



of Companies

**FIRST QUARTERLY ACCOUNTS
2014 - 2015
(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 2014. 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 2014 is as under;

	PKRinMillion
Sales	2,560.844
Gross profit	221.131
Profit before tax	75.502
Profit after tax	49.913
	=====
	PKRpershare
Earnings per share	4.99
Breakup value per share	360.28

Overview and Future Prospects

During the quarter ended 30th September 2014 the sales of the company have increased by 8.73% as compared to previous year quarter ended 30th September 2013 mainly due to increase in production capacity by 6,000 spindles. Finance cost has increased due to long term loan obtained to finance the expansion of 6,000 spindles and BMR of weaving unit.

A major increase in exports and production of textile industry was being expected by government official, after getting Generalized System of Preferences (GSP) Plus status by the European Union but the export of textile products have declined during the quarter ended 30th September 2014.

Currently the price of cotton is around PKR 5,250 per maund. After a long spell of declining in cotton prices, now cotton prices look steady. The steadiness in cotton prices is foundation for stable yarn prices.

Government should take immediate steps for importing of LNG at competitive rates in order to fulfill the shortage of gas. Due to energy crisis, Pakistan is losing its share of textile products in international market.

In the present scenario the results are likely to be adverse in coming quarter. 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: 28th October 2014



FAISAL SPINNING MILLS LIMITED

**Condensed Interim Balance Sheet (Un-Audited)
As At 30th September, 2014**

	Note	(Un-Audited) 30 th September 2014 Rupees	(Audited) 30 th June 2014 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
12,000,000 (2014: 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>3,400,000,000</u>	3,400,000,000
Unappropriated profits		<u>102,856,248</u>	52,943,097
		3,602,856,248	3,552,943,097
NON CURRENT LIABILITIES			
Long-term financing - secured		<u>948,254,400</u>	1,041,909,003
Infrastructure fee payable		<u>30,353,469</u>	28,903,847
Deferred liabilities		<u>92,962,972</u>	87,063,318
		1,071,570,841	1,157,876,168
CURRENT LIABILITIES			
Trade and other payables		<u>646,990,006</u>	478,850,726
Mark-up accrued on loans and other payables		<u>19,774,366</u>	22,779,586
Short-term borrowings - secured		-	349,952,831
Current portion of long term loan		<u>321,020,897</u>	276,014,196
		987,785,269	1,127,597,339
CONTINGENCIES AND COMMITMENTS	4	-	-
TOTAL EQUITY AND LIABILITIES		<u>5,662,212,358</u>	<u>5,838,416,604</u>

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

BILAL SHARIF
Chief Executive

Karachi: 28th October 2014



FAISAL SPINNING MILLS LIMITED

**Condensed Interim Balance Sheet (Un-Audited)
As At 30th September, 2014**

	Note	(Un-Audited) 30 th September 2014 Rupees	(Audited) 30 th June 2014 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	1,948,440,727	2,019,622,057
Capital work-in-progress		579,719,933	525,689,393
Long term investment		487,926,968	484,210,230
Long term deposits		9,495,235	7,558,235
		3,025,582,863	3,037,079,915
CURRENT ASSETS			
Stores, spare parts and loose tools		84,075,082	85,156,827
Stock in trade		1,692,238,633	2,176,379,677
Trade debts		404,731,596	216,177,580
Loans and advances		52,409,611	41,992,334
Trade deposits and prepayments		35,251,250	32,222,856
Other receivables		2,594,432	2,594,432
Income tax refundable		109,944,803	114,336,345
Sales tax refundable		78,727,657	78,822,247
Bank balances		176,656,431	53,654,391
		2,636,629,495	2,801,336,689
TOTAL ASSETS		5,662,212,358	5,838,416,604

MOHAMMAD SALIM
Director



FAISAL SPINNING MILLS LIMITED

**Condensed Interim Profit and Loss Account (Un-Audited)
For The First Quarter Ended 30th September 2014**

	Note	30 th September 2014 Rupees	30 th September 2013 Rupees
Sales		2,560,844,237	2,355,189,664
Cost of goods sold		2,339,712,621	2,050,880,533
Gross profit		221,131,616	304,309,131
Other income		4,451,847	3,280,073
		225,583,463	307,589,204
Distribution cost		81,616,250	69,603,616
Administrative expenses		21,159,191	17,598,767
Other operating expenses		5,367,730	9,404,187
Finance cost		45,654,455	32,303,068
		153,797,626	128,909,638
		71,785,837	178,679,566
Share of profit of associated undertaking		3,716,738	18,135,517
Profit before tax		75,502,575	196,815,083
Provision for taxation	6		
Current year		25,589,424	23,340,127
Profit after tax		49,913,151	173,474,956
Earnings per share - basic and diluted		4.99	17.35

