



of Companies

**FIRST QUARTERLY ACCOUNTS
2017-2018
(UN - AUDITED)**

UMER GROUP OF COMPANIES

FAISAL SPINNING MILLS LIMITED

DIRECTORS' REVIEW

On behalf of the board of directors of Faisal Spinning Mills Limited, I am presenting the un-audited condensed interim financial statements for the first quarter ended 30-September-2017

Significant financial performance of the first quarter ended 30-September-2017;

Profit after tax for the first quarter ended 30th September, 2017 is PKR 107.445 million compared to PKR 81.552 million of the corresponding first quarter ended 30th September, 2016.

Earnings per share for the first quarter ended 30th September, 2017 is PKR 10.74 (30th September, 2016 PKR 8.16)

Break-up value of the share as on 30th September, 2017 is PKR 427.84 as compared to previous year 30th September, 2016 where it stands at PKR 387.18.

During the quarter ended 30th September, 2017 sales has been increased by PKR 4.13 % as compared to previous year ended 30th September, 2016.

Future Outlook

At global perspective the ICE cotton futures in New York were reported to have tumbled and reportedly settled down at lower levels according to the traders in New York. Despite the horrendous rain ravages in the states of Texas, Louisiana, the North and South Carolinas where large quantities are grown, initial reports indicate that damage to the 2017/2018 cotton crop is not as large as feared earlier.

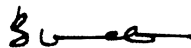
Moreover, larger planting of cotton during the current year in the United States, China and India assumes to deliver a larger quantum of lint fiber around the globe at relatively cheaper prices which clearly depicting a bearish global sentiment for the commodity.

For the textile mills, therefore, it appears they will have ample cotton around the year because output has also increased during the current season (2017/2018) in China, India and Pakistan. This development entailing ample supply of cotton should put the textile industry in Pakistan and also in several other consuming countries on a sounder footing.

However, management is believe that they have to strive hard to maintain the level of profitability in upcoming quarter.

Acknowledgment

The Board highly appreciates the contribution of employees, bankers, corporate regulators, stakeholders and other government authorities for their continuous support.



For and on behalf of the Board
BILAL SHARIF
Chief Executive

Karachi: 30th October, 2017



FAISAL SPINNING MILLS LIMITED

Condensed Interim Balance Sheet (Un-Audited) As at 30th September, 2017

EQUITY AND LIABILITIES	Note	(Un-Audited) 30 th September 2017 Rupees	(Audited) 30 th June 2017 Rupees
SHARE CAPITAL AND RESERVES			
Authorized capital			
12,000,000 (30 Jun 2017: 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>3,890,000,000</u>	3,890,000,000
Unappropriated profits		<u>288,457,650</u>	181,011,828
		4,278,457,650	4,171,011,828
NON CURRENT LIABILITIES			
Long term financing - secured		<u>1,574,733,902</u>	1,626,135,483
Infrastructure fee payable		<u>73,170,413</u>	72,946,016
Deferred liabilities		<u>202,716,582</u>	193,373,305
		1,850,620,897	1,892,454,804
CURRENT LIABILITIES			
Trade and other payables		<u>963,744,839</u>	920,486,691
Accrued markup / interest		<u>13,184,107</u>	18,583,998
Short term borrowings - secured		-	164,039,661
Current portion of non current liabilities		<u>175,131,324</u>	160,431,324
		1,152,060,270	1,263,541,674
CONTINGENCIES AND COMMITMENTS	4	-	-
TOTAL EQUITY AND LIABILITIES		<u>7,281,138,817</u>	<u>7,327,008,306</u>

The annexed notes form an integral part of this condensed interim financial information.

