



FAISAL SPINNING MILLS LIMITED

NOTES TO THE ACCOUNTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2006

1 STATUS AND ACTIVITIES

The company was incorporated in Pakistan on January 31, 1985 as a public limited company under the Companies Ordinance, 1984. The registered office of the Company is situated at Umer Chambers, 10/2, Bilmoria Street, Off. I.I Chundrigar Road, Karachi. The Company is currently listed on Karachi, Lahore and Islamabad stock exchanges. The principal business of the Company is manufacturing and sale of yarn and woven fabrics.

2 ACCOUNTING POLICIES

All accounting policies adopted for the preparation of these quarterly accounts are the same as applied in preparation of preceding annual published accounts of the company for the year ended June 30, 2006.

3 STATEMENT OF CHANGES IN EQUITY

The changes in equity is as follows:

	SHARE CAPITAL	CAPITAL RESERVE	REVENUE RESERVES	PROFIT FOR THE YEAR AND APPROPRIATION	TOTAL RUPEES
	RUPEES				
Balance as at July 01, 2005	100,000,000	24,150,000	475,850,000	166,718,662	766,718,662
Net profit for the year ended June 30, 2006	-	-	-	88,839,070	88,839,070
APPROPRIATIONS					
Transferred to general reserve	-	-	140,000,000	(140,000,000)	-
Final dividend for the period ended June 30, 2005 Rs - 0.75 per share	-	-	-	(7,500,000)	(7,500,000)
Balance as at June 30, 2006	100,000,000	24,150,000	615,850,000	108,057,732	848,057,732
APPROPRIATIONS					
Net profit upto Sep 30, 2006	-	-	-	37,383,173	37,383,173
Balance as at Sep 30, 2006	100,000,000	24,150,000	615,850,000	145,440,905	885,440,905



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4 CONTINGENCIESANDCOMMITMENTS

There are no material changes in contingencies and commitments as disclosed in the notes to the financial statements for the year ending June 30, 2006

5 TRANSACTIONSWITHASSOCIATED UNDERTAKINGS

The Company enters into transactions with 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 term of employment are as follows.

	SEPTEMBER 2006 RUPEES	SEPTEMBER 2005 RUPEES
Purchases	75,690,700	58,865,834
Sales	4,522,036	149,965,749
Services received	511,000	772,000
Electric Purchased	26,510,146	40,361,902

6 COMPARATIVE FIGURES

Comparative figures have been reclassified, wherever necessary, for the purposes of comparison. 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 whereas Profit and Loss Account and Cash Flow Statement have been compared with corresponding figures of last comparative quarter.

7. DATE OF AUTHORIZATION FOR ISSUE

These financial statement have been approved by the board of director of the company and authorized for issue on 30th October 2006.

8. GENERAL

The figures have been rounded off to the nearest rupee.