



of Companies

**THIRD QUARTERLY ACCOUNTS
2015-2016
(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 nine months ended 31st March 2016. 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 2016 is as under;

	March 2016 Rupees	March 2015 Rupees
Sales	6,917,159,414	7,007,588,804
Gross profit	510,847,593	648,269,507
Profit before tax	149,498,797	194,891,593
Profit after tax	80,458,409	124,825,390
Earnings per share	8.05	12.48

Breakup value of the share as on 31st March 2016 is PKR 369.48 (30th June, 2015 PKR 366.43).

Overview and Future Prospects

The challenges faced by the textile industry particularly spinning sector have adversely affected the company's financial performance during the nine months ended 31st March 2016. The tough market condition prevailing for more than one year which includes, lower demand of yarn due to global economic conditions, availability of subsidized Indian yarn and the uncontrollable increase in cost of production has also made its impact in reducing the profitability.

During the nine months ended 31st March 2016 the demand of yarn and cotton is still slow moving in both local and international market. In addition, import of Indian yarn is also affecting the local spinning sector.

Government should take immediate steps for availability 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.

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

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: 25th April 2016



FAISAL SPINNING MILLS LIMITED

Condensed Interim Balance Sheet (Un-Audited) As At 31st March, 2016

	31 st March 2016 Rupees	30 th June 2015 Rupees
Note		
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized capital		
12,000,000 (2015: 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>3,500,000,000</u>	3,500,000,000
Unappropriated profits	<u>94,844,372</u>	64,385,963
	3,694,844,372	3,664,385,963
NON CURRENT LIABILITIES		
Long-term financing - secured	<u>1,191,742,413</u>	704,432,590
Infrastructure fee payable	<u>46,780,193</u>	32,925,512
Deferred liabilities	<u>166,452,913</u>	149,307,361
	1,404,975,519	886,665,463
CURRENT LIABILITIES		
Trade and other payables	<u>733,477,251</u>	552,769,385
Mark-up accrued on loans and other payables	<u>23,218,876</u>	12,536,908
Short-term borrowings - secured	<u>968,931,939</u>	-
Current portion of long term loan	<u>296,912,439</u>	320,819,913
	2,022,540,505	886,126,206
CONTINGENCIES AND COMMITMENTS	4	-
	-	-
TOTAL EQUITY AND LIABILITIES	<u>7,122,360,396</u>	<u>5,437,177,632</u>

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

BILAL SHARIF
Chief Executive

Karachi: 25th April 2016



FAISAL SPINNING MILLS LIMITED

Condensed Interim Balance Sheet (Un-Audited) As At 31st March, 2016

	Note	31 st March 2016 Rupees	30 th June 2015 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	2,908,156,480	2,466,090,622
Capital work-in-progress		109,540,547	808,225
Long term investment		498,273,406	496,397,757
Long term deposits		8,859,135	8,859,135
		3,524,829,568	2,972,155,739
CURRENT ASSETS			
Stores, spare parts and loose tools		77,995,807	67,833,505
Stock in trade		2,349,396,311	1,703,046,951
Trade debts		593,454,392	267,388,443
Loans and advances		127,387,106	93,802,032
Trade deposits and prepayments		50,342,276	35,552,377
Other receivables		2,594,432	2,594,432
Income tax refundable		130,853,351	137,452,054
Sales tax refundable		199,831,980	80,139,073
Bank balances		65,675,173	77,213,026
		3,597,530,828	2,465,021,893
TOTAL ASSETS		<u>7,122,360,396</u>	<u>5,437,177,632</u>

Mohammad Salim
Director



FAISAL SPINNING MILLS LIMITED

Condensed Interim Profit and Loss Account (Un-Audited) For The Nine Months Ended 31st March 2016

