



of Companies

**THIRD QUARTERLY ACCOUNTS
2012-2013
(UN - AUDITED)**

UMER GROUP OF COMPANIES

FAISAL SPINNING MILLS LIMITED



FAISAL SPINNING MILLS LIMITED

Vision

*A company,
providing quality textile products
and maintaining
an excellent level of ethical
and
professional standards.*





FAISAL SPINNING MILLS LIMITED

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 nine months ended 31st March 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 nine months ended 31st March 2014 is as under;

	PKR in Million
Sales	7,267.305
Gross profit	963.634
Profit before tax	527.435
Profit after tax	454.597
	=====
	PKR per share
Earnings per share	45.46
Breakup value per share	341.58

Overview and Future Prospects

Lower of demand of cotton and yarn from China and abrupt appreciations in Pakistani Rupee were the major challenge for textile industry during the quarter ended 31st March 2014. The profitability of textile sector during the quarter ended 31st March 2014 has been adversely affected due to above issues.

The Pakistani Rupee has been appreciated around 10% during the period of couples of weeks. Government should adopt the policy of gradually appreciation in Pakistani Rupees in order to safe guard the interest of exporter.

Cotton prices are now coming down due to dullness in spinning sector. Currently the price of cotton is around PKR 6,400 per maund whereas during the cotton season it was around 7,000 per maund. Therefore, the prices of cotton have declined around 8.5%. Any further decrease in cotton price may reduce the profitability.

Due to decline in yarn export and import of yarn from India abundant supply of yarn is available in local market which is major cause of decrease in yarn prices.

Generalized System of Preferences (GSP) Plus status is a ray of hope for improvement in export sales of textile industry. A major increase in exports and production of textile industry is being expected by government official, after getting Generalized System of Preferences (GSP) Plus status by the European Union. But the shortage of energy, law and order situation and lack of adequate technology are the major constrain of taking benefits from GPS Plus.

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: 26th April 2014



FAISAL SPINNING MILLS LIMITED

Condensed Interim Balance Sheet (Un-audited) As At 31st March, 2014

	Note	31 st March 2014 Rupees	30 th June 2013 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
12,000,000 (2013: 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>2,800,000,000</u>	2,800,000,000
Unappropriated profits		<u>515,891,343</u>	111,294,191
		3,415,891,343	3,011,294,191
NON CURRENT LIABILITIES			
Long-term financing - secured		<u>774,896,406</u>	534,477,451
Obligation under finance lease		-	2,222,968
Deferred liabilities		<u>108,904,764</u>	98,832,760
		883,801,170	635,533,179
CURRENT LIABILITIES			
Trade and other payables		<u>526,206,429</u>	416,420,691
Mark-up accrued on loans and other payables		<u>44,690,280</u>	12,899,343
Short-term borrowings - secured		<u>1,150,375,112</u>	929,000,000
Current portion of long term loan		<u>211,094,591</u>	85,421,328
		1,932,366,412	1,443,741,362
CONTINGENCIES AND COMMITMENTS	4	-	-
		<u>6,232,058,925</u>	<u>5,090,568,732</u>

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

Bilal Sharif
Chief Executive

Karachi: 26th April 2014



FAISAL SPINNING MILLS LIMITED

Condensed Interim Balance Sheet (Un-audited) As At 31st March, 2014

	Note	31 st March 2014 Rupees	30 th June 2013 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	1,871,633,584	1,404,361,775
Capital work-in-progress		297,863,861	377,111,639
Long term investment		479,206,348	447,639,881
Long term deposits		7,558,235	5,033,195
		2,656,262,028	2,234,146,490
CURRENT ASSETS			
Stores, spare parts and loose tools		67,126,324	78,670,168
Stock in trade		2,700,889,871	2,089,299,296
Trade debts		486,799,293	397,153,858
Loans and advances		71,348,897	60,989,089
Trade deposits and prepayments		32,975,350	22,785,820
Other receivables		2,820,879	5,409,752
Sales tax refundable		107,230,490	71,497,066
Income tax refundable		47,155,872	47,190,115
Cash and Bank balances		59,449,921	83,427,078
		3,575,796,897	2,856,422,242
		6,232,058,925	5,090,568,732

Mohammad Salim
Director



FAISAL SPINNING MILLS LIMITED

Condensed Interim Profit and Loss Account (Un-audited) For The Nine Months Ended 31st March 2014

