



of Companies

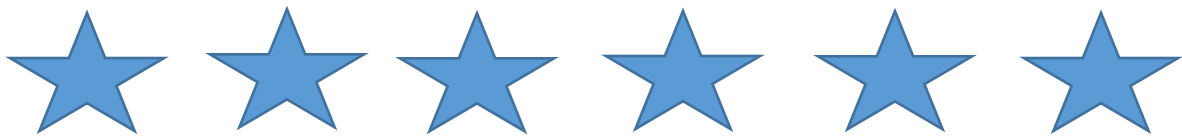
THIRD QUARTERLY ACCOUNTS
2018-2019
(UN - AUDITED)

UMER GROUP OF COMPANIES

FAISAL SPINNING MILLS LIMITED

VISION

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



MISION STATEMENT

To become the leaders of textile products in the local and International market & to achieve the highest level of success.

Directors' Review

On behalf of the board of directors of Faisal Spinning Mills Limited, I am presenting the unaudited condensed interim financial statements for the nine months ended March 31, 2019.

Significant financial performance of the nine months ended March 31, 2019;

Profit after tax for the nine months ended March 31, 2019 is PKR 569.484 million as compared to PKR 389.106 million for the corresponding period ended March 31, 2018.

Earnings per share for the nine months ended March 31, 2019 is PKR 56.95 (PKR 38.91; March 2018).

Break-up value of the share as on March 31, 2019 is PKR 491.26 (PKR 457.51: June 30, 2018).

Future outlook of textile industry

In order to meet the annual demand of around 15.000 million bales the country is likely to import approx 4.000 million bales costing \$1.200 billion due to deficit in the crop size for season 2018-19 which is estimated at 10.800 million bales. As per issued statistics by Pakistan Cotton Ginners Association the cotton produce exhibited a bleak representation which fell by 7.52% in current season as compared to the period in the last season. The Punjab province being the largest cotton producer suffered heavily, recording a 10.79% decrease in output whereas Sindh faced with shortage of irrigation water at sowing stage performed slightly better but also witnessed a drop of 2.66% in output while comparing the corresponding periods of last season.

The under cultivation trend, poor quality seed and pesticides are hitting the cotton crop for the last 5-6 years coupled with other factors such as switching to other crops such as sugarcane has reduced the cotton cultivated area to 6.000 million acres from 9.000 million acres. Besides, the issue of contamination and poor packaging adversely affecting the price for Pakistani cotton in the world market and we need to immediately address these factors in order to fetch higher price in the world market.

The government recent measures are commendable to withdraw 3.00% customs duty, 2.00% additional customs duty and 5.00% sales tax, allowing textile industry to import duty-free cotton to meet domestic demands of long and extra-long staple cotton.

The management is still positive and expects that appropriate measure and wise decisions will be taken by the incumbent government for the transformation of textile industry in Pakistan.

Acknowledgment

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

On behalf of the Board



Bilal Sharif

(Chief Executive)


Karachi: April 25, 2019


Faisal Spinning Mills Limited


Condensed Interim Statement of Financial Position (Un-Audited) As at March 31, 2019

