



of Companies

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

UMER GROUP OF COMPANIES

FAISAL SPINNING MILLS LIMITED



FAISAL SPINNING MILLS LIMITED

DIRECTORS' REVIEW

The Board of directors is pleased to present before you the un-audited condensed financial statements for the first quarter ended 30th September 2011. 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 first quarter ended 30th September 2011 is as under;

	PKR in Million
Sales	1,823.155
Gross profit	166.047
Profit before tax	58.728
Profit after tax	40.607
	=====
	PKR per share
Earning per share	4.06
Breakup value per share	207.96

Future Prospects

The reduction in discount rate by State Bank of Pakistan from 13.5% to 12% is a good step but it is not enough. The State Bank of Pakistan should consider a further reduction in discount rate and it should be brought into single digit.

Load shedding of gas was frequently observed in Punjab even in summer season. Due to unavailability of gas the machineries had to be operated through power generation based on furnace oil which caused increased in fuel and power cost.

Currently demand of yarn and fabric is suppressed due to substantial decrease in price of raw cotton and international economic recession. Future profitability will depend on direction of raw cotton price and corresponding price of yarn and fabric. Cotton market has to be stabilized on new cotton price after the drastic decrease in cotton price.

Currently the price of cotton in local market is around PKR 6,000 to 6,300 per maund and in international market is around USD 1.10 to 1.15 per lbs. China and India is expecting a bumper cotton crop as compare to their last year's cotton production. As a result, India may have exportable surplus of cotton bales whereas lower Chinese demand for imports of cotton bales is expected. Based on above the prices of cotton is expected to be lower 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
BILAL SHARIF
Chief Executive

Karachi: 27th October 2011



FAISAL SPINNING MILLS LIMITED

**Condensed Interim Balance Sheet (Un-Audited)
As At 30th September, 2011**

	Note	30 th September 2011 Rupees	30 th June 2011 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
12,000,000 (June 2011: 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>1,800,000,000</u>	1,800,000,000
Unappropriated profits		<u>179,672,326</u>	139,064,820
		<u>2,079,672,326</u>	2,039,064,820
NON CURRENT LIABILITIES			
Long-term financing - secured		<u>243,881,065</u>	260,185,690
Obligation under finance lease		<u>2,281,106</u>	3,008,976
Deferred liabilities		<u>75,011,663</u>	70,359,936
		<u>321,173,834</u>	333,554,602
CURRENT LIABILITIES			
Trade and other payables		<u>381,153,954</u>	398,864,053
Mark-up accrued on loans and other payables		<u>19,055,252</u>	15,704,508
Short-term borrowings - secured		<u>347,070,151</u>	625,340,854
Current portion of long term loan		<u>192,794,790</u>	178,933,238
		<u>940,074,147</u>	1,218,842,653
CONTINGENCIES AND COMMITMENTS	3	-	-
		<u>3,340,920,307</u>	<u>3,591,462,075</u>

The annexed notes form an integral part of these financial statements

BILAL SHARIF
Chief Executive

Karachi: 27th October 2011



FAISAL SPINNING MILLS LIMITED

**Condensed Interim Balance Sheet (Un-Audited)
As At 30th September, 2011**

	Note	30 th September 2011	30 th June 2011
		Rupees	Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	4	1,472,270,757	1,513,757,757
Capital work-in-progress		8,610,186	1,599,401
Long term investment		345,064,506	337,173,615
Long term deposits		5,769,445	5,769,445
		1,831,714,894	1,858,300,218
CURRENT ASSETS			
Stores, spare parts and loose tools		78,580,254	67,620,445
Stock in trade		841,092,249	1,262,850,313
Trade debts		436,374,284	243,342,243
Loans and advances		33,661,841	41,748,200
Trade deposits and prepayments		12,348,513	11,419,814
Other receivables		5,011,854	2,366,254
Income tax refundable		28,139,247	28,312,284
Sales tax refundable		47,352,973	37,762,395
Bank balances		26,644,198	37,739,909
		1,509,205,413	1,733,161,857
		<u>3,340,920,307</u>	<u>3,591,462,075</u>

MOHAMMAD SALIM
Director



FAISAL SPINNING MILLS LIMITED

Condensed Interim Profit and Loss Account (Un-Audited) For The First Quarter Ended 30th September 2011

	Note	30 th September 2011 Rupees	30 th September 2010 Rupees
Sales		1,823,155,573	1,961,066,300
Cost of goods sold		1,657,108,216	1,748,164,241
Gross profit		166,047,357	212,902,059
Other operating income		181,580	483,256
		166,228,937	213,385,315
Distribution cost		60,055,151	63,515,846
Administrative expenses		12,041,920	10,982,339
Other operating expenses		2,675,638	5,330,080
Finance cost		40,619,088	32,285,544
		115,391,797	112,113,809
		50,837,140	101,271,506
Share of profit of associated undertaking		7,890,891	19,759,540
Profit before tax		58,728,031	121,031,046
Provision for taxation			
Current year		18,120,525	19,656,373
Profit after tax		40,607,506	101,374,673
Earnings per share - basic and diluted		4.06	10.14

The annexed notes form an integral part of these financial statements

BILAL SHARIF
Chief Executive

MOHAMMAD SALIM
Director

Karachi: 27th October 2011



FAISAL SPINNING MILLS LIMITED

Condensed Interim Cash Flow Statement (Un-Audited) For The First Quarter Ended 30th September 2011

