

DIRECTORS REVIEW

The board of directors is pleased to present before you the un-audited interim condensed financial statements for the nine months ended 31st March 2009. 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 nine months ended 31st March 2009 is as under;

| | PKR in Million |
|-------------------------|----------------|
| Sales | 3,029.383 |
| Gross profit | 365.203 |
| Profit before tax | 88.702 |
| Profit after tax | 48.309 |
| | PKR per share |
| Earning per share | 4.83 |
| Breakup value per share | 101.83 |

The profitability of the company has improved as compared to the corresponding period of last year. However profit after tax has reduced due to recognition of deferred tax liability of PKR 9.908 Million. Sales of company have increased by 12.06%. Finance cost increased due to increased in discount rate by State Bank of Pakistan and spread increased by banks over KIBOR which is already at higher side.

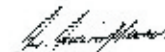
Future Prospects

Financing cost has increased sharply which has created difficulty for maintaining profit margin. Moreover interrupted power supply has significantly affected production efficiencies and resulted increased in per unit production cost. Besides the load shedding of electricity massive load shedding of gas in Punjab had been scheduled during December 2008 to February 2009. In the absence of gas supply, we had to operate machinery through power generation based on furnace oil because currently WAPDA is not reliable source of electricity due to interrupted supply of electricity.

Future profitability will depend on direction of raw cotton price and corresponding price of yarn and fabric. Currently the raw cotton prices are increasing after being shown decreasing trend. Slowness in yarn and fabric market is being observed due to economic condition of Pakistan. In the present scenario the results are likely to be adverse in coming quarter. However 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.



On behalf of the Board
MOHAMMAD SHARIF
 CHIEF EXECUTIVE / DIRECTOR

Karachi: April 25, 2009



FAISAL SPINNING MILLS LIMITED

CONDENSED BALANCE SHEET (UNAUDITED)

AS AT MARCH 31, 2009

| EQUITY AND LIABILITIES | NOTE | MARCH 31 2009 RUPEES | JUNE 30 2008 RUPEES |
|--|------|----------------------------|---------------------------|
| SHARE CAPITAL AND RESERVES | | | |
| Authorized capital 12,000,000 (June 2008: 12,000,000) ordinary shares of PKR 10 each | | 120,000,000 | 120,000,000 |
| Issued, subscribed and paid up capital | 3 | 100,000,000 | 100,000,000 |
| Reserves | | 840,000,000 | 840,000,000 |
| Unappropriated profits | | 78,329,759 | 37,520,309 |
| | | 1,018,329,759 | 977,520,309 |
| Loan from sponsors and relatives | 4 | 87,324,617 | 79,719,388 |
| NON CURRENT LIABILITIES | | | |
| Long-term financing - secured | | 456,907,781 | 472,906,221 |
| Obligation under finance lease | | 8,974,875 | 21,146,789 |
| Long term payable | | 18,398,458 | 12,487,448 |
| Deferred liabilities | | 69,152,601 | 52,812,958 |
| | | 553,433,715 | 559,353,416 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 232,918,654 | 184,007,834 |
| Mark-up accrued on loans | | 68,384,542 | 32,956,919 |
| Short-term borrowing - secured | | 1,175,185,858 | 902,503,813 |
| Current portion of long term loan | | 131,550,600 | 305,060,668 |
| | | 1,608,039,654 | 1,424,529,234 |
| CONTINGENCIES AND COMMITMENTS | 5 | - | - |
| | | 3,267,127,745 | 3,041,122,347 |

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

MOHAMMAD SHARIF
Chief Executive

Karachi : 25th April 2009



FAISAL SPINNING MILLS LIMITED

CONDENSED BALANCE SHEET (UNAUDITED)