	Nine Months Ended		Quarter Ended	
	31 st March 2014 Rupees	31 st March 2013 Rupees	31 st March 2014 Rupees	31 st March 2013 Rupees
Sales	7,267,305,492	6,212,264,626	2,569,684,257	2,204,829,087
Cost of goods sold	6,303,671,087	5,393,881,280	2,327,894,832	1,860,256,706
Gross profit	963,634,405	818,383,346	241,789,425	344,572,381
Other income	9,213,226	3,278,035	1,711,933	630,321
	972,847,631	821,661,381	243,501,358	345,202,702
Distribution cost	233,172,914	187,107,655	76,924,703	68,526,613
Administrative expenses	52,106,640	39,471,305	17,807,538	14,933,061
Other operating expenses	25,893,132	24,445,639	3,762,850	10,362,409
Finance cost	171,751,855	107,345,127	73,512,120	54,494,820
	482,924,541	358,369,726	172,007,211	148,316,903
	489,923,090	463,291,655	71,494,147	196,885,799
Share of profit of associated undertaking	37,512,267	46,698,380	3,868,578	18,693,546
Profit before tax	527,435,357	509,990,035	75,362,725	215,579,345
Provision for taxation				
Current year	72,838,205	62,041,807	25,924,684	21,944,949
Profit after tax	454,597,152	447,948,228	49,438,041	193,634,396
Earnings per share - basic and diluted	45.46	44.79	4.94	19.36

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

Bilal Sharif
Chief Executive

Mohammad Salim
Director

Karachi: 26th April 2014



FAISAL SPINNING MILLS LIMITED

Condensed Interim Statement of Comprehensive Income (Un-audited) For the Nine Months Ended 31st March 2014

	Nine Months Ended		Quarter Ended	
	31 st March 2014 Rupees	31 st March 2013 Rupees	31 st March 2014 Rupees	31 st March 2013 Rupees
Profit after tax	454,597,152	447,948,228	49,438,041	193,634,396
Other comprehensive income for the nine months	-	-	-	-
Total comprehensive Income for the nine months	<u>454,597,152</u>	<u>447,948,228</u>	<u>49,438,041</u>	<u>193,634,396</u>

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

Bilal Sharif
Chief Executive

Mohammad Salim
Director

Karachi: 26th April 2014



FAISAL SPINNING MILLS LIMITED

Condensed Interim Cash Flow Statement (Un-audited) For The Nine Months Ended 31st March 2014

	31st March 2014 Rupees	31st March 2013 Rupees
Cash flows from operating activities		
Profit before tax	527,435,357	509,990,035
Adjustments for:		
Depreciation of property, plant and equipment	160,452,551	118,679,945
Share profit of associated undertaking	(37,512,267)	(46,698,380)
Provision for bad debts	208,494	87,206
Bad debts recovered	(1,141,526)	(1,425,489)
Infrastructure fee	5,387,799	5,499,078
Provision for employee benefits	18,270,000	18,054,000
(Gain) on disposal of property, plant and equipment	(5,926,228)	(639,007)
Finance cost	171,751,855	107,345,127
	311,490,678	200,902,480
Operating cash flows before movements in working capital	838,926,035	710,892,515
Decrease / (Increase) in stores, spares and loose tools	11,543,844	(2,627,184)
(Increase) in stock in trade	(611,590,575)	(1,297,980,534)
(Increase) in trade debts	(89,645,435)	(83,570,646)
(Increase) in loans and advances	(10,359,808)	(84,963,429)
(Increase) in trade deposits	(10,189,530)	(11,969,161)
Decrease / (Increase) in other receivable	2,588,873	370,500.00
(Increase) in sales tax refundable	(34,800,392)	(250,515)
Increase in trade and other payables	109,186,825	49,886,573
	(633,266,198)	(1,431,104,396)
Cash used in operations	205,659,837	(720,211,881)
Finance cost paid	(139,960,918)	(85,972,819)
Employee benefit costs paid	(13,585,795)	(7,864,432)
Income taxes paid	(72,803,962)	(64,115,684)
Long-term deposits refunded	(2,525,040)	-
	(228,875,715)	(157,952,935)
Net cash from operating activities	(23,215,878)	(878,164,816)



FAISAL SPINNING MILLS LIMITED

Condensed Interim Cash Flow Statement (Un-audited) For The Nine Months Ended 31st March 2014

	31 st March 2014 Rupees	31 st March 2013 Rupees
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	29,834,304	8,629,310
Addition in property plant and equipment	(572,384,658)	(45,640,218)
Dividend received	5,945,800	5,945,800
Net cash used in investing activities	(536,604,554)	(31,065,108)
Cash flows from financing activities		
Proceed from long term finance	434,981,826	-
Payment of long-term financing	(69,654,875)	(57,672,719)
Payment of obligation under finance lease	(1,457,701)	(3,922,930)
Increase / (decrease) in short-term borrowings	221,375,112	1,072,400,000
Dividend paid	(49,401,087)	(49,603,412)
Net cash from financing activities	535,843,275	961,200,939
Net increase / (decrease) in cash and cash equivalents	(23,977,157)	51,971,015
Cash and cash equivalent at the beginning of period	83,427,078	35,981,200
Cash and cash equivalent at the end of period	59,449,921	87,952,215

