<u>715,692,034</u>	<u>5,805,708,661</u>
As at September 30, 2015					
	Spinning Rupees	Weaving Rupees	Power Rupees	Un-allocated Rupees	Total Rupees
Segment liabilities	<u>176,587,991</u>	<u>446,211,209</u>	<u>180,886,966</u>	<u>2,054,201,803</u>	<u>2,857,887,969</u>
As at June 30, 2015					
	Spinning Rupees	Weaving Rupees	Power Rupees	Un-allocated Rupees	Total Rupees
Segment liabilities	<u>142,738,397</u>	<u>225,128,839</u>	<u>155,395,939</u>	<u>1,249,528,494</u>	<u>1,772,791,669</u>

**9 EVENTS AFTER THE REPORTING PERIOD**

There are no significant events after the reporting period that may require any adjustment or disclosure in this condensed interim financial report.

**10 RECOVERABLE AMOUNTS AND IMPAIRMENT**

As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these financial statements.

**11 GENERAL**

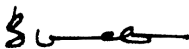
11.1 There are no other significant activities since June 30, 2015 affecting the interim financial information.

11.2 Corresponding figures have been re-arranged where necessary to facilitate comparison. However, there are no significant reclassifications during the period.

11.3 Figures have been rounded off to the nearest Rupee.

**12 DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information have been approved by the Board of Directors of the Company and authorized for issue on 28th October 2015.



**BILAL SHARIF**  
Chief Executive



**MOHAMMAD SALIM**  
Director

Karachi: 28<sup>th</sup> October, 2015

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