AS AT MARCH 31, 2009

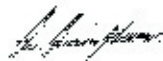
| | NOTE | MARCH 31 2009 RUPEES | JUNE 30 2008 RUPEES |
|-------------------------------------|------|----------------------------|---------------------------|
| ASSETS | | | |
| FIXED ASSETS | | | |
| Property, plant and equipment | 6 | 1,489,063,069 | 1,603,499,001 |
| Capital work-in-progress | | 13,993 | 225,002 |
| Long term investment | | 149,138,197 | 140,845,121 |
| Long term loans | | 2,525,574 | 2,675,012 |
| Long term deposits | | 7,498,095 | 7,498,095 |
| CURRENT ASSETS | | | |
| Stores, spare parts and loose tools | | 56,950,983 | 54,618,631 |
| Stock in trade | | 1,172,254,654 | 877,948,501 |
| Trade debts | | 287,083,353 | 265,447,417 |
| Loans and advances | | 16,153,055 | 7,914,946 |
| Trade deposits & prepayments | | 16,840,139 | 12,854,032 |
| Other receivables | | 632,937 | 980,915 |
| Income tax refundable | | 29,866,905 | 29,831,349 |
| Sales tax refundable | | 10,289,420 | 10,161,818 |
| Sales tax refundable | | 28,817,371 | 26,622,507 |
| Bank balances | | 1,618,888,817 | 1,286,380,116 |
| | | <u>3,267,127,745</u> | <u>3,041,122,347</u> |

MOHAMMAD SALIM
Director

CONDENSED PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2009

| | NINE MONTHS ENDED | | QUARTER ENDED | |
|---|--------------------------|-----------------|----------------------|-----------------|
| | MARCH 31 | MARCH 31 | MARCH 31 | MARCH 31 |
| | 2009 | 2008 | 2009 | 2008 |
| | RUPEES | | RUPEES | |
| Sales | 3,029,383,588 | 2,703,236,588 | 980,058,246 | 1,039,998,184 |
| Cost of goods sold | 2,664,180,303 | 2,429,095,651 | 867,234,379 | 940,409,251 |
| Gross profit | 365,203,285 | 274,140,937 | 112,823,867 | 99,588,933 |
| Other operating income | 1,317,476 | 676,774 | 370,495 | 251,912 |
| | 366,520,761 | 274,817,711 | 113,194,362 | 99,840,845 |
| Distribution cost | 55,152,675 | 52,471,522 | 14,435,691 | 19,811,956 |
| Administrative expenses | 21,606,768 | 20,152,308 | 7,222,032 | 7,248,824 |
| Other operating expenses | 4,185,156 | 3,551,848 | 715,453 | 721,431 |
| Finance cost | 206,058,198 | 130,648,567 | 77,227,565 | 57,843,105 |
| | 287,002,797 | 206,824,245 | 99,600,741 | 85,625,316 |
| | 79,517,964 | 67,993,466 | 13,593,621 | 14,215,529 |
| Share of profit of associated undertaking | 9,184,946 | 10,365,062 | 1,118,172 | 1,114,347 |
| Profit before tax | 88,702,910 | 78,358,528 | 14,711,793 | 15,329,876 |
| Provision for taxation | | | | |
| Current period | 31,843,390 | 27,340,510 | 10,346,503 | 10,508,943 |
| Prior year | (1,358,367) | 80,160 | - | 100,104 |
| Deferred | 9,908,437 | - | - | - |
| | 40,393,460 | 27,420,670 | 10,346,503 | 10,609,047 |
| Profit after tax | 48,309,450 | 50,937,858 | 4,365,290 | 4,720,829 |
| Earnings per share - basic and diluted | 4.83 | 5.09 | 0.44 | 0.47 |

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



MOHAMMAD SHARIF
Chief Executive



MOHAMMAD SALIM
Director

Karachi : 25th April 2009

CONDENSED CASH FLOW STATEMENT (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2009