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

BILAL SHARIF
Chief Executive

MOHAMMAD SALIM
Director

Karachi: 28th October 2014



FAISAL SPINNING MILLS LIMITED

**Condensed Interim Statement of Comprehensive Income (Un-Audited)
For The First Quarter Ended 30th September 2014**

	30th September 2014 Rupees	30th September 2013 Rupees
Profit for the period after taxation	49,913,151	173,474,956
Other comprehensive income for the period	-	-
Total comprehensive Income for the period	<u>49,913,151</u>	<u>173,474,956</u>

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

BILAL SHARIF
Chief Executive

MOHAMMAD SALIM
Director

Karachi: 28th October 2014

FAISAL SPINNING MILLS LIMITED

**Condensed Interim Cash Flow Statement (Un-Audited)
For The First Quarter Ended 30th September 2014**

	30 th September 2014 Rupees	30 th September 2013 Rupees
Cash flows from operating activities		
Profit before tax	75,502,575	196,815,083
Adjustments for:		
Depreciation of property, plant and equipment	67,803,000	43,829,351
Share profit of associated undertaking	(3,716,738)	(18,135,517)
Infrastructure fee	1,449,622	3,588,201
Provision for employee benefits	7,125,000	6,649,500
(Gain) on disposal of property, plant and equipment	(4,371,670)	(2,664,885)
Finance cost	45,654,455	32,303,068
	113,943,669	65,569,718
Operating cash flows before movements in working capital	189,446,244	262,384,801
Decrease in stores, spares and loose tools	1,081,745	15,207,181
Decrease in stock in trade	484,141,044	226,702,749
(Increase) in trade debts	(188,554,016)	(56,816,374)
(Increase) in loans and advances	(10,417,277)	(55,317,391)
(Increase) in trade deposits	(3,028,394)	(7,613,445)
(Increase) in other receivable	-	(166,832)
Decrease / (Increase) in sales tax refund and other receivables	94,590	(16,148,843)
Increase in trade and other payables	168,143,780	43,090,465
	451,461,472	148,937,510
Cash generated by operations	640,907,716	411,322,311
Finance cost paid	(48,659,675)	(30,036,987)
Employee benefit costs paid	(1,225,346)	(3,059,426)
Income taxes paid	(21,197,882)	(20,531,505)
Long-term deposits refunded / (paid)	(1,937,000)	(2,080,040)
	(73,019,903)	(55,707,958)
Net cash from operating activities	567,887,813	355,614,353

FAISAL SPINNING MILLS LIMITED

**Condensed Interim Cash Flow Statement (Un-Audited)
For The First Quarter Ended 30th September 2014**

	30 th September 2014 Rupees	30 th September 2013 Rupees
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	7,750,000	11,200,000
Addition in property plant and equipment	(54,030,540)	(289,415,221)
Net cash used in investing activities	(46,280,540)	(278,215,221)
Cash flows from financing activities		
Proceed from long term finance	-	248,958,549
Payment of long-term financing	(48,114,079)	(42,095,625)
Payment of obligation under finance lease	(533,823)	(471,470)
Increase / (decrease) in short-term borrowings	(349,952,831)	(275,600,000)
Dividend paid	(4,500)	(39,875)
Net cash from financing activities	(398,605,233)	(69,248,421)
Net increase / (decrease) in cash and cash equivalents	123,002,040	8,150,711
Cash and cash equivalent at the beginning of year	53,654,391	83,427,078
Cash and cash equivalent at the end of year	176,656,431	91,577,789

