Financial Statement

(Un-Audited)

For the Six Months Ended
December 31, 2014

FCM

Fazal Cloth Mills Limited

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Company Information

Board of Directors	Sh. Naseem Ahmad	Chief Executive Officer
	Mr. Rehman Naseem	Chairman
	Mrs. Mahnaz Amir Sheikh	
	Mr. Fazal Ahmed Sheikh	
	Mr. Faisal Ahmed	
	Mr. Fahd Mukhtar	
	Mr. Jamal Nasim	Independent Director
Audit Committee	Mr. Jamal Nasim	Chairman
	Mr. Rehman Naseem	Member
	Mr. Fahd Mukhtar	Member
Human Resource and Remuneration Committee	Mr. Rehman Naseem	Chairman
	Mrs. Mahnaz Amir Sheikh	Member
	Mr. Faisal Ahmad	Member
Acting Company Secretory	Mr. Faizan-ul-Haq	
Chief Financial Officer	Mr. Faizan-ul-Haq	
Auditors	KPMG Taseer Hadi & Co., Chartered Accountants	
Bankers	MCB Bank Limited Allied Bank Limited Meezan Bank Limited National Bank of Pakistan Soneri Bank Limited United Bank Limited Standard Chartered Bank Pakistan Limited Habib Bank Limited NIB Bank Limited Barclays Bank PLC, Pakistan Bank Al-falah Limited Askari Bank Limited Faysal Bank Limited The Bank of Khyber The Bank of Punjab Pak Kuwait Investment Company (Pvt.) Limited Pak Oman Investment Company Limited Pak Brunei Investment Company Limited Dubai Islamic Bank Pakistan Limited Samba Bank Limited Saudi Pak Industrial and Agricultural Investment Company Limited Kasb Bank Limited	
Head Office & Shares Department:	129/1 Old Bahawalpur Road, Multan. Phone: (92) 61-4579001-7, 4781637 Fax: (92) 61-4583425, 4541832 E-mail: kanwar@fazalcloth.com; arfan.zahid@fazalcloth.com Website: www.fazalcloth.com	
Shares Registrar:	Vision Consulting Ltd. 3-C, LDA Flats, Lawrence Road, Lahore. shares@vcl.com.pk Phone: (92) 42-36283096, 36283097 Fax: (92) 42-36374839	
Registered Office:	69/7, Abid Majeed Road, Survey No. 248/7, Lahore Cantt, Lahore. Phone: (92) 42-36684909	
Mills:	i) Fazal Nagar, Jhang Road, Muzaffargarh – Pakistan Ph. (92) 66-2422216, 18 Fax: (92) 66-2422217 ii) Qadirpur Rawan Bypass, Khanewal Road, Multan – Pakistan Ph. (92) 61-6740041-43, Fax: (92) 61-6740052	

Directors' Review

Dear Shareholders,

Assalam-o-Alaikum,

Your Directors are pleased to present before you unaudited financial information of Fazal Cloth Mills Limited for the half year ended December 31, 2014. Sales were recorded at Rs. 13,343 million during the first half of the current financial year compared to Rs. 11,703 million during the corresponding period last year, registering an increase of 14.02%. Your Company earned a pretax profit of Rs. 454.171 million (after tax profit of Rs. 311.504 million) as compared to Rs. 818.695 million (after tax profit of Rs. 590.537 million) for the corresponding period last year after charging depreciation of Rs. 309.400 million (2013:Rs 280.674 million). Earnings per share of the Company for the six month ended December 31, 2014 is Rs. 10.38 as compared to Rs. 19.68 for corresponding period in previous year.

Subsidiary Companies and Consolidated Financial Statements

The consolidated condensed interim financial information comprising Fazal Cloth Mills Limited and Fazal Weaving Mills Limited is annexed with separate interim condensed financial information of your Company in accordance with the requirements of International Accounting Standard 27 (Consolidated and Separate Financial Statements), 34 (Interim Financial Reporting) and applicable provisions of Companies Ordinance, 1984. During the period the Group earned a pretax profit of Rs. 490.925 million (after tax profit of Rs. 340.887 million) as compared to Rs. 780.420 million (after tax profit of Rs. 552.262 million) earned in the same period last year after charging depreciation of Rs. 358.068 million as compare to Rs. 280.700 million in the same period last year.

Future Outlook

Business conditions in the international textile market remain tough. Heavily subsidized textile companies in India continue to expand production resulting in an oversupply of yarn. Demand remains lackluster. Sharp appreciation of Pakistani Rupee against most of the world currencies in general and against Euro in particular is making it harder for textile companies in Pakistan to compete. It is imperative that GOP rethinks its exchange rate policy and allow the Rupee to fall to a fundamentally justified level.

On the positive side, sharp fall in international oil prices has resulted in a reduced electricity tariff for your Company. Interest rates have also come down. Both these factors will result in a sharp reduction in operating cost for the Company.

As always, your management remains cautiously optimistic about the future financial performance of the Company.

Management and Labor Relations

The relations between the workers and management remained cordial through out the period. Your Directors wish to thank all workers and staff members for their hard work.

For & on behalf of the Board

Place: Multan
Dated 24 February 2015

Sd/-
(Rehman Naseem)
Chairman/Director

Auditor's Report to the Members on Review of Interim Unconsolidated Financial Information

Introduction

We Have reviewed the accompanying condensed interim unconsolidated balance sheet of **Fazal Cloth Mills Limited** ("the Company") as at 31 December 2014 and the related condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated cash flow statement, condensed interim unconsolidated statement of changes in equity and notes to the condensed interim unconsolidated financial information for the six months period then ended (here-in-after referred to as "interim unconsolidated financial information"). Management is responsible for the preparation and presentation of this interim unconsolidated financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim unconsolidated financial information based on our review.