	Note	March 31, 2019	June 30, 2018		Note	March 31, 2019	June 30, 2018
		Un-Audited Rupees	Audited Rupees			Un-Audited Rupees	Audited Rupees
<u>EQUITY AND LIABILITIES</u>				<u>ASSETS</u>			
<u>SHARE CAPITAL AND RESERVES</u>				<u>NON CURRENT ASSETS</u>			
Authorized capital 12,000,000 (June 30, 2018: 12,000,000) ordinary shares of PKR 10 each		<u>120,000,000</u>	<u>120,000,000</u>	Property, plant and equipment	7	3,597,325,014	3,511,191,266
Issued, subscribed and paid up capital		100,000,000	100,000,000	Long term investment		638,219,205	599,526,101
Reserves		4,200,000,000	4,200,000,000	Long term deposits		9,636,135	9,154,135
Unappropriated profits		612,569,851	275,085,662			4,245,180,354	4,119,871,502
		4,912,569,851	4,575,085,662				
<u>NON CURRENT LIABILITIES</u>				<u>CURRENT ASSETS</u>			
Long term financing - secured		1,581,670,878	1,475,536,209	Stores, spare parts and loose tools		72,115,912	70,806,434
Deferred liabilities	5	940,738,074	818,451,774	Stock in trade		4,529,923,681	2,403,295,127
		2,522,408,952	2,293,987,983	Trade debts	8	936,296,347	1,035,166,834
<u>CURRENT LIABILITIES</u>				Loans and advances		99,039,518	71,454,064
Trade and other payables		635,327,530	599,665,652	Trade deposits and prepayments		117,659,525	93,073,897
Unclaimed Dividend		10,509,364	7,226,735	Other receivables		5,416,626	13,271,023
Accrued markup / interest		36,533,478	19,613,533	Advance income tax		319,346,367	304,036,327
Short term borrowings - secured		2,157,747,275	645,651,760	Sales tax refundable		142,981,194	129,563,165
Current portion of non current liabilities		258,221,168	224,493,423	Cash and bank balances		65,358,094	125,186,375
		3,098,338,815	1,496,651,103			6,288,137,264	4,245,853,246
<u>CONTINGENCIES AND COMMITMENTS</u>				<u>TOTAL ASSETS</u>			
	6	-	-			<u>10,533,317,618</u>	<u>8,365,724,748</u>
TOTAL EQUITY AND LIABILITIES		<u>10,533,317,618</u>	<u>8,365,724,748</u>				

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


Chief Executive
Bilal Sharif
Karachi: April 25, 2019


Director
Mohammad Salim



Chief Financial Officer
Anwar Hussain


Faisal Spinning Mills Limited

Condensed Interim Statement of Profit or Loss (Un-Audited) For the Nine Months Period ended March 31, 2019

	Note	Nine Month Ended		Quarter Ended	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
		Rupees	Rupees	Rupees	Rupees
Sales		9,954,364,712	8,506,520,106	3,477,446,887	2,881,481,647
Cost of goods sold		8,757,121,579	7,620,542,772	2,973,464,354	2,570,911,067
Gross profit		1,197,243,133	885,977,334	503,982,533	310,570,580
Distribution cost		270,105,552	226,458,650	103,441,668	74,749,581
Administrative expenses		88,029,097	78,931,435	30,153,184	26,234,543
		358,134,649	305,390,085	133,594,852	100,984,124
Other income		10,183,090	2,690,777	2,199,731	938,615
		849,291,574	583,278,026	372,587,412	210,525,071
Other operating expenses		46,047,888	34,711,572	20,201,876	12,225,402
Finance cost		197,166,931	102,051,129	85,707,769	41,944,575
		243,214,819	136,762,701	105,909,645	54,169,977
Operating Profit		606,076,755	446,515,325	266,677,767	156,355,094
Share of profit of associated undertaking		66,043,784	48,922,265	27,607,961	19,128,887
Profit before tax		672,120,539	495,437,590	294,285,728	175,483,981
Provision for taxation - current year	9	102,636,350	106,331,501	35,767,952	36,018,521
Profit after tax		569,484,189	389,106,089	258,517,776	139,465,460
Earnings per share - basic and diluted		56.95	38.91	25.85	13.95

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


Chief Executive
Bilal Sharif
Karachi: April 25, 2019


Director
Mohammad Salim


Chief Financial Officer
Anwar Hussain

Faisal Spinning Mills Limited

Condensed Interim Statement of Comprehensive Income (Un-Audited) For the Nine Months Period ended March 31, 2019

Note	Nine Month Ended		Quarter Ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	Rupees	Rupees	Rupees	Rupees
Profit for the period after taxation	569,484,189	389,106,089	258,517,776	139,465,460
Other comprehensive income for the year	-	-	-	-
Total comprehensive Income for the period	569,484,189	389,106,089	258,517,776	139,465,460