BILAL SHARIF
Chief Executive

Karachi: 30th October, 2017



FAISAL SPINNING MILLS LIMITED

Condensed Interim Balance Sheet (Un-Audited) As at 30th September, 2017

	Note	(Un-Audited) 30 th September 2017 Rupees	(Audited) 30 th June 2017 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	3,573,490,123	3,499,179,464
Long term investment		561,042,506	549,595,877
Long term deposits		8,859,135	8,859,135
		4,143,391,764	4,057,634,476
CURRENT ASSETS			
Stores, spare parts and loose tools		84,849,453	85,731,511
Stock in trade		1,326,672,824	2,010,274,290
Trade debts	6	1,006,976,312	395,871,780
Loans and advances		110,439,579	71,488,616
Trade deposits and prepayments		79,242,701	74,568,804
Other receivables		2,594,432	2,594,432
Advance income tax		299,557,760	307,380,377
Sales tax refundable		148,438,805	210,749,047
Cash and bank balances		78,975,187	110,714,973
		3,137,747,053	3,269,373,830
TOTAL ASSETS		7,281,138,817	7,327,008,306

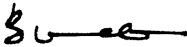
MOHAMMAD SALIM
Director

FAISAL SPINNING MILLS LIMITED

**Condensed Interim Profit and Loss Account (Un-Audited)
For The First Quarter Ended 30th September 2017**

	Note	First Quarter ended	
		30 th September 2017 Rupees	30 th September 2016 Rupees
Sales		2,680,984,886	2,574,589,369
Cost of goods sold		2,408,811,372	2,335,480,081
Gross profit		272,173,514	239,109,288
Distribution cost		81,667,146	79,536,963
Administrative expenses		26,833,798	23,388,995
		108,500,944	102,925,958
Other income		954,200	1,105,677
		164,626,770	137,289,007
Finance cost		25,331,331	35,625,527
Other operating expenses		9,783,935	7,228,951
		35,115,266	42,854,478
Operating Profit		129,511,504	94,434,529
Share of profit of associated undertaking		11,446,629	12,854,282
Profit before tax		140,958,133	107,288,811
Provision for taxation - current year	7	33,512,311	25,736,701
Profit after tax		107,445,822	81,552,110
Earnings per share - basic and diluted		10.74	8.16

The annexed notes form an integral part of this condensed interim financial information.



BILAL SHARIF
Chief Executive



MOHAMMAD SALIM
Director

Karachi: 30th October, 2017



FAISAL SPINNING MILLS LIMITED

Condensed Interim Statement of Comprehensive Income (Un-Audited) For The First Quarter Ended 30th September 2017

	First Quarter ended	
	30 th September 2017 Rupees	30 th September 2016 Rupees
Profit for the period after taxation	107,445,822	81,552,110
Other comprehensive income for the period	-	-
Total comprehensive income for the period	107,445,822	81,552,110

The annexed notes form an integral part of this condensed interim financial information.

BILAL SHARIF
Chief Executive

MOHAMMAD SALIM
Director

Karachi: 30th October, 2017

FAISAL SPINNING MILLS LIMITED

Condensed Interim Cash Flow Statement (Un-Audited) For The First Quarter Ended 30th September 2017

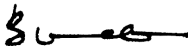
	First Quarter ended	
	30 th September 2017	30 th September 2016
	Rupees	Rupees
Cash flows from operating activities		
Profit before tax	140,958,133	107,288,811
Adjustments for:		
Depreciation of property, plant and equipment	86,517,000	88,593,000
Share of profit of associated undertaking	(11,446,629)	(12,854,282)
Infrastructure fee	224,397	3,830,898
Provision for employee benefits	12,105,000	8,064,250
Gain on disposal of property, plant and equipment	(143,021)	-
Finance cost	25,331,331	35,625,527
	112,588,078	123,259,393
Operating cash flows before movements in working capital	253,546,211	230,548,204
Decrease in stores, spares and loose tools	882,058	1,650,800
Decrease / (Increase) in stock in trade	683,601,466	(5,851,467)
(Increase) in trade debts	(611,104,532)	(141,001,044)
(Increase) / Decrease in loans and advances	(38,950,963)	12,743,842
(Increase) in trade deposits	(4,673,897)	(4,531,019)
Decrease in sales tax refund and other receivables	62,310,242	36,485,488
Increase in trade and other payables	43,268,210	175,636,172
	135,332,584	75,132,772
Cash generation from operations	388,878,795	305,680,976
Finance cost paid	(30,731,222)	(34,277,078)
Employee benefit costs paid	(2,761,723)	(4,820,031)
Income taxes paid	(25,689,694)	(22,239,826)
	(59,182,639)	(61,336,935)
Net cash generated from operating activities	329,696,156	244,344,041

