



of Companies

**FIRST QUARTERLY ACCOUNTS
2016-2017
(UN - AUDITED)**

UMER GROUP OF COMPANIES

FAISAL SPINNING MILLS LIMITED



FAISAL SPINNING MILLS LIMITED

DIRECTORS' REVIEW

Your directors are pleased to present the un-audited condensed interim financial statements of the Company for the first quarter ended 30th September 2016.

Salient features of the first quarter ended 30th September 2016 are as follows;

- Profit after tax for the first quarter ended 30th September 2016 is PKR 81.552 million as against PKR 21.451 million of the corresponding first quarter of last year.
- Earnings per share for the first quarter ended 30th September 2016 is PKR 8.16 (30th September 2015 PKR 2.15).
- Breakup value of the share as on 30th September 2016 is PKR 387.18 (30th June, 2016 PKR 379.03).

During the quarter ended 30th September 2016, profit has increased as compared to previous year's quarter ended 30th September 2015.

Overview and Future Prospect

Pakistan textile export is decreasing with the passage of time due to increase in competition from other textile producing countries. Government should develop comprehensive textile policy in order to boost the textile export and to revive local textile industry.

Currently, cotton prices in local market seem to be at higher side as compared to the previous year. The cotton production of current season may fail to achieve the target as set earlier.

Availability of gas and uninterrupted electricity is a major concern for textile industry in Pakistan. Due to energy crises the export of textile products has fallen. Government should take immediate steps for the availability of gas for textile units.

Government should extend export finance scheme to yarn and fabric in order to support spinning segment which is currently in crisis.

Profitability of upcoming quarter will be based on the positive correlation of demand and price of cotton and yarn

Acknowledgement

Board of directors acknowledge and appreciate the efforts of the employees and valuable support of the suppliers, various government department and our bankers.

For and on behalf of the Board
BILAL SHARIF
Chief Executive

Karachi: 28th October, 2016



FAISAL SPINNING MILLS LIMITED

Condensed Interim Balance Sheet (Un-Audited) As At 30th September, 2016

	(Un-Audited) 30 th September 2016 Rupees	(Audited) 30 th June 2016 Rupees
Note		
SHARE CAPITAL AND RESERVES		
Authorized capital		
12,000,000 (2016: 12,000,000) ordinary shares of PKR 10 each	120,000,000	120,000,000
Issued, subscribed and paid up capital	100,000,000	100,000,000
Reserves	3,650,000,000	3,650,000,000
Unappropriated profits	121,854,395	40,302,285
	3,871,854,395	3,790,302,285
NON CURRENT LIABILITIES		
Long-term financing - secured	1,317,810,092	1,354,511,673
Infrastructure fee payable	54,427,619	50,596,721
Deferred liabilities	172,477,329	169,233,110
	1,544,715,040	1,574,341,504
CURRENT LIABILITIES		
Trade and other payables	926,709,453	751,075,218
Mark-up accrued on loans and other payables	14,493,021	13,144,572
Short-term borrowings - secured	565,335,511	752,995,786
Current portion of long term loan	142,116,324	123,681,061
	1,648,654,309	1,640,896,637
CONTINGENCIES AND COMMITMENTS	4	-
TOTAL EQUITY AND LIABILITIES	7,065,223,744	7,005,540,426

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

BILAL SHARIF
Chief Executive

Karachi: 28th October, 2016



FAISAL SPINNING MILLS LIMITED

Condensed Interim Balance Sheet (Un-Audited) As At 30th September, 2016

		(Un-Audited) 30 th September 2016 Rupees	(Audited) 30 th June 2016 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	3,115,752,068	3,196,270,573
Long term investment		522,952,650	510,098,368
Long term deposits		8,859,135	8,859,135
		3,647,563,853	3,715,228,076
CURRENT ASSETS			
Stores, spare parts and loose tools		64,886,040	66,536,840
Stock in trade		2,004,731,266	1,998,879,799
Trade debts		638,573,133	497,572,089
Loans and advances		108,236,669	120,980,511
Trade deposits and prepayments		66,900,096	62,369,077
Other receivables		2,594,432	2,594,432
Income tax refundable		225,785,935	229,282,810
Sales tax refundable		221,844,671	258,330,159
Bank balances		84,107,649	53,766,633
		3,417,659,891	3,290,312,350
TOTAL ASSETS		7,065,223,744	7,005,540,426

