



## FAISAL SPINNING MILLS LIMITED

### **DIRECTORS REVIEW**

The directors have pleasure in submitting un-audited financial statements for the third quarter ended on March 31, 2007 in accordance with the requirements of section 245 of the Companies Ordinance, 1984.

#### **FINANCIAL RESULTS**

Allhumdullilah, your company has earned a net profit after tax at Rs. 70.676 million (March 2006: Rs. 76.111 million) for the third quarter on March 31, 2007. The sales of the company have increased by Rs. 141.802 million as compared to the corresponding period of last year with a growth of 5.82% whereas, the gross profit margin has slightly been reduced and stood at 10.99% to the net sales. Except distribution cost, which has increased due to increase in sales, all components of operating cost have been decreased as compared to the corresponding period of the last year. Especially, the financial cost has been reduced by Rs. 9.344 million as compared to the corresponding period of the last year. The earning per share at the end of the third quarter is Rs. 7.07/= (March 2006: Rs. 7.61).

#### **YEAR UNDER REVIEW**

The year under review is a tough year for whole textile sector. The prices of cotton are on its peak whereas the prices of yarn in local and international market are not in line with prices of cotton. There is slack in demand of apparel in international market and the profit margin is also on declining side. The increasing trend of inflation in the country, affected the salaries and wages and other production cost which inflated cost of production and cost of doing business in Pakistan. To overcome the situation, the management has decided to add auto conners and simplex machines in spinning unit at Nooriabad to have optimum production. The management is striving hard to deal with the situation but it seems difficult to maintain profitability.

#### **THANKS AND GRATITUDE.**

Your director would like to place their appreciation of the cooperation of the financial institutions and dedication shown by the executives, officers, staff members and workers of the company in the performance of their duties. The directors do hope that it will continue in future.

On behalf of the Board

(MOHAMMAD SHARIF)  
(CHIEF EXECUTIVE / DIRECTOR)

Karachi: April 27, 2007