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 unconsolidated financial information consists of making inquiries, primarily of 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 the accompanying interim unconsolidated financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The figures for the three months period ended 31 December 2014, in the condensed interim unconsolidated profit and loss account and condensed interim unconsolidated statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Lahore

Dated 24 February 2015

KPMG Taseer Hadi & Co.
Chartered Accountants
(Kamran Iqbal Yousafi)

Fazal Cloth Mills Limited (The Company)

Un-Consolidated Financial Statements (Un-Audited)

For the Six Months Ended 31 December 2014

Condensed Interim Unconsolidated Balance Sheet

	Note	(Un-audited) 31 December 2014 Rupees	(Audited) 30 June 2014 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	5	**13,440,270,766**	13,534,368,091
Long term investments	6	**3,702,120,685**	2,329,793,605
Long term loan	7	**499,940,000**	499,940,000
Long term deposits		**22,807,493**	22,807,493
		17,665,138,944	16,386,909,189
Current assets			
Stores, spares and loose tools		**381,601,046**	403,516,139
Stock-in-trade		**6,666,764,071**	5,362,875,978
Trade debts	8	**4,209,635,787**	2,998,049,972
Loans and advances		**116,603,549**	750,986,887
Trade deposits and short term prepayments		**73,355,603**	3,431,538
Mark-up accrued		**64,054,721**	49,029,704
Other receivables		**156,376,834**	329,094,883
Short term investments	9	**268,370,025**	227,268,181
Tax refunds due from government		**414,276,317**	491,701,927
Cash and bank balances	10	**206,595,576**	346,251,152
		12,557,633,529	10,962,206,361
		30,222,772,473	27,349,115,550

The annexed notes from 1 to 21 form an integral part of this condensed interim unconsolidated financial information.

Sd/-
(SH. NASEEM AHMAD)
Chief Executive Officer

Sd/-
(REHMAN NASEEM)
Chairman/Director

As at 31 December 2014

	Note	(Un-audited) 31 December 2014 Rupees	(Audited) 30 June 2014 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital	*11.1*	**700,000,000**	700,000,000
Issued, subscribed and paid-up capital	*11.2*	**300,000,000**	300,000,000
Capital reserves		**1,737,730,832**	1,311,261,242
Unappropriated profits		**6,124,386,084**	5,822,543,822
		8,162,116,916	7,433,805,064
Surplus on revaluation of fixed assets		**3,375,484,736**	3,440,823,294
Non-current liabilities			
Long term financing	*12*	**5,971,586,457**	5,965,676,977
Long term musharika		**235,000,000**	275,000,000
Deferred liabilities		**1,561,843,280**	1,532,281,866
		7,768,429,737	7,772,958,843
Current liabilities			
Trade and other payables	*13*	**2,064,734,941**	1,694,478,611
Accrued profit / interest / mark-up		**340,046,548**	294,005,219
Short term borrowings		**7,346,747,772**	5,636,135,888
Current portion of non-current liabilities		**1,165,211,823**	1,076,908,631
		10,916,741,084	8,701,528,349
Contingencies and commitments	*14*		
		30,222,772,473	27,349,115,550

Sd/-
(FAIZAN-UL-HAQ)
Chief Financial Officer

Condensed Interim Unconsolidated Profit and Loss Account (Un-audited)

For the six months ended 31 December 2014

	Note	**Six months ended 31 December 2014**	Six months ended 31 December 2013	**Three months ended 31 December 2014**	Three months ended 31 December 2013
		---------- Rupees ----------			
Sales - net	*15*	**13,342,825,485**	11,702,659,055	**6,466,030,863**	5,501,904,421
Cost of sales	*16*	**(12,020,716,561)**	(10,000,257,351)	**(5,759,329,911)**	(4,731,146,637)
Gross profit		**1,322,108,924**	1,702,401,704	**706,700,952**	770,757,784
Distribution expenses		**(155,349,790)**	(118,754,754)	**(93,229,841)**	(63,354,456)
Administrative expenses		**(121,490,941)**	(122,183,754)	**(64,674,555)**	(66,271,156)
Other expenses		**(47,663,799)**	(72,090,695)	**(21,021,675)**	(30,116,408)
		(324,504,530)	(313,029,203)	**(178,926,071)**	(159,742,020)
Other income		**87,337,137**	26,545,428	**55,750,737**	26,254,471
Profit from operations		**1,084,941,531**	1,415,917,929	**583,525,618**	637,270,235
Finance cost		**(630,770,104)**	(597,222,730)	**(307,085,968)**	(318,939,739)
Profit before taxation		**454,171,427**	818,695,199	**276,439,650**	318,330,496
Taxation		**(142,667,723)**	(228,158,020)	**(191,494,027)**	(101,899,829)
Profit after taxation		**311,503,704**	590,537,179	**84,945,623**	216,430,667
Earnings per share		**10.38**	19.68	**2.83**	7.21

The annexed notes from 1 to 21 form an integral part of this condensed interim unconsolidated financial information.

