



of Companies

**HALF YEARLY ACCOUNTS
2011 - 2012
(UN - AUDITED)**

UMER GROUP OF COMPANIES

FAISAL SPINNING MILLS LIMITED

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.*



FAISAL SPINNING MILLS LIMITED

Directors' Review

The Board of directors is pleased to present before you the un-audited condensed financial statements for the half year ended 31st December 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 half year ended 31st December 2011 is as under;

| | |
|-------------------------|----------------|
| | PKR in Million |
| Sales | 3,635.022 |
| Gross profit | 339.011 |
| Profit before tax | 127.565 |
| Profit after tax | 91.391 |
| | ===== |
| | PKR per share |
| Earning per share | 9.14 |
| Breakup value per share | 205.54 |

Auditors' review on the condensed interim financial statements for the half year ended 31st December 2011 is annexed herewith.

Future Prospects

Currently demand of textile products is sluggish due economic recession in developed countries. The sales and profitability of company has been affected due to volatile prices of cotton during last nine months. The price of cotton is fluctuating which is dangerous for textile industry. Pakistani Rupees has been depreciated around 4% during the half year ended 31st December 2011.

No further reduction in discount rate was made by State Bank of Pakistan after the monetary policy announced in October 2011. The State Bank of Pakistan should consider a further reduction in discount rate and it should be in single digit.

The intensity of gas load shedding has increased in Punjab during the half year ended 31st December 2011 as compared to previous half year. In the absence of gas the machineries had to be operated through power generation based on furnace oil which caused increased in fuel and power cost.

Currently the price of cotton in local market is fluctuating and is around PKR 5,000 to 6,000 per maund. Due to international economic recession 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 : 25th February, 2012

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

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Member of



Illinois, USA

Auditors' Report to the Members on Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Faisal Spinning Mills Limited** as at December 31, 2011, and the related 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 forming part thereof (here-in-after referred to as the "interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income account for the quarter ended December 31, 2011 and 2010 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2011.

Scope of Review

We conducted our review in accordance with international standard on review engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of the persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2011 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Karachi:

Date: **25th February, 2012**

MUSHTAQ & COMPANY

Chartered Accountants

Engagement Partner:

Shahabuddin A. Siddiqui, FCA



FAISAL SPINNING MILLS LIMITED

**Condensed Interim Balance Sheet (Unaudited)
As At 31st December, 2011**

| | Note | 31 st December 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 | | 100,000,000 | 100,000,000 |
| Reserves | | 1,800,000,000 | 1,800,000,000 |
| Unappropriated profit | | 155,456,409 | 139,064,820 |
| | | 2,055,456,409 | 2,039,064,820 |
| NON CURRENT LIABILITIES | | | |
| Long-term financing - secured | | 218,817,593 | 260,185,690 |
| Obligation under finance lease | | 1,019,395 | 3,008,976 |
| Infrastructure fee payable | | 12,227,266 | 11,066,141 |
| Employees retirement benefits | | 66,662,674 | 59,293,795 |
| | | 298,726,928 | 333,554,602 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 515,341,917 | 398,864,053 |
| Mark-up accrued on loans and other payables | | 31,017,976 | 15,704,508 |
| Short-term borrowings - secured | | 1,608,157,741 | 625,340,854 |
| Current portion of long term loan | | 86,923,994 | 178,933,238 |
| | | 2,241,441,628 | 1,218,842,653 |
| CONTINGENCIES AND COMMITMENTS | 5 | - | - |
| | | <u>4,595,624,965</u> | <u>3,591,462,075</u> |