MOHAMMAD SALIM
Director



FAISAL SPINNING MILLS LIMITED

Condensed Interim Profit and Loss Account (Un-Audited) For The First Quarter Ended 30th September 2016

	Note	30 th September 2016 Rupees	30 th September 2015 Rupees
Sales		2,574,589,369	2,061,910,391
Cost of goods sold		2,335,480,081	1,893,066,813
Gross profit		239,109,288	168,843,578
Other income		1,105,677	682,762
		240,214,965	169,526,340
Distribution cost		79,536,963	68,648,091
Administrative expenses		23,388,995	23,945,143
Other operating expenses		7,228,951	3,591,775
Finance cost		35,625,527	33,314,712
		145,780,436	129,499,721
		94,434,529	40,026,619
Share of profit of associated undertaking		12,854,282	1,904,836
Profit before tax		107,288,811	41,931,455
Provision for taxation	6		
Current year		25,736,701	20,480,173
Profit after tax		81,552,110	21,451,282
Earnings per share - basic and diluted		8.16	2.15

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

BILAL SHARIF
Chief Executive

MOHAMMAD SALIM
Director

Karachi: 28th October, 2016



FAISAL SPINNING MILLS LIMITED

Condensed Interim Statement of Comprehensive Income (Un-Audited) For The First Quarter Ended 30th September 2016

	30 th September 2016 Rupees	30 th September 2015 Rupees
Profit for the period after taxation	81,552,110	21,451,282
Other comprehensive income for the year	-	-
Items that will not be reclassified to profit or loss	-	-
Total comprehensive Income for the period	81,552,110	21,451,282

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

BILAL SHARIF
Chief Executive

MOHAMMAD SALIM
Director

Karachi: 28th October, 2016



FAISAL SPINNING MILLS LIMITED

Condensed Interim Cash Flow Statement (Un-Audited) For The First Quarter Ended 30th September 2016

	30th September 2016 Rupees	30th September 2015 Rupees
Cash flows from operating activities		
Profit before tax	107,288,811	41,931,455
Adjustments for:		
Depreciation of property, plant and equipment	88,593,000	69,292,804
Share profit of associated undertaking	(12,854,282)	(1,904,836)
Infrastructure fee	3,830,898	4,443,715
Provision for employee benefits	8,064,250	10,665,000
(Gain) on disposal of property, plant and equipment	-	(313,026)
Finance cost	35,625,527	33,314,712
	123,259,393	115,498,369
Operating cash flows before movements in working capital	230,548,204	157,429,824
Decrease in stores, spares and loose tools	1,650,800	1,409,582
Decrease / (Increase) in stock in trade	(5,851,467)	124,952,604
(Increase) in trade debts	(141,001,044)	(447,020,202)
Decrease in loans and advances	12,743,842	3,479,690
(Increase) in trade deposits	(4,531,019)	(9,573,916)
Decrease / (Increase) in sales tax refund and other receivables	36,485,488	(67,487,772)
Increase in trade and other payables	175,636,172	266,871,051
	75,132,772	(127,368,963)
Cash used in operations	305,680,976	30,060,861
Finance cost paid	(34,277,078)	(36,526,658)
Employee benefit costs paid	(4,820,031)	(2,193,451)
Income taxes paid	(22,239,826)	(14,109,354)
	(61,336,935)	(52,829,463)
Net cash used in operating activities	244,344,041	(22,768,602)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	-	7,700,000
Addition in property plant and equipment	(8,074,495)	(783,469,802)
Net cash used in investing activities	(8,074,495)	(775,769,802)