	Note	30 th September 2011 Rupees	30 th September 2010 Rupees
Cash flows from operating activities			
Profit before tax		58,728,031	121,031,046
Adjustments for:			
Depreciation of property, plant and equipment		41,487,000	37,809,000
Share profit of associated undertaking		(7,890,891)	(19,759,540)
Provision for bad debts		-	26,698
Infrastructure fee		1,119,018	94,223
Provision for employee benefits		5,475,000	2,055,000
(Gain) on disposal of property, plant and equipment		-	(75,293)
Finance cost		40,619,088	32,285,544
		<u>80,809,215</u>	<u>52,435,632</u>
Operating cash flows before movements in working capital		<u>139,537,246</u>	<u>173,466,678</u>
(Increase) in stores, spares and loose tools		(10,959,809)	(6,175,988)
Decrease in stock in trade		421,758,064	343,686,356
(Increase) in trade debts		(193,032,041)	(108,750,602)
Decrease in loans and advances		8,086,359	2,480,343
(Increase) in trade deposits		(928,699)	(399,105)
(Increase) in sales tax refund and other receivables		(9,590,578)	(8,846,370)
Increase/ (Decrease) in trade and other payables		(20,355,699)	74,837,557
		<u>194,977,597</u>	<u>296,832,191</u>
Cash generated by operations		<u>334,514,843</u>	<u>470,298,869</u>
Finance cost paid		(37,268,344)	(42,184,475)
Employee benefit cost paid		(1,942,291)	(1,755,480)
Income taxes paid		(17,947,488)	(19,178,136)
Long-term loans - repaid		-	(554,042)
		<u>(57,158,123)</u>	<u>(63,672,133)</u>
Net cash from operating activities		<u>277,356,720</u>	<u>406,626,736</u>
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		-	300,000
Addition in property plant and equipment		(7,010,785)	(11,565,897)
Net cash used in investing activities		<u>(7,010,785)</u>	<u>(11,265,897)</u>
Cash flows from financing activities			
Payment of long-term financing		(2,525,000)	(152,524,674)
Payment of obligation under finance lease		(645,943)	(5,371,913)
(Decrease) in short-term borrowings		(278,270,703)	(274,903,175)
Dividend paid		-	(832)
Net cash from financing activities		<u>(281,441,646)</u>	<u>(432,800,594)</u>
Net (decrease) in cash and cash equivalents		<u>(11,095,711)</u>	<u>(37,439,755)</u>
Cash and cash equivalent at the beginning of period		<u>37,739,909</u>	<u>74,333,929</u>
Cash and cash equivalent at the end of period		<u>26,644,198</u>	<u>36,894,174</u>

The annexed notes form an integral part of these financial statements

BILAL SHARIF
Chief Executive

MOHAMMAD SALIM
Director

Karachi: 27th October 2011

QUARTERLY REPORT 2011

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FAISAL SPINNING MILLS LIMITED

**Condensed Interim Statement of Changes In Equity (Un-Audited)
For The First Quarter Ended 30th September 2011**

	Share Capital Rupees	Capital Reserves Rupees	Reserves		Unappropriated Profit	
			General Reserves Rupees	Total Rupees	Rupees	Total Rupees
Balance as at 30th June, 2010	100,000,000	24,150,000	1,225,850,000	1,250,000,000	80,510,855	1,430,510,855
Profit for the quarter ended 30 th September 2010	-	-	-	-	101,374,673	101,374,673
Balance as at 30th September, 2010	100,000,000	24,150,000	1,225,850,000	1,250,000,000	181,885,528	1,531,885,528
Final dividend for the year ended June 30, 2010 PKR. 5.0 per share	-	-	-	-	(50,000,000)	(50,000,000)
Profit for the remaining period	-	-	-	-	557,179,292	557,179,292
Transferred to general reserve	-	-	550,000,000	550,000,000	(550,000,000)	-
Balance as at 30th June, 2011	100,000,000	24,150,000	1,775,850,000	1,800,000,000	139,064,880	2,039,064,820
Profit for the quarter ended 30 th September 2011	-	-	-	-	40,607,506	40,607,506
Balance as at 30th September, 2011	100,000,000	24,150,000	1,775,850,000	1,800,000,000	179,672,326	2,079,672,326

BILAL SHARIF
Chief Executive

MOHAMMAD SALIM
Director

Karachi: 27th October 2011



FAISAL SPINNING MILLS LIMITED

Condensed Interim Statement of Comprehensive Income (Un-Audited) For The First Quarter Ended 30th September 2011

Note	30 th September 2011 Rupees	30 th September 2010 Rupees
Profit for the period after taxation	40,607,506	101,374,673
Other comprehensive income for the period	-	-
Total comprehensive Income for the period	<u>40,607,506</u>	<u>101,374,673</u>

The annexed notes form an integral part of these financial statements

BILAL SHARIF
Chief Executive

MOHAMMAD SALIM
Director

Karachi: 27th October 2011



FAISAL SPINNING MILLS LIMITED

Condensed Interim Notes To The Financial Statements (Un-Audited) For The First Quarter Ended 30th September, 2011

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, 2011.

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, 2011.

4 Acquisition and Disposal of Fixed Assets

	September 2011 Rupees	June 2011 Rupees
Written down value of assets - opening	1,513,757,757	1,340,343,713
Addition during the period	-	323,007,172
Disposal during the period - written down value	-	(11,669,625)
Depreciation charged during the period	(41,487,000)	(137,923,503)
Written down value of asset - closing	<u>1,472,270,757</u>	<u>1,513,757,757</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 2011	September 2010
Services received	570,000	3,406,200
Electricity purchased	33,002,737	21,460,122
Purchase of yarn, fabric and stores	259,600,875	208,352,011
Sales of cotton, yarn and fabric	124,447,383	9,477,353

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: 27th October 2011

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