FAISAL SPINNING MILLS LIMITED

**Condensed Interim Cash Flow Statement (Un-Audited)
For The First Quarter Ended 30th September 2017**

	First Quarter ended	
	30 th September 2017 Rupees	30 th September 2016 Rupees
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	250,000	-
Addition in property plant and equipment	(160,934,638)	(8,074,495)
Net cash used in investing activities	<u>(160,684,638)</u>	<u>(8,074,495)</u>
Cash flows from financing activities		
Repayment of long-term financing	(36,701,581)	(18,266,318)
(Decrease) in short term borrowings	(164,039,661)	(187,660,275)
Dividends paid	(10,062)	(1,937)
Net cash used in financing activities	<u>(200,751,304)</u>	<u>(205,928,530)</u>
Net (decrease) / increase in cash and cash equivalents	(31,739,786)	30,341,016
Cash and cash equivalent at the beginning of period	110,714,973	53,766,633
Cash and cash equivalent at the end of period	<u>78,975,187</u>	<u>84,107,649</u>

The annexed notes form an integral part of this condensed interim financial information.



BILAL SHARIF
Chief Executive



MOHAMMAD SALIM
Director

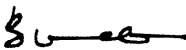
Karachi: 30th October, 2017

FAISAL SPINNING MILLS LIMITED

**Condensed Interim Statement of Changes In Equity (Un-Audited)
For The First Quarter Ended 30th September 2017**

	Reserves				Unappropriated Profits Rupees	Total Rupees
	Share Capital	Capital Reserves	General Reserves	Total		
	Rupees	Rupees	Rupees	Rupees		
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
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 remaining period	-	-	-	-	349,157,433	349,157,433
Transferred to general reserve	-	-	240,000,000	240,000,000	(240,000,000)	-
Balance as at 30th June, 2017	100,000,000	24,150,000	3,865,850,000	3,890,000,000	181,011,828	4,171,011,828
Total comprehensive income for the First Quarter ended 30th September, 2017	-	-	-	-	107,445,822	107,445,822
Balance as at 30th September, 2017	100,000,000	24,150,000	3,865,850,000	3,890,000,000	288,457,650	4,278,457,650

The annexed notes form an integral part of this condensed interim financial information.



BILAL SHARIF
Chief Executive



MOHAMMAD SALIM
Director

Karachi: 30th October, 2017

FAISAL SPINNING MILLS LIMITED

Condensed Interim Notes To The Financial Information (Un-Audited) For The First Quarter Ended 30th September, 2017

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, 2017.

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, 2017.

FAISAL SPINNING MILLS LIMITED

Condensed Interim Notes To The Financial Statements (Un-Audited) For The First Quarter Ended 30th September, 2017

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, 2017.

	<i>Note</i>	September 30, 2017	June 30, 2017
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets			
- assets owned by the Company	5.1	3,552,509,292	3,256,739,270
Capital work in progress		20,980,831	242,440,194
		<u>3,573,490,123</u>	<u>3,499,179,464</u>

5.1 Assets owned by the Company

Net book value at the beginning of the period/year		3,256,739,270	3,196,192,909
Additions during the period/year			
Freehold land		382,362,501	-
Non factory buildings		-	617,567
Plant and machinery		-	458,135,412
Electric installation		-	11,354,185
Office Equipment		-	1,115,300
Furniture and fixture		31,500	-
Equipment and other assets		-	4,869,224
Vehicles		-	12,003,258
		382,394,001	488,094,946
Net book value of assets disposed during the period/year		(106,979)	(87,599,373)
Depreciation for the period/year		(86,517,000)	(339,949,215)
Net book value at the end of the period/year		<u>3,552,509,292</u>	<u>3,256,739,270</u>

