



of Companies

HALF YEARLY ACCOUNTS
2016 - 2017
(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.

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 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 half year ended 31st December 2016 is as under;

	December 2016	December 2015
	Rupees	Rupees
Sales	5,174,851,366	4,353,079,315
Gross profit	504,837,969	296,262,712
Profit before tax	245,038,450	88,707,758
Profit after tax	193,381,253	45,280,894
Earnings per share	19.34	4.53

Breakup value of the share as on 31st December 2016 is PKR 393.36 (30th June, 2016 PKR 379.03).

Auditors' review on the condensed interim financial statements for the half year ended 31st December 2016 is annexed herewith.

Overview and Future Prospects

The competitiveness in international market is the major concern of local industry and it is one of the main causes of decline in textile export. Although the government has announced textile package of PKR 180 billion but no concrete steps has been included in the textile package in respect of competitiveness. Textile package provides some sort of relief to textile industry but simultaneously increase in gas tariff has wipeout these benefits.

Currently, cotton price in local market seems to be going up. Local production of cotton in current year is again unable to meet the consumption of spinners, therefore the cotton will be imported by the spinners.

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 finance 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 moderate 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: 23rd February , 2017

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

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Illinois, USA

Auditor's 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, 2016, 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 the 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 for the quarter ended December 31, 2016 and 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2016.

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 accompanying interim financial information for the half year ended December 31, 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Karachi: 23rd February , 2017

MUSHTAQ & COMPANY
Chartered Accountants

Engagement Partner:
Zahid Hussain Zahid, ACA

**Condensed Interim Balance Sheet (Un-audited)
as at 31st December, 2016**

	Note	31 st December 2016 Un-Audited Rupees	30 th June 2016 Audited Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
12,000,000 (2016: 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>3,650,000,000</u>	3,650,000,000
Unappropriated profits		<u>183,683,538</u>	40,302,285
		3,933,683,538	3,790,302,285
NON CURRENT LIABILITIES			
Long-term financing - secured		<u>1,494,315,362</u>	1,354,511,673
Infrastructure fee payable		<u>58,206,309</u>	50,596,721
Deferred liabilities		<u>172,742,720</u>	169,233,110
		1,725,264,391	1,574,341,504
CURRENT LIABILITIES			
Trade and other payables		<u>876,721,250</u>	751,075,218
Mark-up accrued on loans and other payables		<u>19,124,119</u>	13,144,572
Short-term borrowings - secured		<u>1,340,898,303</u>	752,995,786
Current portion of long term loan		<u>150,425,324</u>	123,681,061
		2,387,168,996	1,640,896,637
CONTINGENCIES AND COMMITMENTS	4	-	-
TOTAL EQUITY AND LIABILITIES		<u>8,046,116,925</u>	<u>7,005,540,426</u>

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



BILAL SHARIF
Chief Executive

Karachi: 23rd February , 2017

**Condensed Interim Balance Sheet (Un-audited)
as at 31st December, 2016**

	Note	31 st December 2016 Un-Audited Rupees	30 th June 2016 Audited Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	3,420,596,087	3,196,270,573
Long term investment		529,957,363	510,098,368
Long term deposits		8,859,135	8,859,135
		3,959,412,585	3,715,228,076
CURRENT ASSETS			
Stores, spare parts and loose tools		72,803,235	66,536,840
Stock in trade		2,706,145,177	1,998,879,799
Trade debts		559,998,351	497,572,089
Loans and advances		213,453,586	120,980,511
Trade deposits and prepayments		66,190,636	62,369,077
Other receivables		2,594,432	2,594,432
Income tax refundable		225,793,879	229,282,810
Sales tax refundable		164,810,377	258,330,159
Bank balances		74,914,667	53,766,633
		4,086,704,340	3,290,312,350
TOTAL ASSETS		8,046,116,925	7,005,540,426