| | NINE MONTHS ENDED | |
|--|-------------------------------------|-------------------------------------|
| | MARCH 31 2009 RUPEES | MARCH 31 2008 RUPEES |
| Cash flows from operating activities | | |
| Profit before tax | 88,702,910 | 78,358,528 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 128,821,500 | 137,885,719 |
| Share profit of associated undertaking | (9,184,946) | (10,365,062) |
| Infrastructure fee | 5,911,010 | 5,656,104 |
| Provision for employee benefits | 10,084,500 | 4,095,000 |
| (Gain) on disposal of property, plant and equipment | (103,737) | (148,240) |
| Finance cost | 206,058,198 | 130,648,567 |
| | 341,586,525 | 267,772,088 |
| Operating cash flows before movements in working capital | 430,289,435 | 346,130,616 |
| (Increase) in stores, spares and loose tools | (2,332,352) | (22,271,032) |
| (Increase) in stock in trade | (294,306,153) | (707,767,220) |
| (Increase) in trade debt | (21,635,936) | (192,126,880) |
| (Increase) in loans and advances | (8,238,109) | (5,853,638) |
| (Increase) in trade deposits | (3,986,107) | (11,480,224) |
| (Increase)/decrease in other receivables and taxation | 347,978 | 4,491,643 |
| (Increase)/decrease in sales tax refundable | (127,602) | - |
| Increase in trade and other payables | 48,910,820 | 62,129,963 |
| Increase in short term borrowing | 272,682,045 | 768,322,949 |
| | (8,685,416) | (104,554,439) |
| Cash generated by operations | 421,604,019 | 241,576,177 |
| Finance cost paid | (163,025,346) | (127,446,383) |
| Employee benefit costs paid | (3,653,294) | (6,233,310) |
| Income taxes paid | (30,520,579) | (25,021,587) |
| Long-term loans | 149,438 | (2,088,820) |
| Long-term deposits | - | (3,101,000) |
| | (197,049,781) | (163,891,100) |
| Net cash from operating activities | 224,554,238 | 77,685,077 |

**FAISAL SPINNING MILLS LIMITED****CONDENSED CASH FLOW STATEMENT (UNAUDITED)**

FOR THE NINE MONTHS ENDED MARCH 31, 2009

| | NINE MONTHS ENDED | |
|---|----------------------------|----------------------------|
| | MARCH 31 2009 RUPEES | MARCH 31 2008 RUPEES |
| Cash flows from investing activities | | |
| Proceeds from disposal of property, plant and equipment | 556,000 | 304,855 |
| Addition in property plant and equipment | (14,626,822) | (39,098,602) |
| Dividend income | 891,870 | 1,189,160 |
| Net cash used in investing activities | (13,178,952) | (37,604,587) |
| Cash flows from financing activities | | |
| Proceeds from long term finance | - | 150,000,000 |
| Proceeds from finance lease | - | 29,963,200 |
| Payment of long-term financing | (190,225,397) | (198,812,403) |
| Payment of obligation under finance lease | (11,455,025) | (9,597,421) |
| Dividend paid | (7,500,000) | (10,002,831) |
| Net cash from financing activities | (209,180,422) | (38,449,455) |
| Net increase in cash and cash equivalents | 2,194,864 | 1,631,035 |
| Cash and cash equivalent at the beginning of year | 26,622,507 | 24,151,839 |
| Cash and cash equivalent at the end of year | 28,817,371 | 25,782,874 |

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

MOHAMMAD SHARIF
Chief Executive

Karachi : 25th April 2009

MOHAMMAD SALIM
Director



FAISAL SPINNING MILLS LIMITED

CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2009

| | SHARE CAPITAL | CAPITAL RESERVED | GENERAL RESERVES | TOTAL | PROFIT FOR THE PERIOD AND APPROPRIATION | TOTAL |
|--|------------------|---------------------|---------------------|-------------|--|---------------|
| | RUPEES | | | | | |
| Balance as at 30th June, 2007 | 100,000,000 | 24,150,000 | 715,850,000 | 740,000,000 | 87,915,299 | 927,915,299 |
| Final dividend for the year ended June 30, 2007 PKR. 1.00 per share | - | - | - | - | (10,000,000) | (10,000,000) |
| Profit for the nine months | - | - | - | - | 50,937,858 | 50,937,858 |
| | 100,000,000 | 24,150,000 | 715,850,000 | 740,000,000 | 128,853,157 | 968,853,157 |
| Profit for the remaining period | | | | | 8,667,152 | 8,667,152 |
| Transferred to general reserve | - | - | 100,000,000 | 100,000,000 | (100,000,000) | - |
| Balance as at 30th June, 2008 | 100,000,000 | 24,150,000 | 815,850,000 | 840,000,000 | 37,520,309 | 977,520,309 |
| Final dividend for the year ended June 30, 2008 PKR. 0.75 per share | - | - | - | - | (7,500,000) | (7,500,000) |
| Profit for the nine months | - | - | - | - | 48,309,450 | 48,309,450 |
| Balance as at 31st March, 2009 | 100,000,000 | 24,150,000 | 815,850,000 | 840,000,000 | 78,329,759 | 1,018,329,759 |