Sd/-	**Sd/-**	**Sd/-**
(SH. NASEEM AHMAD)	**(REHMAN NASEEM)**	**(FAIZAN-UL-HAQ)**
Chief Executive Officer	**Chairman/Director**	**Chief Financial Officer**

Condensed Interim Unconsolidated Statement of Comprehensive Income (Un-audited)

For the six months ended 31 December 2014

	Six months ended 31 December 2014	Six months ended 31 December 2013	**Three months ended 31 December 2014**	Three months ended 31 December 2013
	----------	**Rupees**	----------	
Profit after taxation	**311,503,704**	590,537,179	**84,945,623**	216,430,667
Other comprehensive income - net of tax				
Items that will never be reclassified to profit or loss:				
Remeasurement of defined benefit liability	-	(39,560,970)	-	(39,560,970)
Related tax impact	-	9,015,352	-	9,015,352
	-	(30,545,618)	-	(30,545,618)
Items that are or may be reclassified subsequently to profit or loss:				
Net change in fair value of available for sale financial assets	**426,469,590**	234,967,735	**463,636,068**	161,264,719
Total comprehensive income for the period	**737,973,294**	794,959,296	**548,581,691**	347,149,768

The annexed notes from 1 to 21 form an integral part of this condensed interim unconsolidated financial information.

Sd/-	**Sd/-**	**Sd/-**
(SH. NASEEM AHMAD)	**(REHMAN NASEEM)**	**(FAIZAN-UL-HAQ)**
Chief Executive Officer	**Chairman/Director**	**Chief Financial Officer**

Condensed Interim Unconsolidated Cash Flow Statement (Un-audited)

For the six months ended 31 December 2014

	Six months ended	
	31 December 2014 Rupees	31 December 2013 Rupees
Cash flow from operating activities		
Profit before taxation	**454,171,427**	818,695,199
Adjustments for:		
Depreciation of property, plant and equipment	**309,399,975**	280,674,215
Amortization of intangible assets	**-**	1,716,408
Gain on re-measurement of short term investments to fair value	**(41,101,844)**	(25,376,675)
Gain on disposal of property, plant and equipment	**(8,781,647)**	(303,245)
Provision for gratuity	**43,318,934**	19,843,373
Provision for infrastructure cess	**14,185,459**	14,382,767
Dividend income	**(392,832)**	(223,200)
Finance cost	**630,770,104**	597,222,730
	1,401,569,576	1,706,631,572
Movement in working capital:		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	**21,915,093**	(71,151,718)
Stock in trade	**(1,303,888,093)**	(2,911,334,818)
Trade debts	**(1,211,585,815)**	(212,649,298)
Loans and advances	**634,383,338**	(791,410,899)
Trade deposits and short term prepayments	**(69,924,065)**	(26,733,703)
Interest / markup accrued	**(15,025,017)**	-
Other receivables	**172,718,049**	23,031,431
	(1,771,406,510)	(3,990,249,005)
Increase / (decrease) in current liabilities:		
Trade and other payables	**287,507,856**	271,694,345
Cash used in operations	**(82,329,078)**	(2,011,923,088)
Gratuity paid to employees	**(21,077,586)**	(19,054,390)
Tax paid	**(57,922,051)**	(79,869,340)
Finance cost paid	**(584,728,775)**	(513,154,391)
Long term advance to employees	**-**	(141,632)
Long term loan and advances	-	(691,783,505)
Long term deposits	-	(2,108,587)
Net cash used in operating activities	**(746,057,490)**	(3,318,034,933)
Cash flow from investing activities		
Capital expenditure incurred	**(221,195,923)**	(1,427,555,684)
Proceeds from sale of property, plant and equipment	**14,674,920**	2,544,716
Investment in equity instruments	**(945,857,490)**	-
Dividend received	**392,832**	223,200
Net cash used in investing activities	**(1,151,985,661)**	(1,424,787,768)
Cash flow from financing activities		
Long term financing obtained	**548,661,626**	1,785,582,320
Long term financing repaid	**(469,448,954)**	(361,034,659)
Long term musharika repaid	**(25,000,000)**	(25,000,000)
Short term borrowings - net	**1,710,611,884**	3,416,566,897
Cash dividend paid	**(6,436,981)**	(62,500,000)
Net cash generated from financing activities	**1,758,387,575**	4,753,614,558
Net cash (utilised) / generated during the period	**(139,655,576)**	10,791,857
Cash and cash equivalents at the beginning of the period	**346,251,152**	156,000,176
Cash and cash equivalents at the end of the period	**206,595,576**	166,792,033

The annexed notes from 1 to 21 form an integral part of this condensed interim unconsolidated financial information.

Sd/-	**Sd/-**	**Sd/-**
(SH. NASEEM AHMAD)	**(REHMAN NASEEM)**	**(FAIZAN-UL-HAQ)**
Chief Executive Officer	**Chairman/Director**	**Chief Financial Officer**

Condensed Interim Unconsolidated Statement of Changes In Equity (Un-audited)

For the six months ended 31 December 2014

	Share capital	Capital reserves			Revenue reserve	
	Ordinary shares	Share premium	Capital redemption reserve	Fair value reserve-available for sale financial assets	Un-appropriated profits	Total
	---------- Rupees ----------					
Balance as at 01 July 2013	**250,000,000**	**77,616,000**	**175,000,000**	**795,960,133**	**4,935,664,397**	**6,234,240,530**
Total comprehensive income						
Profit for the six months period ended 31 December 2013		-	-	-	590,537,179	590,537,179
Other comprehensive income / (loss)		-	-	234,967,735	(30,545,618)	204,422,117
	-	-	-	234,967,735	559,991,561	794,959,296
Incremental depreciation arising due to surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	61,978,828	61,978,828
Transactions with owners						
Bonus shares issued at 20%	50,000,000	-	-	-	(50,000,000)	-
Cash dividend at Rs. 2.5 per share	-	-	-	-	(62,500,000)	(62,500,000)
Balance as at 31 December 2013	**300,000,000**	**77,616,000**	**175,000,000**	**1,030,927,868**	**5,445,134,786**	**7,028,678,654**
Total comprehensive income						
Profit for the six months period ended 30 June 2014		-	-	-	287,324,334	287,324,334
Other comprehensive income		-	-	27,717,374	29,372,707	57,090,081
	-	-	-	27,717,374	316,697,041	344,414,415
Incremental depreciation arising due to surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	60,711,995	60,711,995
Balance as at 30 June 2014	**300,000,000**	**77,616,000**	**175,000,000**	**1,058,645,242**	**5,822,543,822**	**7,433,805,064**
Total comprehensive income						
Profit for the period	-	-	-	-	311,503,704	311,503,704
Other comprehensive income	-	-	-	426,469,590	-	426,469,590
	-	-	-	426,469,590	311,503,704	737,973,294
Incremental depreciation arising due to surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	65,338,558	65,338,558
Transaction with owners						
Cash dividend at Rs.2.5 per share	-	-	-	-	(75,000,000)	(75,000,000)
Balance as at 31 December 2014	**300,000,000**	**77,616,000**	**175,000,000**	**1,485,114,832**	**6,124,386,084**	**8,162,116,916**