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



Chief Executive
Bilal Sharif
Karachi: April 25, 2019



Director
Mohammad Salim



Chief Financial Officer
Anwar Hussain

Faisal Spinning Mills Limited

Condensed Interim Statement of Changes in Equity (Un-Audited) For the Nine Months Period ended March 31, 2019

	Share Capital	Capital Reserves	Revenue Reserves		Total	Grand Total
			General Reserves	Unappropriated Profit		
	PKR	PKR	PKR	PKR	PKR	PKR
Balance as at 1st July, 2017	100,000,000	24,150,000	3,865,850,000	181,011,828	4,046,861,828	4,171,011,828
Final dividend for the year ended June 30, 2017 PKR 17.25 per share	-	-	-	(172,499,970)	(172,499,970)	(172,499,970)
Total comprehensive income for the nine months period ended as at March 31, 2018	-	-	-	389,106,089	389,106,089	389,106,089
Balance as at March 31, 2018	100,000,000	24,150,000	3,865,850,000	397,617,947	4,263,467,947	4,387,617,947
Balance as at 1st July, 2018	100,000,000	24,150,000	4,175,850,000	275,085,662	4,450,935,662	4,575,085,662
Final dividend for the year ended June 30, 2018 PKR 23.20 per share	-	-	-	(232,000,000)	(232,000,000)	(232,000,000)
Total comprehensive income for nine months period ended March 31, 2019	-	-	-	569,484,189	569,484,189	569,484,189
Balance as at March 31, 2019	100,000,000	24,150,000	4,175,850,000	612,569,851	4,788,419,851	4,912,569,851

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



Chief Executive
Bilal Sharif
Karachi: April 25, 2019



Director
Mohammad Salim



Chief Financial Officer
Anwar Hussain

Faisal Spinning Mills Limited

Condensed Interim Statement of Cash Flows (Un-Audited) For the Nine Months Period ended March 31, 2019

	March 31, 2019	March 31, 2018
	Rupees	Rupees
Cash flows from operating activities		
Profit before tax	672,120,539	495,437,590
Adjustments for:		
Depreciation of property, plant and equipment	266,889,737	259,551,000
Share of profit of associated undertaking	(66,043,784)	(48,922,265)
Infrastructure fee - ETO	20,214,412	11,455,228
Infrastructure fee - Gas	81,622,307	97,951,029
Provision for employee benefits	40,275,000	36,315,000
Gain on disposal of property, plant and equipment	(5,034,818)	(143,021)
Finance cost	197,166,931	102,051,129
	535,089,785	458,258,100
Operating cash flows before movements in working capital	1,207,210,324	953,695,690
(Increase) / Decrease in stores, spares and loose tools	(1,309,478)	4,412,329
Increase in stock in trade	(2,126,628,554)	(772,388,442)
Decrease / (Increase) in trade debts	98,870,487	(317,259,252)
(Increase) / Decrease in loans and advances	(27,585,454)	8,535,704
Increase in trade deposits	(24,585,628)	(11,359,152)
Decrease / (Increase) in other receivable	7,854,397	(5,268,378)
(Increase) / Decrease in sales tax refund and other receivables	(13,418,029)	54,602,503
Increase in trade and other payables	35,661,878	166,486,084
	(2,051,140,381)	(872,238,604)
Cash (used in) / generated from operations	(843,930,057)	81,457,086
Finance cost paid	(180,246,986)	(96,577,640)
Employee benefit costs paid	(19,825,419)	(16,571,325)
Income taxes paid	(117,946,390)	(92,640,429)
Long-term deposit paid	(482,000)	-
	(318,500,795)	(205,789,394)
Net cash used in operating activities	(1,162,430,852)	(124,332,308)

Faisal Spinning Mills Limited

Condensed Interim Statement of Cash Flows (Un-Audited) For the Nine Months Period ended March 31, 2019