	Nine Months Ended		Quarter Ended	
	31 st March 2016 Rupees	31 st March 2015 Rupees	31 st March 2016 Rupees	31 st March 2015 Rupees
Sales	6,917,159,414	7,007,588,804	2,564,080,099	2,097,247,517
Cost of goods sold	6,406,311,821	6,359,319,297	2,349,495,218	1,867,177,401
Gross profit	510,847,593	648,269,507	214,584,881	230,070,116
Other income	52,327,821	8,088,274	(1,639,758)	330,795
	563,175,414	656,357,781	212,945,123	230,400,911
Distribution cost	235,242,612	221,339,124	88,987,414	68,802,486
Administrative expenses	65,195,641	59,085,536	21,328,054	20,649,056
Other operating expenses	12,315,686	14,001,612	4,736,797	5,380,301
Finance cost	108,744,127	175,394,651	41,066,644	63,236,471
	421,498,066	469,820,923	156,118,909	158,068,314
	141,677,348	186,536,858	56,826,214	72,332,597
Share of profit of associated undertaking	7,821,449	8,354,735	3,964,825	2,400,263
Profit before tax	149,498,797	194,891,593	60,791,039	74,732,860
Provision for taxation	6			
Current year	69,040,388	70,066,203	25,613,524	21,225,203
Profit after tax	80,458,409	124,825,390	35,177,515	53,507,657
Earnings per share - basic and diluted	8.05	12.48	3.52	5.35

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

BILAL SHARIF
Chief Executive

MOHAMMAD SALIM
Director

Karachi: 25th April 2016



FAISAL SPINNING MILLS LIMITED

Condensed Interim Statement of Comprehensive Income (Un-Audited) For the Nine Months Ended 31st March 2016

	Nine Months Ended		Quarter Ended	
	31 st March 2016 Rupees	31 st March 2015 Rupees	31 st March 2016 Rupees	31 st March 2015 Rupees
Profit for the period after taxation	80,458,409	124,825,390	35,177,515	53,507,657
Other comprehensive income for the year	-	-	-	-
Total comprehensive Income for the period	80,458,409	124,825,390	35,177,515	53,507,657

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

BILAL SHARIF
Chief Executive

MOHAMMAD SALIM
Director

Karachi: 25th April 2016



FAISAL SPINNING MILLS LIMITED

Condensed Interim Cash Flow Statement (Un-Audited) For The Nine Months Ended 31st March 2016

	31 st March 2016 Rupees	31 st March 2015 Rupees
Cash flows from operating activities		
Profit before tax	149,498,797	194,891,593
Adjustments for:		
Depreciation of property, plant and equipment	220,024,200	203,417,853
Share profit of associated undertaking	(7,821,449)	(8,354,735)
Provision for bad debts	445,024	-
Infrastructure fee	13,854,681	3,583,592
Provision for employee benefits	31,995,000	21,357,000
(Gain) on disposal of property, plant and equipment	(50,947,848)	(6,483,373)
Finance cost	108,744,127	175,394,651
	316,293,735	388,914,988
Operating cash flows before movements in working capital	465,792,532	583,806,581
(Increase) / Decrease in stores, spares and loose tools	(10,162,302)	(5,121,322)
(Increase) in stock in trade	(646,349,360)	(264,047,319)
(Increase) in trade debts	(326,065,949)	(270,316,153)
(Increase) in loans and advances	(33,512,752)	(32,361,772)
(Increase) in trade deposits	(14,789,899)	(4,133,567)
Decrease / (Increase) in sales tax refund	(120,210,253)	3,500,783
Increase in trade and other payables	180,099,189	172,076,344
	(970,991,326)	(400,403,006)
Cash used in operations	(505,198,794)	183,403,575
Finance cost paid	(98,062,159)	(144,907,465)
Employee benefit costs paid	(14,849,448)	(10,051,057)
Income taxes paid	(62,441,685)	(62,743,608)
Long-term deposits refunded / (paid)	-	(1,937,000)
	(175,353,292)	(219,639,130)
Net cash used in operating activities	(680,552,086)	(36,235,555)