The annexed notes from 1 to 21 form an integral part of this condensed interim unconsolidated financial information.

Sd/-	**Sd/-**	**Sd/-**
(SH. NASEEM AHMAD)	**(REHMAN NASEEM)**	**(FAIZAN-UL-HAQ)**
Chief Executive Officer	**Chairman/Director**	**Chief Financial Officer**

Notes to the Condensed Interim Unconsolidated Financial Information (Un-audited)

For the six months ended 31 December 2014

1 Reporting entity

Fazal Cloth Mills Limited ("the Company") was incorporated in Pakistan in 1966 as a public limited company under the Companies Act, 1913 (now the Companies Ordinance, 1984) and its shares are quoted on Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at 69/7, Abid Majeed Road, Survey No. 248/7, Lahore Cantt, Lahore. The Company is engaged in manufacture and sale of yarn and fabric. The manufacturing facilities are located at Fazal Nagar, Jhang Road, Muzaffargarh and Qadirpur Rawan Bypass, Khanewal Road, Multan in the province of Punjab.

2 Basis of preparation

2.1 This condensed interim unconsolidated financial information of the Company for the six months period ended 31 December 2014 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by International Accounting Standards Board and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

2.2 This condensed interim unconsolidated financial information of the Company does not include all of the information required for full annual financial statements and should be read in conjunction with the annual unconsolidated financial statements of the Company as at and for the year ended 30 June 2014.

2.3 This condensed interim unconsolidated financial information is presented in Pakistan Rupees which is the Company's functional currency and all financial information presented has been rounded off to the nearest rupee, except otherwise stated.

2.4 This condensed interim unconsolidated financial information is being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984.

3 Accounting policies

The accounting policies and the methods of computation adopted in the preparation of this condensed interim unconsolidated financial information are the same as those applied in the preparation of annual financial statements of the Company as at and for the year ended 30 June 2014.

4 Estimates and judgements

4.1 The preparation of condensed interim unconsolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

4.2 Estimates and judgements made by the management in the preparation of this condensed interim unconsolidated financial information are the same as those that were applied to the annual unconsolidated financial statements of the Company as at and for the year ended 30 June 2014.

		(Un-audited)	(Audited)
		31 December	30 June
		2014	2014
5 Property, plant and equipment	*Note*	**Rupees**	Rupees
Operating property, plant and equipment	*5.1*	**13,132,677,010**	13,354,869,381
Capital work-in-progress	*5.2*	**307,593,756**	179,498,710
		13,440,270,766	13,534,368,091

		Note	(Un-audited) 31 December 2014 Rupees	(Audited) 30 June 2014 Rupees
5.1	**Opening net book value**		**13,354,869,381**	12,102,832,043
	Additions during the period / year:			
	Freehold land		**48,150,389**	199,311,071
	Factory building		**-**	164,450,861
	Non-factory building		**-**	105,810,846
	Plant and machinery		**37,811,389**	1,174,823,938
	Furniture and fixtures		**44,379**	3,968,146
	Office equipment		**1,304,072**	5,425,869
	Vehicles		**3,126,672**	52,892,521
	Electric fittings and installations		**2,663,976**	138,046,190
	Tools, laboratory equipment and arms		**-**	2,480,705
	Fire extinguishing equipments and scales		**-**	454,358
			93,100,877	1,847,664,505
	Carrying value of assets disposed off during the period / year		**(5,893,273)**	(3,276,069)
	Depreciation charge for the period / year		**(309,399,975)**	(592,351,098)
	Closing net book value		**13,132,677,010**	13,354,869,381
5.2	**The detail of capital work-in-progress is as follows:**			
	Freehold land		**213,000**	563,000
	Factory building		**147,125,393**	109,487,779
	Non-factory building		**68,710,409**	51,974,535
	Plant and machinery		**84,814,983**	12,289,346
	Furniture and fixtures		**1,122,726**	468,161
	Office equipment		**176,800**	-
	Vehicles		**2,113,000**	-
	Electric fittings and installations		**3,250,639**	4,715,889
	Tools, laboratory equipment and arms		**66,806**	-
			307,593,756	179,498,710
6	**Long term investments**			
	Available-for-sale			
	Investment in related parties			
	Subsidiary company - at cost	*6.1*	**250,000,000**	250,000,000
	Associated companies - at fair value	*6.2*	**2,253,296,489**	1,826,826,899
	- at cost	*6.3*	**1,177,180,196**	252,966,706
			3,680,476,685	2,329,793,605
	Investment in other companies			
	Others - at cost	*6.4*	**21,644,000**	-
			3,702,120,685	2,329,793,605

		Shares		Market value		Percentage of holding	
		31 December 2014	30 June 2014	**31 December 2014**	30 June 2014	**31 December 2014**	30 June 2014
	Note	----------Number----------		----------Rupees----------			
6.1 Subsidiary company - at cost							
Fazal Weaving Mills Limited	*6.1.1*	**25,000,000**	25,000,000	**250,000,000**	250,000,000	**100%**	100%

6.1.1 Fazal Weaving Mills Limited was set up to carry out business of textile spinning. The Company holds 100% of equity of the subsidiary which was funded through Company's own source.