The annexed notes form an integral part of these financial statements

Bilal Sharif
Chief Executive

Karachi : 25th February, 2012

Half Year ended 31st December 2011



FAISAL SPINNING MILLS LIMITED

**Condensed Interim Balance Sheet (Unaudited)
As At 31st December, 2011**

| | Note | 31 st December 2011 Rupees | 30 th June 2011 Rupees |
|-------------------------------------|------|---|---|
| ASSETS | | | |
| NON CURRENTASSETS | | | |
| Property, plant and equipment | 6 | 1,430,783,757 | 1,513,757,757 |
| Capital work-in-progress | | 2,481,575 | 1,599,401 |
| Long term investment | | 355,109,201 | 337,173,615 |
| Long term deposits | | 4,958,245 | 5,769,445 |
| | | 1,793,332,778 | 1,858,300,218 |
| CURRENT ASSETS | | | |
| Stores, spare parts and loose tools | | 84,627,594 | 67,620,445 |
| Stock in trade | | 2,005,881,816 | 1,262,850,313 |
| Trade debts | | 442,865,716 | 243,342,243 |
| Loans and advances | | 110,802,245 | 41,748,200 |
| Trade deposits and prepayments | | 12,349,301 | 11,419,814 |
| Other receivables | | 2,571,787 | 2,366,254 |
| Income tax refundable | | 27,239,253 | 28,312,284 |
| Sales tax refundable | | 49,745,144 | 37,762,395 |
| Bank balances | | 66,209,331 | 37,739,909 |
| | | 2,802,292,187 | 1,733,161,857 |
| | | <u>4,595,624,965</u> | <u>3,591,462,075</u> |

Mohammad Salim
Director



FAISAL SPINNING MILLS LIMITED

**Condensed Interim Profit and Loss Account (Unaudited)
For The Half Year Ended 31st December 2011**

Half Year Ended

Quarter Ended

| | 31 st December 2011 Rupees | 31 st December 2010 Rupees | 31 st December 2011 Rupees | 31 st December 2010 Rupees |
|--|---|---|---|---|
| Sales | 3,635,022,923 | 4,040,987,987 | 1,811,867,350 | 2,079,921,687 |
| Cost of goods sold | 3,296,010,940 | 3,542,804,680 | 1,638,902,724 | 1,794,640,439 |
| Gross profit | 339,011,983 | 498,183,307 | 172,964,626 | 285,281,248 |
| Other operating income | 524,653 | 895,294 | 343,073 | 412,038 |
| | 339,536,636 | 499,078,601 | 173,307,699 | 285,693,286 |
| Distribution cost | 114,200,533 | 128,532,545 | 54,145,382 | 65,016,699 |
| Administrative expenses | 22,947,704 | 19,946,459 | 10,905,784 | 8,964,120 |
| Other operating expenses | 5,770,007 | 12,999,086 | 3,094,369 | 7,669,006 |
| Finance cost | 86,988,274 | 90,617,882 | 46,369,186 | 58,332,338 |
| | 229,906,518 | 252,095,972 | 114,514,721 | 139,982,163 |
| | 109,630,118 | 246,982,629 | 58,792,978 | 145,711,123 |
| Share of profit of associated undertaking | 17,935,586 | 46,112,713 | 10,044,695 | 26,353,173 |
| Profit before tax | 127,565,704 | 293,095,342 | 68,837,673 | 172,064,296 |
| Provision for taxation | | | | |
| Current year | 36,174,115 | 40,456,059 | 18,053,590 | 20,799,686 |
| Prior year | - | 1,069,872 | - | 1,069,872 |
| | 36,174,115 | 41,525,931 | 18,053,590 | 21,869,558 |
| Profit after tax | 91,391,589 | 251,569,411 | 50,784,083 | 150,194,738 |
| Earning per share - basic and diluted | 9.14 | 25.16 | 5.08 | 15.02 |