MOHAMMAD SHARIF
Chief Executive

Karachi : 25th April 2009

MOHAMMAD SALIM
Director

**CONDENSED NOTES TO THE ACCOUNTS (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2009**

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 BASIS OF PREPARATION

These financial statements have been prepared in accordance with the directives issued by the Securities & Exchange Commission of Pakistan and are in compliance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and being submitted to shareholders as required by Section 245 of the Companies Ordinance, 1984.

These financial statements have been prepared under "Historical Cost Convention" except for staff gratuity accounted for in accordance with "International Accounting Standard - 19" and modifications due to adjustments for exchange rate fluctuations.

These interim financial statements are unaudited.

ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these interim financial statements are consistent with those applied in the preparation of the preceding annual published financial statements of the company for the year ended June 30, 2008.

3 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

| MARCH 31, 2009 | JUNE 30, 2008 | | MARCH 31, 2009 | JUNE 30, 2008 |
|---------------------------|--------------------------|--|---------------------------|---------------------------|
| NUMBER OF SHARES | | | RUPEES | |
| 6,300,000 | 6,300,000 | ordinary shares of Rs.10 each fully paid in cash | 63,000,000 | 63,000,000 |
| 3,700,000 | 3,700,000 | ordinary shares of Rs.10 each fully paid as bonus shares | 37,000,000 | 37,000,000 |
| <u>10,000,000</u> | <u>10,000,000</u> | | <u>100,000,000</u> | <u>100,000,000</u> |

4 LOAN FROM SPONSORS - UNSECURED

| | | |
|-------------------------|--------------------------|--------------------------|
| Fair value | 100,000,000 | 100,000,000 |
| Imputed interest income | (12,675,383) | (20,280,612) |
| | <u>87,324,617</u> | <u>79,719,388</u> |

**CONDENSED NOTES TO THE ACCOUNTS (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2009**

5 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, 2008.

| | MARCH 31 2009 RUPEES | JUNE 30 2008 RUPEES |
|---|-------------------------------------|------------------------------------|
| 6 ACQUISITION AND DISPOSAL OF FIXED ASSETS | | |
| written down value of asset - opening | 1,603,499,001 | 1,720,050,799 |
| Addition during the period | 14,837,831 | 68,204,201 |
| disposal during the period - written down value | (452,263) | (428,147) |
| depreciation charged during the period | (128,821,500) | (184,327,852) |
| written down value of asset - closing | <u>1,489,063,069</u> | <u>1,603,499,001</u> |

7 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:

| | MARCH 31 2009 RUPEES | JUNE 30 2008 RUPEES |
|-------------------------------------|-------------------------------------|------------------------------------|
| Services received | 2,635,760 | 1,920,831 |
| Services rendered | 6,950,000 | 4,647,867 |
| Electricity purchased | 14,308,422 | 10,240,378 |
| Purchase of yarn, fabric and stores | 272,923,510 | 265,363,959 |
| Sales of yarn, fabric and cotton | 104,999,830 | 20,863,899 |
| Dividend received | 891,870 | 1,189,160 |

**CONDENSED NOTES TO THE ACCOUNTS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2009**

8 DATE OF AUTHORIZATION FOR ISSUE

These interim financial statements were authorized for issue on 25th April 2009 by the board of directors of the company.

9 OTHERS

There are no other significant activities since June 30, 2008 affecting the financial statements other than disclosed in these interim financial statements.

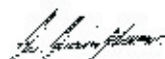
In consonance with other companies in the textile sector, the operations of the Company are subject to seasonal and cyclical trends. These seasonal and cyclical trends reflect in these interim financial statements.

10 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.

11 FIGURES

Figures have been rounded off to the nearest rupee.



MOHAMMAD SHARIF
Chief Executive

Karachi : 25th April 2009



MOHAMMAD SALIM
Director

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.