		Shares		Market value		Percentage of holding	
		31 December 2014	30 June 2014	**31 December 2014**	30 June 2014	**31 December 2014**	30 June 2014
	Note	----------Number----------		----------Rupees----------			
6.2 Associated company - at fair value							
Fatima Fertilizer Company Limited	*6.2.1*	**62,994,031**	62,994,031	**2,253,296,489**	1,826,826,899	**2.88%**	2.88%

6.2.1 The company is an associated company due to common directorship, as defined in Companies Ordinance, 1984.

		Shares		Market value		Percentage of holding	
		31 December 2014	30 June 2014	**31 December 2014**	30 June 2014	**31 December 2014**	30 June 2014
	Note	----------Number----------		----------Rupees----------			
6.3 Associated companies - at cost							
Pak Arab Fertilizers Limited	*6.3.1*	**25,790,610**	25,790,610	**252,966,706**	252,966,706	**5.73%**	5.73%
Fatima Energy Limited	*6.3.2*	**92,421,349**	-	**924,213,490**	-	**46.99%**	-
				1,177,180,196	252,966,706		

6.3.1 The investment is valued at cost, owing to non-availability of market value of its shares as the company is not listed on any of the stock exchanges in Pakistan. The company is an associated company due to common directorship, as defined in Companies Ordinance, 1984.

6.3.2 The investment is valued at cost, owing to non-availability of market value of its shares as the company is not listed on any of the stock exchanges in Pakistan. Currently the Company owns 46.99% equity of Fatima Energy Limited ("FEL"). Investment was made from the Company's own sources.

		Shares		Market value		Percentage of holding	
		31 December 2014	30 June 2014	**31 December 2014**	30 June 2014	**31 December 2014**	30 June 2014
	Note	----------Number----------		----------Rupees----------			
6.4	**Other - at cost**						
Multan Real Estate (Private) Limited	*6.4.1*	**216,440**	-	**21,644,000**	-	**9.96%**	-

6.4.1 The investment is valued at cost, owing to non-availability of market value of its shares as the company is not listed on any of the stock exchanges in Pakistan.

6.5 Shares of all investee companies are ordinary fully paid-up shares, having a face value of Rs. 10 per share except for the shares of Multan Real Estate (Private) Limited which have a face value of Rs. 100 per share.

7 Long term loan

It represents a loan disbursed to Fazal Weaving Mills Limited which is a wholly owned subsidiary of the Company, to finance the capital expenditure as well as the working capital needs thereof. The Company charged mark up at a rate not less than the average borrowing cost of the Company. The loan is unsecured and repayable after 5 years. The loan is subordinated to the extent of Rs. 430 million to all the financing facilities obtained by Fazal Weaving Mills Limited from MCB Bank Limited, Allied Bank Limited, Faysal Bank Limited, Habib Bank Limited, Askari Bank Limited, United Bank Limited, Meezan Bank Limited and Bank Al-Falah Limited.

	Note	**(Un-audited) 31 December 2014 Rupees**	(Audited) 30 June 2014 Rupees
8 Trade debts			
Considered good:			
- secured		**1,664,165,077**	1,076,104,732
- unsecured	*8.1*	**2,545,470,710**	1,921,945,240
		4,209,635,787	2,998,049,972

8.1 This includes balance amounting to Rs. 730.246 million (30 June 2014: Rs. 242.710 million) receivable from the subsidiary and associated companies.

	Note	**(Un-audited) 31 December 2014 Rupees**	(Audited) 30 June 2014 Rupees
9 Short term investments			
Investments at fair value through profit or loss			
These investments are 'held for trading'			
Carrying value at 30 June:			
Related parties		**189,080,000**	161,891,600
Others		**38,188,181**	28,603,526
		227,268,181	190,495,126
Unrealized gain on re-measurement of investment - during the period		**41,101,844**	36,773,055
		268,370,025	227,268,181
Fair value of short term investments comprises of:			
Related parties	*9.1*	**233,220,400**	189,080,000
Others	*9.2*	**35,149,625**	38,188,181
		268,370,025	227,268,181

		Shares		Market value		Percentage of holding	
		31 December 2014	30 June 2014	**31 December 2014**	30 June 2014	**31 December 2014**	30 June 2014
		----------Number----------		----------Rupees----------			
9.1	**Held for trading - related parties**						
	Chemicals						
	Fatima Fertilizer Company Limited	**6,520,000**	6,520,000	**233,220,400**	189,080,000	**0.43%**	0.43%
9.2	**Held for trading - others**						
	Oil and Gas						
	Pakistan State Oil Company Limited	**98,208**	98,208	**35,149,625**	38,188,181	**0.04%**	**0.04%**

9.3 Shares of all investee companies are ordinary fully paid-up shares, having a face value of Rs. 10/- per share.

		Note	**(Un-audited) 31 December 2014** **Rupees**	(Audited) 30 June 2014 Rupees
10	**Cash and bank balances**			
	Cash in hand		**9,048,114**	5,912,321
	Cash at bank - current accounts		**197,136,695**	339,930,993
	- saving accounts	*10.1*	**410,767**	407,838
			206,595,576	346,251,152

10.1 These represent funds placed with commercial banks carrying mark-up at the rates ranging from 6.62% to 7.13% (30 June 2014: 5.5% to 7%) per annum.