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



BILAL SHARIF
Chief Executive



MOHAMMAD SALIM
Director

Karachi: 28th October 2014



FAISAL SPINNING MILLS LIMITED

**Condensed Interim Statement of Changes In Equity (Un-Audited)
For The First Quarter Ended 30th September 2014**

	Reserves				Unappropriated Profit	
	Share Capital	Capital Reserves	General Reserves	Total	Profit	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 30th June, 2013	100,000,000	24,150,000	2,775,850,000	2,800,000,000	111,294,191	3,011,294,191
Total comprehensive income for the quarter ended 30th September 2013	-	-	-	-	173,474,956	173,474,956
Balance as at 30th September, 2013	100,000,000	24,150,000	2,775,850,000	2,800,000,000	284,769,147	3,184,769,147
Final dividend for the year ended June 30, 2013 PKR. 5.0 per share	-	-	-	-	(50,000,000)	(50,000,000)
Total comprehensive income for the remaining period	-	-	-	-	418,173,950	418,173,950
Transferred to general reserve	-	-	600,000,000	600,000,000	(600,000,000)	-
Balance as at 30th June, 2014	100,000,000	24,150,000	3,375,850,000	3,400,000,000	52,943,097	3,552,943,097
Total comprehensive income for the quarter ended 30th September 2014	-	-	-	-	49,913,151	49,913,151
Balance as at 30th September, 2014	100,000,000	24,150,000	3,375,850,000	3,400,000,000	102,856,248	3,602,856,248

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

BILAL SHARIF
Chief Executive

MOHAMMAD SALIM
Director

Karachi: 28th October 2014



FAISAL SPINNING MILLS LIMITED

Condensed Interim Notes To The Financial Statements (Un-Audited) For The First Quarter Ended 30th September, 2014

1 REPORTING ENTITY

Faisal Spinning Mills Limited ('the Company') is incorporated in Pakistan as a Public Limited Company under the Companies Ordinance, 1984 and is listed on Karachi Stock Exchange (Guarantee) Limited, Islamabad Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited. The Company is primarily a spinning unit engaged in the manufacture and sale of yarn and woven fabric, however, it is also engaged in the generation of electricity for self consumption. The registered office of the Company is situated at Umer House, 23/1, Sector 23, S.M. Farooq Road, Korangi Industrial Area, Karachi. The manufacturing facility is located at Nooriabad District Dadu in the Province of Sindh and District Shekhupura in the Province of Punjab.

2 BASIS OF PREPARATION

This interim financial information is not audited and has been presented in condensed form and does not include all the information as is required to be provided in a full set of annual financial statements. This condensed interim financial information should be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2014.

2.1 Statement of compliance

This condensed interim financial report has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting, and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except for certain financial instruments at fair value, certain financial liabilities at amortized cost and employees retirement benefits at present value. In this financial information, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

2.3 Judgments, estimates and assumptions

The preparation of financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

2.4 Functional currency

This financial information is prepared in Pak Rupees which is the Company's functional currency.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2014.

4 CONTINGENCIES AND COMMITMENTS

There is no material change in contingencies and commitments as disclosed in annual financial statements for the year ended June 30, 2014.



FAISAL SPINNING MILLS LIMITED

Condensed Interim Notes To The Financial Statements (Un-Audited) For The First Quarter Ended 30th September, 2014

	<i>Note</i>	September 30, 2014 <i>Rupees</i> <i>(Un-Audited)</i>	June 30, 2014 <i>Rupees</i> <i>(Audited)</i>
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets			
- assets owned by the Company	5.1	1,945,034,517	2,015,364,294
- assets subject to finance lease	5.2	3,406,210	4,257,763
		1,948,440,727	2,019,622,057
Capital work in progress		579,719,933	525,689,393
		2,528,160,660	2,545,311,450
5.1 Assets owned by the Company			
Net book value at the beginning of the period/year		2,015,364,294	1,399,039,571
Additions during the period/year			
Leasehold land		-	171,000
Factory buildings		-	43,687,724
Non factory buildings		-	48,757,791
Plant and machinery		-	673,642,022
Electric installation		-	34,821,252
Factory equipment		-	7,251,471
Furniture and fixture		-	126,922
Equipment and other assets		-	23,620,643
Vehicles		-	17,591,582
		-	849,670,407
Net book value of assets transferred from leased assets		-	-
Net book value of assets disposed during the period/year		(3,378,330)	(24,168,744)
Depreciation for the period/year		(66,951,447)	(209,176,940)
Net book value at the end of the period/year		1,945,034,517	2,015,364,294
5.2 Assets subject to finance lease			
Net book value at the beginning of the period/year		4,257,763	5,322,204
Additions during the period/year		-	-
Net book value of assets transferred to owned assets		-	-
Depreciation for the period/year		(851,553)	(1,064,441)
Net book value at the end of the period/year		3,406,210	4,257,763
6 PROVISION FOR TAXATION			
6.1 Provision for current tax has been in accordance with the requirements of section 18 and section 154 of the Income Tax Ordinance, 2001.			
7 TRANSACTIONS AND BALANCES WITH RELATED PARTIES			
Related parties from the Company's perspective comprise associated companies and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company.			