FAISAL SPINNING MILLS LIMITED

Condensed Interim Cash Flow Statement (Un-Audited) For The Nine Months Ended 31st March 2016

	31 st March 2016 Rupees	31 st March 2015 Rupees
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	197,444,550	10,950,000
Addition in property plant and equipment	(917,319,083)	(131,755,821)
Dividend received	5,945,800	2,972,900
Net cash used in investing activities	(713,928,733)	(117,832,921)
Cash flows from financing activities		
Proceed from long term finance	847,573,300	30,361,000
Payment of long-term financing	(384,170,951)	(255,359,996)
Payment of obligation under finance lease	-	(1,587,303)
Increase in short-term borrowings	968,931,939	545,747,169
Dividend paid	(49,391,322)	(49,476,562)
Net cash from financing activities	1,382,942,966	269,684,308
Net increase / (decrease) in cash and cash equivalents	(11,537,853)	115,615,832
Cash and cash equivalent at the beginning of period	77,213,026	53,654,391
Cash and cash equivalent at the end of period	65,675,173	169,270,223

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

BILAL SHARIF
Chief Executive

MOHAMMAD SALIM
Director

Karachi: 25th April 2016



FAISAL SPINNING MILLS LIMITED

Condensed Interim Statement of Changes in Equity (Un-Audited) For The Nine Months Ended 31st March 2016

	Reserves					Total
	Share Capital	Capital Reserves	General Reserves	Total	Unappropriated Profit	
	Rupees	Rupees	Rupees		Rupees	
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
Final dividend for the year ended June 30, 2014 PKR. 5.0 per share	-	-	-	-	(50,000,000)	(50,000,000)
Total comprehensive income for the nine months ended 31 st March 2015	-	-	-	-	124,825,390	124,825,390
	100,000,000	24,150,000	3,375,850,000	3,400,000,000	127,768,487	3,627,768,487
Total comprehensive income for the remaining period	-	-	-	-	36,617,476	36,617,476
Transferred to general reserve	-	-	100,000,000	100,000,000	(100,000,000)	-
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 nine months ended 31 st March 2016	-	-	-	-	80,458,409	80,458,409
Balance as at 31st March, 2016	100,000,000	24,150,000	3,475,850,000	3,500,000,000	94,844,372	3,694,844,372

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

BILAL SHARIF
Chief Executive

MOHAMMAD SALIM
Director

Karachi: 25th April 2016



FAISAL SPINNING MILLS LIMITED

Condensed Interim Notes to the Financial Statements (Un-Audited) For The Nine Months ended 31st March, 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 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 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, 2015.

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.

FAISAL SPINNING MILLS LIMITED

Condensed Interim Notes to the Financial Statements (Un-Audited) For The Nine Months ended 31st March, 2016

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, 2015.

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, 2015.

	Note	March 31, 2016 Rupees (Un-Audited)	June 30, 2015 Rupees (Audited)
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets			
- assets owned by the Company	5.1	2,908,156,480	2,466,090,622
- assets subject to finance lease	5.2	-	-
		2,908,156,480	2,466,090,622
Capital work in progress		109,540,547	808,225
		<u>3,017,697,027</u>	<u>2,466,898,847</u>
5.1 Assets owned by the Company			
Net book value at the beginning of the period/year		2,466,090,622	2,015,364,294
Additions during the period/year			
Factory buildings		2,067,506	42,329,131
Non factory buildings		4,087,127	69,480,796
Plant and machinery		785,675,906	468,569,987
Electric installation		-	83,498,060
Factory equipment		2,470,363	-
Equipment and other assets		-	28,396,345
Vehicles		14,285,859	8,623,507
		808,586,761	700,897,826
Net book value of assets transferred from leased assets		-	3,406,210
Net book value of assets disposed during the period/year		(146,496,703)	(4,600,042)
Depreciation for the period/year		(220,024,200)	(248,977,666)
Net book value at the end of the period/year		<u>2,908,156,480</u>	<u>2,466,090,622</u>
5.2 Assets subject to finance lease			
Net book value at the beginning of the period/year		-	4,257,763
Net book value of assets transferred to owned assets		-	(3,406,210)
Depreciation for the period/year		-	(851,553)
Net book value at the end of the period/year		<u>-</u>	<u>-</u>