				(Un-audited) 31 December 2014 Rupees	(Audited) 30 June 2014 Rupees
11	**Share Capital**				
11.1	**Authorized share capital**				
	Number of shares				
	40,000,000	(30 June 2014: 40,000,000) ordinary shares of Rs. 10 each		**400,000,000**	400,000,000
	30,000,000	(30 June 2014: 30,000,000) redeemable cumulative preference shares of Rs. 10 each		**300,000,000**	300,000,000
	70,000,000			**700,000,000**	700,000,000
11.2	**Issued, subscribed and paid-up capital**				
	31 December 2014	30 June 2014			
	----------(Number of shares)----------		*Note*		
	1,000,000	1,000,000	Ordinary shares of Rs. 10 each fully paid in cash	**10,000,000**	10,000,000
	9,187,200	9,187,200	Ordinary shares of Rs. 10 each fully paid as right shares	**91,872,000**	91,872,000
	19,812,800	19,812,800	Ordinary shares of Rs.10 each issued as bonus shares	*11.3* **198,128,000**	198,128,000
	30,000,000	30,000,000		**300,000,000**	300,000,000
11.3	**Movement of bonus shares**				
	Opening balance			**198,128,000**	148,128,000
	Add: Bonus shares issued during the period / year (Nil (30 June 2014: 5,000,000) ordinary shares of Rs. 10 each)			**-**	50,000,000
				198,128,000	198,128,000

12 Long term financing

12.1 Demand Finance- II from The Bank of Khyber

During the period a demand finance of Rs.300.000 million has been obtained from The Bank of Khyber to refinance the capital expenditure. It is repayable within the period of six years inclusive of two years grace period in eight half yearly equal installments of principal amount. It carries mark up at the rate of 6 Months KIBOR + 1.25% per annum. During the period effective rate of mark up charged was 11.44% per annum. This finance is secured against 1st joint pari passu charge/mortgage with 25% margin on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.

12.2 Term Finance from Soneri Bank Limited

During the period a term finance of Rs.200.000 million has been obtained from Soneri Bank Limited for the purpose of re-profiling of balance sheet. Sanctioned limit of this term finance facility is Rs.400.00 million. It is repayable within the period of six years inclusive of one year grace period in twenty equal quarterly installments of principal amount. It carries mark up at the rate of 3 Months KIBOR + 1.25% per annum. During the period effective rate of mark up charged was 11.45% per annum. This finance is secured against 1st joint pari passu charge/mortgage with 25% margin on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.

12.3 Demand Finance from National Bank of Pakistan

During the period a demand finance amounting to Rs.35.737 million has been obtained from National Bank of Pakistan for the purpose of imports of textile machinery for spinning, weaving, balancing, modernization, rationalization/expansion projects and generators. Sanctioned limit of this demand finance facility is Rs.500.00 million. It is repayable within a period of seven years inclusive of one year grace period in twenty four equal quarterly installments of principal amount. It carries mark up at the rate of 6 Months KIBOR + 1.25% per annum. During the period effective rate of mark up charged was 10.89% per annum. This finance is secured against 1st joint pari passu charge/mortgage with 25% margin on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.

13 Trade and other payables

This includes balance amounting to Rs. 65.272 million (30 June 2014: Rs. 100.229 million) payable to associated undertakings.

14 Contingencies and commitments

Contingencies

14.1 There has been no change in the status of contingencies since the annual audited financial statements as at 30 June 2014, except for counter guarantees which were given by the Company to its bankers as on 31 December 2014 amounting to Rs. 360.250 million (30 June 2014: Rs. 343.250 million).

Commitments	*Note*	**(Un-audited) 31 December 2014 Rupees**	(Audited) 30 June 2014 Rupees
14.2 Commitments for irrevocable letters of credit:			
- raw material, stores and spares		**630,433,353**	491,394,832
- others	*14.2.1*	**1,620,786,510**	2,030,563,000
		2,251,219,863	2,521,957,832

14.2.1 As at balance sheet date, stand by letters of credit (SBLCs) amounting to Rs. 2,545 million are outstanding which were issued by the National Bank of Pakistan, United Bank Limited and Barclays Bank PLC, Pakistan on behalf of the Company favoring the lenders of Fatima Energy Limited (FEL), an associated company, confirming that in case of failure of the Company to provide the committed amount of equity during the period of two years, the lenders of FEL can draw on the SBLCs to cover the amount not provided by the Company. An amount of Rs. 924.213 million has been paid by the Company to FEL till 31 December 2014.