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

Bilal Sharif
Chief Executive

Mohammad Salim
Director

Karachi: 26th April 2014



FAISAL SPINNING MILLS LIMITED

Condensed Interim Statement of Changes in Equity (Un-audited) For The Nine Months Ended 31st March 2014

	Reserves					Total Rupees
	Share Capital	Capital Reserves	General Reserves	Sub Total	Unappropriated Profit	
	Rupees	Rupees	Rupees		Rupees	
Balance as at 30 June, 2012	100,000,000	24,150,000	2,075,850,000	2,100,000,000	63,062,272	2,263,062,272
Final dividend for the year ended June 30, 2012 PKR. 5.0 per share	-	-	-	-	(50,000,000)	(50,000,000)
Profit for the nine months ended 31 March 2013	-	-	-	-	447,948,228	447,948,228
Balance as at 31 March, 2013	100,000,000	24,150,000	2,075,850,000	2,100,000,000	461,010,500	2,661,010,500
Profit for the remaining period	-	-	-	-	350,283,691	350,283,691
Transferred to general reserve	-	-	700,000,000	700,000,000	(700,000,000)	-
Balance as at 30 June, 2013	100,000,000	24,150,000	2,775,850,000	2,800,000,000	111,294,191	3,011,294,191
Final dividend for the year ended June 30, 2013 PKR. 5.0 per share	-	-	-	-	(50,000,000)	(50,000,000)
Profit for the nine months ended 31 March 2014	-	-	-	-	454,597,152	454,597,152
Balance as at 31 March, 2014	100,000,000	24,150,000	2,775,850,000	2,800,000,000	515,891,343	3,415,891,343

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

Bilal Sharif
Chief Executive

Mohammad Salim
Director

Karachi: 26th April 2014



FAISAL SPINNING MILLS LIMITED

Condensed Interim Notes to the Financial Statements (Un-audited) For The Nine Months ended 31st March, 2014

1 NATURE AND SCOPE OF THE BUSINESS

The company was incorporated in Pakistan as a public limited company on January 31, 1985 under Companies Ordinance, 1984. 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 un-audited and has been prepared in accordance with the requirements of the IAS 34 Interim Financial Reporting as applicable in Pakistan. This condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended 30th June, 2013.

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 information 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 nine months ended 31st March 2014. These condensed interim financial information also include the condensed interim profit and loss account for the quarter ended 31 March, 2014.

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 30th June, 2013 except for adoption of IAS-19, as more described in note 3.2 below.

3.2 Change in accounting policy for employee benefits - defined benefit plan

IAS 19 (revised) ' Employee benefits' amends the accounting for employment benefits which became effective to the Company from July 1, 2013. The changes introduced by the IAS 19 (revised) are as follows:

- (a) The standard requires past service cost to be recognised immediately in profit and loss account;
- (b) The standard replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit assets or liability and the discount rate, measured at the beginning of the year;
- (c) There is new term "remeasurement". This is made up of actuarial gains and losses, the differences between actual investment returns and return implied by the net interest cost; and
- (d) The amendment requires an entity to recognise remeasurements immediately in other comprehensive income. Actuarial gains or losses beyond corridor limits were previously amortised over the expected future services of the employees.

The management believes that the effects of these changes would not have any effect on this condensed interim financial information as the cumulative balance for unrecognised actuarial losses as at June 30, 2013 was Nil.



FAISAL SPINNING MILLS LIMITED

Condensed Interim Notes to the Financial Statements (Un-audited) For The Nine Months ended 31st March, 2014

4 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There has been no significant change in the contingencies and commitments since the last audited financial statements.

	31st March 2014 Rupees	30th June 2013 Rupees
5 PROPERTY, PLANT AND EQUIPMENTS		
Written down value of assets - opening	1,404,361,775	1,439,394,698
Addition during the period	651,632,436	127,982,562
Disposals during the period - written down value	(23,908,076)	(7,990,303)
Depreciation charged during the period	(160,452,551)	(155,025,182)
Written down value of assets - closing	1,871,633,584	1,404,361,775

6 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:

	Nine Months Ended		Quarter Ended	
	31 st March 2014 Rupees	31 st March 2013 Rupees	31 st March 2014 Rupees	31 st March 2013 Rupees
	Services received	225,000	4,802,478	75,000
Services rendered	-	3,041,259	-	(1,111,473)
Electricity purchased	94,265,609	62,640,488	39,572,864	17,577,739
Purchase of yarn, fabric and stores	606,032,332	539,926,560	212,626,594	165,908,023
Sales of cotton, yarn and fabric	16,040,668	124,827,595	16,040,668	58,265,529
Dividend received	5,945,800	5,945,800	-	-

7 DATE OF AUTHORIZATION FOR ISSUE

These nine months period financial information were authorized for issue on 26th April 2014 by the board of directors of the Company.

8 OTHERS

There are no other significant activity since 30th June, 2013 affecting the financial statements.

9 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: 26th April 2014

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