	March 31, 2019	March 31, 2018
	Rupees	Rupees
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	65,091,150	250,000
Addition in property plant and equipment	(413,079,817)	(246,023,668)
Dividend received	27,350,680	18,194,148
Net cash used in investing activities	(320,637,987)	(227,579,520)
Cash flows from financing activities		
Proceed from long term finance	300,841,968	-
Repayment of long term financing	(160,979,554)	(117,342,617)
Increase in short term borrowings	1,512,095,515	599,568,054
Dividends paid	(228,717,371)	(170,628,963)
Net cash generated from financing activities	1,423,240,558	311,596,474
Net decrease in cash and cash equivalents	(59,828,281)	(40,315,354)
Cash and cash equivalent at the beginning of period	125,186,375	110,714,973
Cash and cash equivalent at the end of period	65,358,094	70,399,619

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



Chief Executive
Bilal Sharif
Karachi: April 25, 2019



Director
Mohammad Salim



Chief Financial Officer
Anwar Hussain

1 REPORTING ENTITY

Faisal Spinning Mills Limited ('the Company') is incorporated in Pakistan as a Public Limited Company under the Repealed Companies Ordinance, 1984, now Companies Act, 2017 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 Sheikhupura 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, 2018.

2.1 Statement of compliance

This condensed interim financial information 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 Act, 2017. In case where requirements differ, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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 these interim financial statements are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended June 30, 2018, except of change referred to in note 4.

4 CHANGE IN ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2018. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these condensed interim financial statements.

* In addition to that a new standard (i.e.IFRS 15) have become applicable to the Company effective from July 1, 2018. Because of this new standard certain changes to the accounting policies have been made in light of the following paragraphs:

IFRS 15 'Revenue from contracts with customers'

IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The changes laid down by these standard do not have any significant impact on the amounts reported in all current and periods presented in these condensed interim financial statements of the Company.

*** IFRS 9 'Financial Instruments'**

The Company has deferred the adoption of IFRS 9, in pursuant to SRO 229(I)/2019 dated February 14, 2019. Through this SRO the SECP has modified the effective date for applicability of IFRS 9 (Financial Instruments) in place of IAS 39 (Financial Instruments: Recognition & Measurement) as " Reporting Period / Year ending on or after June 30, 2019.

Previously Through SRO 1007(I)/2017 dated October 04, 2017, the SECP had notified IFRS 9 replacing IAS 39 with effect from reporting periods starting from July 01, 2018.

	<i>Note</i>	March 31, 2019	June 30, 2018
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
5 DEFERRED LIABILITIES			
Infra structure fee payable - ETO		111,517,256	91,302,844
Infra structure fee payable - Gas		580,054,788	498,432,481
Staff retirement benefits - gratuity		185,357,230	164,907,649
Deferred taxation		<u>63,808,800</u>	<u>63,808,800</u>
		<u>940,738,074</u>	<u>818,451,774</u>
6 CONTINGENCIES AND COMMITMENTS			
There is no material change in contingencies and commitments as disclosed in annual financial statements for the year ended June 30, 2018 except following:			
6.1 Contingencies			
Bills Discounted		<u>1,843,230,220</u>	<u>2,100,450,091</u>
6.2 Commitments			
Letter of credit (for store, raw material and machinery)		<u>1,121,280,557</u>	<u>581,418,960</u>
	<i>Note</i>	March 31, 2019	June 30, 2018
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
7 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets			
- assets owned by the Company	7.1	3,218,814,402	3,491,381,821
Capital work in progress		<u>378,510,612</u>	19,809,445
		<u>3,597,325,014</u>	<u>3,511,191,266</u>
7.1 Assets owned by the Company			
Net book value at the beginning of the period/year		3,491,381,821	3,256,739,268
Additions during the period/year			
Freehold land		-	446,237,501
Factory buildings		-	19,674,282
Non factory buildings		-	473,999
Plant and machinery		36,683,088	81,580,398
Office Equipment		-	31,500
Equipment and other assets		-	21,723,467
Vehicles		<u>17,695,562</u>	<u>6,963,116</u>
		<u>54,378,650</u>	<u>576,684,263</u>
Net book value of assets disposed during the period/year		<u>(60,056,332)</u>	<u>(12,618,232)</u>
Depreciation for the period/year		<u>(266,889,737)</u>	<u>(329,423,478)</u>
Net book value at the end of the period/year		<u>3,218,814,402</u>	<u>3,491,381,821</u>