FAISAL SPINNING MILLS LIMITED

Condensed Interim Notes To The Financial Statements (Un-Audited) For The First Quarter Ended 30th September, 2014

Transactions with key management personnel are limited to payment of short term employee benefits only. The Company in the normal course of business carries out various transactions with associated companies and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an arm's length transaction.

Details of transactions and balances with related parties is as follows:

		Quarter ended	
		September 30, 2014	September 30, 2013
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Un-Audited)</i>
7.1 Transactions with related parties			
Nature of relationship	Nature of transaction		
Associated companies	Purchases	182,178,524	173,997,567
	Sales	7,588,518	-
	Rent paid	75,000	75,000
	Purchase of electricity	48,378,378	23,504,998

7.2 Balances with related parties

There are no balances with related parties as at the reporting date.

8 SEGMENT REPORTING

The Company has three reportable segments, which offer different products and are managed separately. The following summary describes the operations in each of the company's reportable segments.

Reportable segment	Principal activity
Spinning	Manufactures and sale of yarn
Weaving	Manufactures and sale of woven fabric
Power	Generation and sale of electricity

Information about operating segments as at September 30, 2014 and for the quarter then ended is as follows:

		Quarter ended			
		September 30, 2014			
		Spinning	Weaving	Power	Total
		<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Revenue from external customers	1,333,487,595	1,227,356,642	-	2,560,844,237	
Inter-segment revenues	6,613,000	-	138,178,260	144,791,260	

		Quarter ended			
		September 30, 2013			
		Spinning	Weaving	Power	Total
		<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Revenue from external customers	1,053,617,766	1,301,571,898	-	2,355,189,664	
Inter-segment revenues	63,383,200	-	108,355,880	171,739,080	



FAISAL SPINNING MILLS LIMITED

Condensed Interim Notes To The Financial Statements (Un-Audited) For The First Quarter Ended 30th September, 2014

As at September 30, 2014

	Spinning <i>Rupees</i>	Weaving <i>Rupees</i>	Power <i>Rupees</i>	Un-allocated <i>Rupees</i>	Total <i>Rupees</i>
Segment assets	<u>2,928,907,851</u>	<u>1,898,839,143</u>	<u>148,370,701</u>	<u>686,094,663</u>	<u>5,662,212,358</u>

As at June 30, 2014

	Spinning <i>Rupees</i>	Weaving <i>Rupees</i>	Power <i>Rupees</i>	Un-allocated <i>Rupees</i>	Total <i>Rupees</i>
Segment assets	<u>3,217,643,134</u>	<u>1,785,813,862</u>	<u>150,032,551</u>	<u>684,927,057</u>	<u>5,838,416,604</u>

As at September 30, 2014

	Spinning <i>Rupees</i>	Weaving <i>Rupees</i>	Power <i>Rupees</i>	Un-allocated <i>Rupees</i>	Total <i>Rupees</i>
Segment liabilities	<u>173,112,392</u>	<u>369,099,247</u>	<u>38,293,151</u>	<u>1,478,851,320</u>	<u>2,059,356,110</u>

As at June 30, 2014

	Spinning <i>Rupees</i>	Weaving <i>Rupees</i>	Power <i>Rupees</i>	Un-allocated <i>Rupees</i>	Total <i>Rupees</i>
Segment liabilities	<u>132,823,455</u>	<u>246,111,583</u>	<u>37,344,080</u>	<u>1,869,194,389</u>	<u>2,285,473,507</u>

9 EVENTS AFTER THE REPORTING PERIOD

9.1 There are no significant events after the reporting period that may require any adjustment or disclosure in this condensed interim financial report.

9.2 The shareholder has approved cash dividend at the rate of 50% (i.e. Rs. 5.0 per share) on the ordinary shares as approved in 30th Annual General Meeting held on October 27, 2014.

10 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these financial statements.

11 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information have been approved by the Board of Directors of the Company and authorized for issue on 28th October 2014.

12 GENERAL

12.1 There are no other significant activities since June 30, 2014 affecting the interim financial information.

12.2 Corresponding figures have been re-arranged where necessary to facilitate comparison. However, there are no significant reclassifications during the period.

12.3 Figures have been rounded off to the nearest Rupee.

BILAL SHARIF
Chief Executive

MOHAMMAD SALIM
Director

Karachi: 28th October 2014

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