6 TRADE DEBTS

Considered good			
Foreign secured		618,175,670	137,904,728
Local unsecured		388,800,642	257,967,052
		<u>1,006,976,312</u>	<u>395,871,780</u>
Considered doubtful:			
Export		14,204,494	14,204,494
Local		49,742,560	49,742,560
		63,947,054	63,947,054
Provision for doubtful debts		(63,947,054)	(63,947,054)
		<u>1,006,976,312</u>	<u>395,871,780</u>

7 PROVISION FOR TAXATION

7.1 Provision for current tax has been made in accordance with the requirements of the Income Tax Ordinance, 2001.

FAISAL SPINNING MILLS LIMITED

Condensed Interim Notes To The Financial Statements (Un-Audited) For The First Quarter Ended 30th September, 2017

8 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 include 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:

8.1 Transactions with related parties

Nature of relationship	First Quarter ended	
	September 30, 2017	September 30, 2016
	Rupees	Rupees
Nature of transactions	(Un-Audited)	(Un-Audited)
Purchases	318,188,971	343,986,880
Sales	9,353,614	31,285,482
Services received	77,250	79,500
Purchase of electricity	88,817,599	111,205,876

8.2 Balances with related parties

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

9 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	Manufacture and sale of yarn
Weaving	Manufacture and sale of woven fabric
Power	Generation and sale of electricity

Information about operating segments as at September 30, 2017 is as follows:

	First Quarter ended September 30, 2017			
	Spinning Rupees	Weaving Rupees	Power Rupees	Total Rupees
Revenue from external customers	1,277,589,414	1,403,395,472	-	2,680,984,886
Inter-segment revenues	51,996,700	-	119,050,347	171,047,047
Segment result	71,855,223	84,508,991	8,262,556	164,626,770
	First Quarter ended September 30, 2016			
	Spinning Rupees	Weaving Rupees	Power Rupees	Total Rupees
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
Segment result	49,637,282	78,007,632	9,644,093	137,289,007

FAISAL SPINNING MILLS LIMITED

Condensed Interim Notes To The Financial Statements (Un-Audited) For The First Quarter Ended 30th September, 2017

As at September 30, 2017					
	Spinning Rupees	Weaving Rupees	Power Rupees	Un-allocated Rupees	Total Rupees
Segment assets	<u>3,277,192,161</u>	<u>2,871,235,943</u>	<u>189,382,689</u>	<u>943,328,024</u>	<u>7,281,138,817</u>
As at June 30, 2017					
	Spinning Rupees	Weaving Rupees	Power Rupees	Un-allocated Rupees	Total Rupees
Segment assets	<u>3,145,859,215</u>	<u>2,845,253,579</u>	<u>185,401,550</u>	<u>1,150,493,962</u>	<u>7,327,008,306</u>
As at September 30, 2017					
	Spinning Rupees	Weaving Rupees	Power Rupees	Un-allocated Rupees	Total Rupees
Segment liabilities	<u>1,068,890,221</u>	<u>1,290,563,264</u>	<u>505,918,308</u>	<u>137,309,374</u>	<u>3,002,681,167</u>
As at June 30, 2017					
	Spinning Rupees	Weaving Rupees	Power Rupees	Un-allocated Rupees	Total Rupees
Segment liabilities	<u>1,180,607,295</u>	<u>1,365,854,002</u>	<u>472,440,142</u>	<u>137,095,039</u>	<u>3,155,996,478</u>

10 EVENTS AFTER THE REPORTING PERIOD

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

11 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.

12 GENERAL

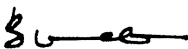
12.1 There are no other significant activities since June 30, 2017 affecting the interim financial information.

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.

13 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 October 30, 2017.



BILAL SHARIF
Chief Executive



MOHAMMAD SALIM
Director

Karachi: 30th October, 2017

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