The annexed notes form an integral part of these financial statements

Bilal Sharif
Chief Executive

Mohammad Salim
Director

Karachi : 25th February, 2012



FAISAL SPINNING MILLS LIMITED

**Condensed Interim Cash Flow Statement (Unaudited)
For The Half Year Ended 31st December 2011**

| | 31st December 2011 Rupees | 31st December 2010 Rupees |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before tax | 127,565,704 | 293,095,342 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 82,974,000 | 75,618,000 |
| Share of profit of associated undertaking | (17,935,586) | (46,112,713) |
| Provision for bad debts | 135,873 | 151,398 |
| Infrastructure fee | 1,161,125 | 131,684 |
| Provision for employee benefits | 10,950,000 | 8,805,758 |
| (Gain) on disposal of property, plant and equipment | - | (75,293) |
| Finance cost | 86,988,274 | 90,617,882 |
| | <u>164,273,686</u> | <u>129,136,716</u> |
| Operating cash flows before movements in working capital | 291,839,390 | 422,232,058 |
| (Increase) in stores, spares and loose tools | (17,007,149) | (1,276,596) |
| (Increase) in stock in trade | (743,031,503) | (1,047,175,867) |
| (Increase) in trade debts | (199,523,473) | (34,555,960) |
| (Increase) in loans and advances | (69,054,045) | (7,850,993) |
| (Increase) in trade deposits | (929,487) | (434,400) |
| (Increase) in other receivables | (205,533) | (990,965) |
| (Increase) in sales tax refundable | (12,118,622) | (7,829,538) |
| Increase in trade and other payables | 55,563,594 | 85,808,936 |
| Increase in short-term borrowings | 982,816,887 | 934,028,853 |
| | <u>(3,489,331)</u> | <u>(80,276,530)</u> |
| Cash generated from operations | 288,350,059 | 341,955,528 |
| Finance cost paid | (71,674,806) | (81,812,731) |
| Employee benefit costs paid | (3,581,121) | (2,559,792) |
| Income taxes paid | (35,101,084) | (41,131,378) |
| Long-term loans | - | (1,260,042) |
| | <u>(109,545,811)</u> | <u>(126,763,943)</u> |
| Net cash from operating activities | 178,804,248 | 215,191,585 |



FAISAL SPINNING MILLS LIMITED

**Condensed Interim Cash Flow Statement (Unaudited)
For The Half Year Ended 31st December 2011**

| | <u>31st December 2011 Rupees</u> | <u>31st December 2010 Rupees</u> |
|---|---|---|
| Cash flows from investing activities | | |
| Proceeds from disposal of property, plant and equipment | - | 300,000 |
| Addition in property plant and equipment | <u>(882,174)</u> | <u>(14,288,563)</u> |
| Net cash used in investing activities | (882,174) | (13,988,563) |
| Cash flows from financing activities | | |
| Payment of loan from sponsors and relatives | (100,000,000) | - |
| Payment of long-term financing | (34,050,000) | (225,695,181) |
| Payment of obligation under finance lease | (1,316,922) | (5,969,184) |
| Dividend paid | <u>(14,085,730)</u> | <u>(4,956,366)</u> |
| Net cash from financing activities | (149,452,652) | (236,620,731) |
| Net increase / (decrease) in cash and cash equivalents | 28,469,422 | (35,417,709) |
| Cash and cash equivalent at the beginning of year | <u>37,739,909</u> | <u>74,333,929</u> |
| Cash and cash equivalent at the end of the period | <u><u>66,209,331</u></u> | <u><u>38,916,220</u></u> |

The annexed notes form an integral part of these financial statements

Bilal Sharif
Chief Executive

Mohammad Salim
Director

Karachi : 25th February, 2012



FAISAL SPINNING MILLS LIMITED

**Condensed Interim Statement of Changes in Equity (Unaudited)
For The Half Year Ended 31st December 2011**

| | Share Capital Rupees | Reserves | | | Unappropriated Profit Rupees | Total Rupees |
|--|-------------------------|-------------------------------|-------------------------------|----------------------|------------------------------------|----------------------|
| | | Capital Reserves Rupees | General Reserves Rupees | Total Reserves | | |
| 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 |
| Final cash dividend for the year ended June 30, 2010 PKR. 5.0 per share | - | - | - | - | (50,000,000) | (50,000,000) |
| Profit for half year ended 31 st December 2010 | - | - | - | - | 251,569,411 | 251,569,411 |
| Balance as at 31st December, 2010 | 100,000,000 | 24,150,000 | 1,225,850,000 | 1,250,000,000 | 282,080,266 | 1,632,080,266 |
| Profit for the remaining period | - | - | - | - | 406,984,554 | 406,984,554 |
| 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 | 139,064,820 | 2,039,064,820 |
| Final cash dividend for the year ended June 30, 2011 PKR. 7.50 per share | - | - | - | - | (75,000,000) | (75,000,000) |
| Profit for half year ended 31 st December 2011 | - | - | - | - | 91,391,589 | 91,391,589 |
| Balance as at 31st December, 2011 | 100,000,000 | 24,150,000 | 1,775,850,000 | 1,800,000,000 | 155,456,409 | 2,055,456,409 |