FAISAL SPINNING MILLS LIMITED

Condensed Interim Notes to the Financial Statements (Un-Audited) For The Nine Months ended 31st March, 2016

6 PROVISION FOR TAXATION

- 6.1 Provision for current tax has been accounted for 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:

Nine Months Ended		Quarter Ended	
31 st March 2016 Rupees	31 st March 2015 Rupees	31 st March 2016 Rupees	31 st March 2015 Rupees

7.1 Transactions with related parties

Nature of relationship

Associated companies

Nature of transaction

Purchases	674,428,146	674,459,463	197,718,537	248,333,400
Sales	22,790,526	15,079,537	6,677,904	3,385,544
Rent and services paid	111,417,186	225,000	37,293,052	75,000
Purchase of electricity	235,591,096	119,732,820	106,126,478	44,975,027
Dividend received	5,945,800	2,972,900	5,945,800	2,972,900

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

Spinning
Weaving
Power

Principal activity

Manufactures and sale of yarn
Manufactures and sale of woven fabric
Generation and sale of electricity to Inter-segment

Information about operating segments as at March 31, 2016 is as follows:

	Nine Months ended 31-Mar-16			
	Spinning Rupees	Weaving Rupees	Power Rupees	Total Rupees
Revenue from external customers	3,263,306,940	3,653,852,474	-	6,917,159,414
Inter-segment revenues	25,691,600	-	363,273,777	388,965,377

FAISAL SPINNING MILLS LIMITED

Condensed Interim Notes to the Financial Statements (Un-Audited) For The Nine Months ended 31st March, 2016

	Nine Months ended 31-Mar-15			
	Spinning Rupees	Weaving Rupees	Power Rupees	Total Rupees
Revenue from external customers	<u>3,606,959,695</u>	<u>3,400,629,109</u>	<u>-</u>	<u>7,007,588,804</u>
Inter-segment revenues	<u>44,129,900</u>	<u>-</u>	<u>382,826,977</u>	<u>426,956,877</u>

As at March 31, 2016

	Spinning Rupees	Weaving Rupees	Power Rupees	Un-allocated Rupees	Total Rupees
Segment assets	<u>3,569,377,756</u>	<u>2,501,419,159</u>	<u>213,745,609</u>	<u>837,817,872</u>	<u>7,122,360,396</u>

As at June 30, 2015

	Spinning Rupees	Weaving Rupees	Power Rupees	Un-allocated Rupees	Total Rupees
Segment assets	<u>3,186,878,157</u>	<u>1,753,169,742</u>	<u>149,968,728</u>	<u>715,692,034</u>	<u>5,805,708,661</u>

As at March 31, 2016

	Spinning Rupees	Weaving Rupees	Power Rupees	Un-allocated Rupees	Total Rupees
Segment liabilities	<u>150,849,663</u>	<u>337,641,305</u>	<u>229,276,943</u>	<u>2,709,748,113</u>	<u>3,427,516,024</u>

As at June 30, 2015

	Spinning Rupees	Weaving Rupees	Power Rupees	Un-allocated Rupees	Total Rupees
Segment liabilities	<u>142,738,397</u>	<u>225,128,839</u>	<u>155,395,939</u>	<u>1,249,528,494</u>	<u>1,772,791,669</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.

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, 2015 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 25th April 2016.



BILAL SHARIF
Chief Executive



MOHAMMAD SALIM
Director

Karachi: 25th April 2016

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