		Six months ended		Three months ended	
		(Un-audited) 31 December 2014 Rupees	(Un-audited) 31 December 2013 Rupees	**(Un-audited) 31 December 2014 Rupees**	(Un-audited) 31 December 2013 Rupees
15	**Sales - net**				
	Export	**5,247,607,092**	3,930,163,720	**2,479,875,969**	1,598,195,121
	Local	**7,924,127,712**	7,578,092,683	**3,840,089,293**	3,722,888,873
	Waste	**219,853,795**	267,799,969	**176,831,598**	230,983,366
		13,391,588,599	11,776,056,372	**6,496,796,860**	5,552,067,360
	Less : Commission	**(48,763,114)**	(73,397,317)	**(30,765,997)**	(50,162,939)
		13,342,825,485	11,702,659,055	**6,466,030,863**	5,501,904,421
16	**Cost of sales**				
	Raw and packing materials consumed	**6,897,991,048**	7,197,983,628	**3,560,923,061**	3,644,484,973
	Manufacturing costs	**2,950,609,082**	2,533,353,396	**1,553,363,975**	1,364,776,673
		9,848,600,130	9,731,337,024	**5,114,287,036**	5,009,261,646
	Opening stock of work-in-process	**276,188,806**	205,937,615	**15,243,664**	4,356,223
	Closing stock of work-in-process	**(280,385,402)**	(265,438,152)	**(280,385,402)**	(265,438,152)
	Cost of goods manufactured	**9,844,403,534**	9,671,836,487	**4,849,145,298**	4,748,179,717
	Opening stock of finished goods	**2,261,691,402**	1,075,768,708	**1,464,373,060**	504,812,787
	Finished goods purchased	**1,365,020,845**	509,888,702	**943,667,603**	341,214,483
		13,471,115,781	11,257,493,897	**7,257,185,961**	5,594,206,987
	Closing stock of finished goods	**(1,555,645,918)**	(1,376,807,650)	**(1,555,645,918)**	(944,765,128)
	Cost of raw material sold	**105,246,698**	119,571,104	**57,789,868**	81,704,778
		12,020,716,561	10,000,257,351	**5,759,329,911**	4,731,146,637

17 Segment information

17.1 Segment revenue and results

Following is an analysis of the Company's revenue and results by reportable segments:

	Six months ended (Un-audited)							
	Spinning		Weaving		Elimination of inter-segment		Total	
	31 December 2014	31 December 2013	**31 December 2014**	31 December 2013	**31 December 2014**	31 December 2013	**31 December 2014**	31 December 2013
	Rupees							
Revenue	**10,432,184,151**	9,827,130,555	**2,910,641,334**	1,875,528,500			**13,342,825,485**	11,702,659,055
External sales	**10,432,184,151**	9,827,130,555	**2,910,641,334**	1,875,528,500	**-**	**-**	**13,342,825,485**	11,702,659,055
Inter-segment sales	**1,048,691,056**	861,808,054	**-**	**-**	**(1,048,691,056)**	(861,808,054)	**-**	-
Total revenue	**11,480,875,207**	10,688,938,609	**2,910,641,334**	1,875,528,500	**(1,048,691,056)**	(861,808,054)	**13,342,825,485**	11,702,659,055
Reportable segment profit before tax	**386,563,433**	787,256,894	**27,934,656**	76,983,572	**-**	**-**	**414,498,089**	864,240,466

17.2 Reconciliation of segment results with profit from operations:

	(Un-audited) 31 December 2014	(Un-audited) 31 December 2013
	Rupees	Rupees
Reportable segment profit before tax	**414,498,089**	864,240,466
Other operating expenses	**(47,663,799)**	(72,090,695)
Other operating income	**87,337,137**	26,545,428
Profit before tax	**454,171,427**	818,695,199

17.2.1 The accounting policies of the reportable segments are the same as those described in the annual unconsolidated financial statements for the preceding year ended 30 June 2014.

17.3 Segment assets and liabilities

Reporting segments' assets and liabilities are reconciled to total assets and total liabilities as follows:

	Spinning		Weaving		Total	
	(Un-audited) 31 December 2014	(Audited) 30 June 2014	**(Un-audited) 31 December 2014**	(Audited) 30 June 2014	**(Un-audited) 31 December 2014**	(Audited) 30 June 2014
	---------- Rupees ----------					
Segment assets						
Segment assets for reportable segments	**21,050,900,245**	22,596,826,602	**4,286,051,352**	4,254,077,158	**25,336,951,597**	26,857,413,620
Un-allocated corporate assets	**-**	-	**-**	-	**4,885,820,876**	491,701,927
Total assets as per balance sheet	**21,050,900,245**	22,596,826,602	**4,286,051,352**	4,254,077,158	**30,222,772,473**	27,349,115,547
Segment liabilities						
Segment liabilities for reportable segments	**13,256,622,520**	10,829,829,807	**4,046,052,882**	4,112,375,519	**17,302,675,402**	14,942,205,326
Un-allocated corporate liabilities	**-**	-	**-**	-	**1,382,495,419**	1,532,281,866
Total liabilities as per balance sheet	**13,256,622,520**	10,829,829,807	**4,046,052,882**	4,112,375,519	**18,685,170,821**	16,474,487,192

18 Transactions with related parties

The related parties comprise subsidiary company (Fazal Weaving Mills Limited), associated companies, related group companies, directors of the Company, companies where directors also hold directorship, key employees and staff retirement funds. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in this condensed interim financial information is as follows:

18.1 Aggregate transactions made with the associated undertakings were as follows:

	Six months ended	
	(Un-audited)	(Un-audited)
	31 December	31 December
	2014	2013
	Rupees	Rupees
Associated undertakings		
Sale of goods	**1,020,456,719**	791,128,151
Purchase of goods	**1,131,815,433**	148,202,734
Post retirement benefits		
Provision for staff retirement benefits	**43,318,934**	19,843,373

18.2 Sales, purchases and other transactions with related parties are carried out in accordance with policy of related party transactions as approved by the board of directors.

18.3 Salaries and benefits of key management personnel for the six months period ended 31 December 2014 amounted to Rs. 28.918 million (31 December 2013: Rs. 25.33 million) out of which Rs. 4.6 million (31 December 2013: Rs. 4.2 million) relates to post employment benefits.

19 Financial risk management

The Company's financial risk management objective and policies are consistent with that disclosed in the annual unconsolidated financial statements of the Company for the year ended 30 June 2014.

20 Date of authorization for issue

This condensed interim unconsolidated financial information was authorized for issue by the Board of Directors on 24 February 2015.