MOHAMMAD SALIM
Director

**Condensed Interim Profit and Loss Account (Un-audited)
for the half year ended 31st December, 2016**

	Half Year Ended		Quarter Ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	Rupees	Rupees	Rupees	Rupees
Sales	5,174,851,366	4,353,079,315	2,600,261,997	2,291,168,924
Cost of goods sold	4,670,013,397	4,056,816,603	2,334,533,316	2,163,749,790
Gross profit	504,837,969	296,262,712	265,728,681	127,419,134
Other income	(71,945)	53,967,579	(1,177,622)	53,284,817
	504,766,024	350,230,291	264,551,059	180,703,951
Distribution cost	148,178,225	146,255,198	68,641,262	77,607,107
Administrative expenses	46,751,973	43,867,587	23,362,978	19,922,444
Other operating expenses	16,731,992	7,578,889	9,503,041	3,987,114
Finance cost	73,870,179	67,677,483	38,244,652	34,362,771
	285,532,369	265,379,157	139,751,933	135,879,436
	219,233,655	84,851,134	124,799,126	44,824,515
Share of profit of associated undertaking	25,804,795	3,856,624	12,950,513	1,951,788
Profit before tax	245,038,450	88,707,758	137,749,639	46,776,303
Provision for taxation ⁶				
Current year	51,657,197	43,426,864	25,920,496	22,946,691
Prior year	-	-	-	-
	51,657,197	43,426,864	25,920,496	22,946,691
Profit after tax	193,381,253	45,280,894	111,829,143	23,829,612
Earnings per share - basic and diluted	19.34	4.53	11.18	2.38

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



BILAL SHARIF
Chief Executive



MOHAMMAD SALIM
Director

Karachi: 23rd February, 2017

**Condensed Interim Statement of Comprehensive Income (Un-audited)
for the half year ended 31st December, 2016**

	Half Year Ended		Quarter Ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	<i>Rupees</i>	Rupees	<i>Rupees</i>	Rupees
Profit for the period after taxation	193,381,253	45,280,894	111,829,143	23,829,612
Other comprehensive income for the year	-	-	-	-
Total comprehensive Income for the period	193,381,253	45,280,894	111,829,143	23,829,612

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



BILAL SHARIF
Chief Executive

Karachi: 23rd February , 2017



MOHAMMAD SALIM
Director

**Condensed Interim Cash Flow Statement (Un-audited)
for the half year ended 31st December, 2016**

	31 st December 2016 Rupees	31 st December 2015 Rupees
Cash flows from operating activities		
Profit before tax	245,038,450	88,707,758
Adjustments for:		
Depreciation of property, plant and equipment	177,186,000	144,586,837
Share profit of associated undertaking	(25,804,795)	(3,856,624)
Infrastructure fee	7,609,588	9,505,391
Provision for employee benefits	16,320,250	21,330,000
Loss / (Gain) on disposal of property, plant and equipment	1,760,510	(53,169,357)
Finance cost	73,870,179	67,677,483
	250,941,732	186,073,730
Operating cash flows before movements in working capital	495,980,182	274,781,488
(Increase) in stores, spares and loose tools	(6,266,395)	(16,468,346)
(Increase) in stock in trade	(707,265,378)	(965,339,164)
(Increase) in trade debts	(62,426,262)	(159,125,521)
Decrease / (Increase) in loans and advances	(92,473,075)	2,097,355
(Increase) in trade deposits	(3,821,559)	(14,212,450)
(Increase) in other receivable	-	(4,836)
Decrease / (Increase) in sales tax refund and other receivables	93,519,782	(99,167,309)
Increase in trade and other payables	124,954,510	279,779,265
	(653,778,377)	(972,441,006)
Cash used in operations	(157,798,195)	(697,659,518)
Finance cost paid	(67,890,632)	(64,993,184)
Employee benefit costs paid	(12,810,640)	(3,917,584)
Income taxes paid	(48,168,266)	(38,870,806)
	(128,869,538)	(107,781,574)
Net cash used in operating activities	(286,667,733)	(805,441,092)

**Condensed Interim Cash Flow Statement (Un-audited)
for the half year ended 31st December, 2016**

	31 st December 2016 Rupees	31 st December 2015 Rupees
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	500,000	182,944,550
Addition in property plant and equipment	(403,772,024)	(895,174,887)
Dividend received	5,945,800	-
Net cash used in investing activities	<u>(397,326,224)</u>	<u>(712,230,337)</u>
Cash flows from financing activities		
Proceed from long term finance	216,825,851	758,970,300
Payment of long-term financing	(50,277,899)	(230,703,399)
Increase / (Decrease) in short-term borrowings	587,902,517	987,004,974
Dividend paid	(49,308,478)	(10,354,400)
Net cash from financing activities	<u>705,141,991</u>	<u>1,504,917,475</u>
Net increase / (decrease) in cash and cash equivalents	21,148,034	(12,753,954)
Cash and cash equivalent at the beginning of period	53,766,633	77,213,026
Cash and cash equivalent at the end of period	<u>74,914,667</u>	<u>64,459,072</u>