	<i>Note</i>	March 31, 2019	June 30, 2018
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
8 TRADE DEBTS			
Considered good			
Foreign secured		498,831,826	743,434,353
Local unsecured		437,464,521	291,732,481
		<u>936,296,347</u>	1,035,166,834
Considered doubtful:		-	
Export		14,204,494	14,204,494
Local		77,156,656	77,156,656
		91,361,150	91,361,150
Provision for doubtful debts		<u>(91,361,150)</u>	<u>(91,361,150)</u>
		<u>936,296,347</u>	<u>1,035,166,834</u>

9 PROVISION FOR TAXATION

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

10 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.

Names and details of transactions and balances with related parties are as under:

Name	Nature of relationship	Shareholding percentage
Bhanero Textile Mills Limited	Associated companies	N/A
Blessed Textiles Limited	Associated companies	18.49
Bhanero Energy Limited	Associated companies	N/A
Admiral (Private) Limited	Associated companies	N/A

	Nine Month Ended		Quarter Ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
	<i>(Un-Audited)</i>	<i>(Un-Audited)</i>	<i>(Un-Audited)</i>	<i>(Un-Audited)</i>
10.1 Transactions with related parties				
Nature of transaction				
Purchases	1,090,781,159	914,512,886	342,634,983	264,237,161
Sales	22,700,041	18,677,824	9,159,339	3,437,748
Services received	231,750	231,750	77,250	77,250
Purchase of electricity	81,227,097	300,728,645	31,613,627	88,289,754
Dividend Received	27,350,680	22,130,025	-	-

10.2 Balances with related parties

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

11 SEGMENT REPORTING

The Company has two 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

Information about operating segments as at March 31, 2019 is as follows:

	Nine Month Ended March 31, 2019			
	Spinning Rupees	Weaving Rupees	Total Rupees	
Revenue from external customers	<u>4,668,120,289</u>	<u>5,286,244,423</u>	<u>9,954,364,712</u>	
Inter-segment transfers	<u>148,159,450</u>	<u>-</u>	<u>148,159,450</u>	
Segment results	<u>443,855,591</u>	<u>405,435,983</u>	<u>849,291,574</u>	
	Nine Month Ended March 31, 2018			
	Spinning Rupees	Weaving Rupees	Total Rupees	
Revenue from external customers	<u>4,133,558,409</u>	<u>4,372,961,697</u>	<u>8,506,520,106</u>	
Inter-segment transfers	<u>44,900,100</u>	<u>-</u>	<u>44,900,100</u>	
Segment results	<u>298,153,475</u>	<u>285,124,551</u>	<u>583,278,026</u>	
	As at March 31, 2019			
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	Total Rupees
Segment assets	<u>5,835,326,969</u>	<u>3,697,709,974</u>	<u>1,000,280,675</u>	<u>10,533,317,618</u>
	As at Jun 30, 2018			
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	Total Rupees
Segment assets	<u>4,142,479,406</u>	<u>3,089,484,348</u>	<u>1,133,760,994</u>	<u>8,365,724,748</u>
	As at March 31, 2019			
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	Total Rupees
Segment liabilities	<u>3,763,950,707</u>	<u>1,681,471,004</u>	<u>175,326,056</u>	<u>5,620,747,767</u>
	As at Jun 30, 2018			
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	Total Rupees
Segment liabilities	<u>2,000,544,231</u>	<u>1,627,756,476</u>	<u>162,338,379</u>	<u>3,790,639,086</u>

12 EVENTS AFTER THE REPORTING PERIOD

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

13 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.


14 GENERAL

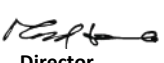
14.1 There are no other significant activities since June 30, 2018 affecting the interim financial information.

14.2 Figures have been rounded off to the nearest Rupee.

15 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 April 25, 2019.


Chief Executive
Bilal Sharif
Karachi: April 25, 2019


Director
Mohammad Salim


Chief Financial Officer
Anwar Hussain