FAISAL SPINNING MILLS LIMITED

Condensed Interim Cash Flow Statement (Un-Audited) For The First Quarter Ended 30th September 2016

	30 th September 2016 Rupees	30 th September 2015 Rupees
Cash flows from financing activities		
Proceed from long term finance	-	758,971,164
Payment of long-term financing	(18,266,318)	(254,444,983)
Increase / (Decrease) in short-term borrowings	(187,660,275)	304,000,000
Dividend paid	(1,937)	(4,250)
Net cash from financing activities	(205,928,530)	808,521,931
Net increase / (decrease) in cash and cash equivalents	30,341,016	9,983,527
Cash and cash equivalent at the beginning of period	53,766,633	77,213,026
Cash and cash equivalent at the end of period	84,107,649	87,196,553

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

BILAL SHARIF
Chief Executive

MOHAMMAD SALIM
Director

Karachi: 28th October, 2016



FAISAL SPINNING MILLS LIMITED

Condensed Interim Statement of Changes In Equity (Un-Audited) For The First Quarter Ended 30th September 2016

	Reserves			Unappropriated		
	Share Capital	Capital Reserves	General Reserves	Total	Profit	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 30th June, 2015	100,000,000	24,150,000	3,475,850,000	3,500,000,000	64,385,963	3,664,385,963
Final dividend for the year ended June 30, 2015 PKR. 5.0 per share	-	-	-	-	(50,000,000)	(50,000,000)
Total comprehensive income for the first quarter ended 30th September 2015	-	-	-	-	21,451,828	21,451,828
Balance as at 30th September, 2015	100,000,000	24,150,000	3,475,850,000	3,500,000,000	35,837,245	3,635,837,245
Total comprehensive income for the remaining period	-	-	-	-	154,465,040	154,465,040
Transferred to general reserve	-	-	150,000,000	150,000,000	(150,000,000)	-
Balance as at 30th June, 2016	100,000,000	24,150,000	3,625,850,000	3,650,000,000	40,302,285	3,790,302,285
Total comprehensive income for the first quarter ended 30th September 2016	-	-	-	-	81,552,110	81,552,110
Balance as at 30th September, 2016	100,000,000	24,150,000	3,625,850,000	3,650,000,000	121,854,395	3,871,854,395

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

BILAL SHARIF
Chief Executive

MOHAMMAD SALIM
Director

Karachi: 28th October, 2016



FAISAL SPINNING MILLS LIMITED

Condensed Interim Notes To The Financial Statements (Un-Audited) For The First Quarter Ended 30th September, 2016

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 Pakistan Stock Exchange Limited. The Company is primarily a spinning and weaving units 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 Sheikhpura 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, 2016.

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.

This condensed interim financial information is being submitted to the shareholders as required by the Listing regulations of Pakistan Stock Exchange Limited and section 245 of the Companies Ordinance, 1984.

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, 2016.

FAISAL SPINNING MILLS LIMITED

Condensed Interim Notes To The Financial Statements (Un-Audited) For The First Quarter Ended 30th September, 2016

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, 2016.

	<i>Note</i>	September 30, 2016 Rupees (Un-Audited)	June 30, 2016 Rupees (Audited)
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets			
- assets owned by the Company	5.1	3,108,313,239	3,196,192,909
Capital work in progress		7,438,829	77,664
		<u>3,115,752,068</u>	<u>3,196,270,573</u>

5.1 Assets owned by the Company

Net book value at the beginning of the period/year	3,196,192,909	2,466,090,622
Additions during the period/year		
Factory buildings	-	2,067,506
Non factory buildings	-	6,149,791
Plant and machinery	-	1,164,825,520
Electric installation	-	7,207,604
Factory equipment	-	2,470,363
Equipment and other assets	-	9,229,799
Vehicles	713,330	14,366,445
	713,330	1,206,317,028
Net book value of assets disposed during the period/year	-	(175,716,952)
Depreciation for the period/year	(88,593,000)	(300,497,789)
Net book value at the end of the period/year	<u>3,108,313,239</u>	<u>3,196,192,909</u>

6 PROVISION FOR TAXATION

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.