The annexed notes form an integral part of these financial statements

Bilal Sharif
Chief Executive

Mohammad Salim
Director

Karachi : 25th February, 2012



FAISAL SPINNING MILLS LIMITED

**Condensed Interim Statement of Comprehensive Income (Unaudited)
For the Half Year Ended 31st December 2011**

| | Half Year Ended | | Quarter Ended | |
|---|--|--|--|--|
| | 31 st December 2011 Rupees | 31 st December 2010 Rupees | 31 st December 2011 Rupees | 31 st December 2010 Rupees |
| Profit for the half year after taxation | 91,391,589 | 251,569,411 | 50,784,083 | 150,194,738 |
| Gross profit | | | | |
| Other comprehensive income for the half year | - | - | - | - |
| Total comprehensive Income for the half year | <u>91,391,589</u> | <u>251,569,411</u> | <u>50,784,083</u> | <u>150,194,738</u> |

The annexed notes form an integral part of these financial statements

Bilal Sharif
Chief Executive

Mohammad Salim
Director

Karachi : 25th February, 2012



FAISAL SPINNING MILLS LIMITED

Condensed Interim Notes To The Financial Statements (Unaudited) For The Half Year Ended 31st December, 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 company is principally engaged in manufacturing and sale of yarn and 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

2.1 Statement of compliance

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 statements 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 half year ended December 31, 2011 which have been subjected to a review but not audited. These condensed interim financial statements also include the condensed interim profit and loss account for the quarter ended December 31, 2011.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended 30 June, 2011.

4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

4.1 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

4.2 Judgments and estimates made by management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended 30 June, 2011.

4.3 The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2011.

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, 2011.



FAISAL SPINNING MILLS LIMITED

**Condensed Interim Notes To The Financial Statements (Unaudited)
For The Half Year Ended 31st December, 2011**

| 6 PROPERTY, PLANT AND EQUIPMENTS | DECEMBER 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 | (82,974,000) | (137,923,503) |
| Written down value of asset - closing | <u>1,430,783,757</u> | <u>1,513,757,757</u> |

7 TRANSACTIONS WITH ASSOCIATED UNDERTAKING

The Company enters into transactions with the related parties in normal course of business at arm's length price 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:

| | Half Year Ended | | Quarter Ended | |
|-------------------------------------|--|--|--|--|
| | 31 st December 2011 Rupees | 31 st December 2010 Rupees | 31 st December 2011 Rupees | 31 st December 2010 Rupees |
| Services received | 1,140,000 | 7,746,893 | 570,000 | 4,340,693 |
| Electricity purchased | 72,907,975 | 52,496,990 | 39,905,238 | 31,036,868 |
| Purchase of yarn, fabric and stores | 406,341,679 | 338,773,591 | 146,740,804 | 130,421,580 |
| Sales of cotton, yarn and fabric | 180,288,041 | 33,813,951 | 55,840,658 | 24,336,598 |

8 DATE OF AUTHORIZATION FOR ISSUE

These six months period financial statements were authorized for issue on 25th February 2012 by the Board of Directors of the Company.

9 DIVIDEND

The Company has paid cash dividend at the rate of 75.0% (i.e. PKR 7.50 per share) on the ordinary shares as approved in 27th Annual General Meeting held on October 27, 2011.

10 OTHERS

There are no other significant activity since June 30, 2011 affecting the financial statements.

11 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 half year and quarter.

Bilal Sharif
Chief Executive

Mohammad Salim
Director

Karachi : 25th February, 2012

Half Year ended 31st December 2011

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