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



BILAL SHARIF
Chief Executive

Karachi: 23rd February , 2017



MOHAMMAD SALIM
Director

**Condensed Interim Statement of Changes in Equity (Un-audited)
for the half year ended 31st December, 2016**

	Reserves				Unappropriated	
	Share Capital	Capital Reserves	General Reserves	Sub Total	Profit	Total
	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 half year ended 31st December 2015	-	-	-	-	45,280,894	45,280,894
Balance as at 31st December, 2015	100,000,000	24,150,000	3,475,850,000	3,500,000,000	59,666,857	3,659,666,857
Total comprehensive income for the remaining period	-	-	-	-	130,635,428	130,635,428
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
Final dividend for the year ended June 30, 2016 PKR. 5.0 per share	-	-	-	-	(50,000,000)	(50,000,000)
Total comprehensive income for the half year ended 31st December 2016	-	-	-	-	193,381,253	193,381,253
Balance as at 31st December, 2016	100,000,000	24,150,000	3,625,850,000	3,650,000,000	183,683,538	3,933,683,538

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



BILAL SHARIF
Chief Executive



MOHAMMAD SALIM
Director

Karachi: 23rd February , 2017

**Condensed Interim Notes to Financial Information (Un-audited)
for the half year ended 31st December, 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 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, 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.

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 half year ended December 31, 2016 which have been subjected to a review but not audited. These condensed interim financial information also include the condensed interim profit and loss account for the quarter ended December 31, 2016.

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.

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.

**Condensed Interim Notes to Financial Information (Un-audited)
for the half year ended 31st December, 2016**

	<i>Note</i>	December 31,2016 Rupees (Un-Audited)	June 30,2016 Rupees (Audited)
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets			
- assets owned by the Company	5.1	3,016,746,399	3,196,192,909
Capital work in progress		403,849,688	77,664
		<u>3,420,596,087</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		-	14,366,445
		-	1,206,317,022
Net book value of assets disposed during the period/year		(2,260,510)	(175,716,952)
Depreciation for the period/year		(177,186,000)	(300,497,789)
Net book value at the end of the period/year		<u>3,016,746,399</u>	<u>3,196,192,903</u>

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.

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:

**Condensed Interim Notes to Financial Information (Un-audited)
for the half year ended 31st December, 2016**

Half Year Ended		Quarter Ended	
December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Rupees	Rupees	Rupees	Rupees

7.1 Transactions with related parties

Nature of relationship

Associated companies

Nature of transaction

Purchases	615,531,613	550,833,743	271,544,733	249,491,294
Sales	62,696,127	16,112,622	31,410,645	5,087,376
Services received	162,000	159,000	82,500	84,000
Purchase of electricity	216,505,330	129,464,618	105,299,454	93,345,582
Dividend received	5,945,800	-	5,945,800	-

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 December 31, 2016 is as follows:

	Half Year ended December 31, 2016			
	Spinning Rupees	Weaving Rupees	Power Rupees	Total Rupees
Revenue from external customers	2,430,919,564	2,743,931,802	-	5,174,851,366
Inter-segment revenues	34,031,400	-	214,525,274	248,556,674

	Half Year ended December 31, 2015			
	Spinning Rupees	Weaving Rupees	Power Rupees	Total Rupees
Revenue from external customers	2,095,317,827	2,257,761,488	-	4,353,079,315
Inter-segment revenues	12,788,500	-	193,626,413	206,414,913

**Condensed Interim Notes to Financial Information (Un-audited)
for the half year ended 31st December, 2016**

As at December 31, 2016					
	Spinning Rupees	Weaving Rupees	Power Rupees	Un-allocated Rupees	Total Rupees
Segment assets	<u>4,055,202,037</u>	<u>2,860,599,403</u>	<u>200,894,731</u>	<u>929,420,754</u>	<u>8,046,116,925</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 December 31, 2016					
	Spinning Rupees	Weaving Rupees	Power Rupees	Un-allocated Rupees	Total Rupees
Segment liabilities	<u>186,962,968</u>	<u>358,701,053</u>	<u>318,156,273</u>	<u>3,248,613,093</u>	<u>4,112,433,387</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

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, 2016 affecting the interim financial information.

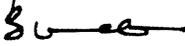
11.2 Corresponding figures have been re-arranged where necessary to facilitate comparison. However, there are no significant reclassifications during the period.

11.3 Figures have been rounded off to the nearest Rupee.

**Condensed Interim Notes to Financial Information (Un-audited)
for the half year ended 31st December, 2016**

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 23rd February 2017.



BILAL SHARIF
Chief Executive



MOHAMMAD SALIM
Director

Karachi: 23rd February , 2017

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