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:



FAISAL SPINNING MILLS LIMITED

Condensed Interim Notes To The Financial Statements (Un-Audited) For The First Quarter Ended 30th September, 2016

	Quarter ended	
	September 30, 2016	September 30, 2015
	<i>Rupees</i>	<i>Rupees</i>
	<i>(Un-Audited)</i>	<i>(Un-Audited)</i>
7.1 Transactions with related parties		
Nature of relationship		
Associated companies		
Nature of transaction		
Purchases	343,986,880	301,342,449
Sales	31,285,482	11,025,246
Services received	79,500	75,000
Purchase of electricity	111,205,876	36,119,036

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, 2016 is as follows:

	Quarter ended			
	September 30, 2016			
	Spinning <i>Rupees</i>	Weaving <i>Rupees</i>	Power <i>Rupees</i>	Total <i>Rupees</i>
Revenue from external customers	1,273,109,512	1,301,479,857	-	2,574,589,369
Inter-segment revenues	23,543,400	-	98,542,614	122,086,014

	Quarter ended			
	September 30, 2015			
	Spinning <i>Rupees</i>	Weaving <i>Rupees</i>	Power <i>Rupees</i>	Total <i>Rupees</i>
Revenue from external customers	939,351,113	1,122,559,278	-	2,061,910,391
Inter-segment revenues	8,528,400	-	131,488,551	140,016,951



FAISAL SPINNING MILLS LIMITED

Condensed Interim Notes To The Financial Statements (Un-Audited) For The First Quarter Ended 30th September, 2016

	As at September 30, 2016				
	Spinning Rupees	Weaving Rupees	Power Rupees	Un-allocated Rupees	Total Rupees
Segment assets	<u>3,100,252,726</u>	<u>2,779,000,475</u>	<u>206,528,152</u>	<u>979,442,391</u>	<u>7,065,223,744</u>
	As at June 30, 2016				
	Spinning Rupees	Weaving Rupees	Power Rupees	Un-allocated Rupees	Total Rupees
Segment assets	<u>3,171,603,306</u>	<u>2,620,882,625</u>	<u>206,484,023</u>	<u>1,006,570,472</u>	<u>7,005,540,426</u>
	As at September 30, 2016				
	Spinning Rupees	Weaving Rupees	Power Rupees	Un-allocated Rupees	Total Rupees
Segment liabilities	<u>179,266,735</u>	<u>456,462,073</u>	<u>285,920,362</u>	<u>2,271,720,179</u>	<u>3,193,369,349</u>
	As at June 30, 2016				
	Spinning Rupees	Weaving Rupees	Power Rupees	Un-allocated Rupees	Total Rupees
Segment liabilities	<u>157,594,409</u>	<u>328,533,498</u>	<u>253,283,144</u>	<u>2,475,827,090</u>	<u>3,215,238,141</u>

9 EVENTS AFTER THE REPORTING PERIOD

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

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 GENERAL

11.1 There are no other significant activities since June 30, 2016 affecting the interim financial information.

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

11.3 Figures have been rounded off to the nearest Rupee.

12 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 2016.

BILAL SHARIF
Chief Executive

MOHAMMAD SALIM
Director

Karachi: 28th October, 2016

Book Post
PRINTED MATERIAL

If undelivered please return to:

FAISAL SPINNING MILLS LIMITED

Umer House, 23/1, Sector 23, S.M. Farooq Road,
Korangi Industrial Area, Karachi-74900, Pakistan

Phone : 021 - 35115177 - 80

FaxNo. : 021 - 35063002 - 3

E-mail : khioff@umergroup.com

Website: <http://www.umergroup.com>