21 General

Figures have been rounded off to the nearest rupee.

Sd/-	**Sd/-**	**Sd/-**
(SH. NASEEM AHMAD)	**(REHMAN NASEEM)**	**(FAIZAN-UL-HAQ)**
Chief Executive Officer	**Chairman/Director**	**Chief Financial Officer**

Fazal Cloth Mills Limited (The Group)

Consolidated Financial Statements (Un-Audited)

For the Six Months Ended 31 December 2014

Condensed Interim Consolidated Balance Sheet

	Note	(Un-audited) 31 December 2014 Rupees	(Audited) 30 June 2014 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	5	**15,527,949,433**	15,561,245,300
Intangible assets		**1,097,100**	1,188,075
Long term investments	6	**3,452,120,685**	2,079,793,605
Long term deposits		**34,418,530**	34,091,810
		19,015,585,748	17,676,318,790
Current assets			
Stores, spares and loose tools		**405,444,881**	416,959,231
Stock-in-trade		**8,237,913,138**	6,549,616,802
Trade debts	7	**4,292,786,218**	3,104,020,993
Loans and advances		**149,818,268**	754,925,954
Trade deposits and short term prepayments		**77,174,795**	3,431,538
Mark-up accrued		**1,801,354**	15,014,044
Other receivables		**156,376,834**	329,094,883
Short term investments	8	**268,370,025**	227,268,181
Tax refunds due from government		**459,397,304**	519,314,040
Cash and bank balances	9	**214,453,397**	360,063,071
		14,263,536,214	12,279,708,737
		33,279,121,962	29,956,027,527

The annexed notes from 1 to 20 form an integral part of this condensed interim consolidated financial information.

Sd/-
(SH. NASEEM AHMAD)
Chief Executive Officer

Sd/-
(REHMAN NASEEM)
Chairman/Director

As at 31 December 2014

	Note	(Un-audited) 31 December 2014 Rupees	(Audited) 30 June 2014 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital	*10.1*	**700,000,000**	700,000,000
Issued, subscribed and paid-up capital	*10.2*	**300,000,000**	300,000,000
Capital reserves		**1,737,730,832**	1,311,261,242
Unappropriated profits		**6,209,573,668**	5,878,347,896
		8,247,304,500	7,489,609,138
Surplus on revaluation of fixed assets		**3,375,484,736**	3,440,823,294
Non-current liabilities			
Long term financing	*11*	**7,221,585,457**	7,215,675,977
Long term musharika		**253,735,894**	293,735,894
Deferred liabilities		**1,447,761,859**	1,417,147,920
		8,923,083,210	8,926,559,791
Current liabilities			
Trade and other payables	*12*	**2,381,303,213**	1,778,317,049
Accrued profit / interest / mark-up		**389,722,866**	348,593,336
Short term borrowings		**8,797,011,614**	6,895,216,288
Current portion of non-current liabilities		**1,165,211,823**	1,076,908,631
		12,733,249,516	10,099,035,304
Contingencies and commitments	*13*		
		33,279,121,962	29,956,027,527

Sd/-
(FAIZAN-UL-HAQ)
Chief Financial Officer

Condensed Interim Consolidated Profit and Loss Account (Un-audited)

For the six months ended 31 December 2014

	Note	**Six months ended 31 December 2014**	Six months ended 31 December 2013	**Three months ended 31 December 2014**	Three months ended 31 December 2013
		---------- **Rupees** ----------			
Sales - net	*14*	**14,169,715,215**	11,702,659,055	**6,948,540,195**	5,501,904,421
Cost of sales	*15*	**(12,644,820,437)**	(10,000,257,351)	**(6,135,180,464)**	(4,731,146,637)
Gross profit		**1,524,894,778**	1,702,401,704	**813,359,731**	770,757,784
Distribution expenses		**(171,536,383)**	(118,754,754)	**(104,466,864)**	(63,354,456)
Administrative expenses		**(125,806,351)**	(131,300,616)	**(66,793,966)**	(72,603,553)
Other expenses		**(47,663,799)**	(72,090,695)	**(21,021,673)**	(30,116,408)
		(345,006,533)	(322,146,065)	**(192,282,503)**	(166,074,417)
Other income		**59,099,430**	26,545,428	**41,659,825**	26,254,471
Profit from operations		**1,238,987,675**	1,406,801,067	**662,737,053**	630,937,838
Finance cost		**(748,062,600)**	(626,381,377)	**(365,487,585)**	(348,098,386)
Profit before taxation		**490,925,075**	780,419,690	**297,249,468**	282,839,452
Taxation		**(150,037,860)**	(228,158,020)	**(217,523,123)**	(101,899,829)
Profit after taxation		**340,887,215**	552,261,670	**79,726,345**	180,939,623
Earnings per share		**11.36**	18.41	**2.66**	6.03

The annexed notes from 1 to 20 form an integral part of this condensed interim consolidated financial information.

Sd/-	**Sd/-**	**Sd/-**
(SH. NASEEM AHMAD)	**(REHMAN NASEEM)**	**(FAIZAN-UL-HAQ)**
Chief Executive Officer	**Chairman/Director**	**Chief Financial Officer**

Condensed Interim Consolidated Statement of Comprehensive Income (Un-audited)

For the six months ended 31 December 2014

	Six months ended 31 December 2014	Six months ended 31 December 2013	**Three months ended 31 December 2014**	Three months ended 31 December 2013
	----------	**Rupees**	----------	
Profit after taxation	**340,887,215**	552,261,670	**79,726,345**	180,939,623
Other comprehensive income - net of tax				
Items that will never be reclassified to profit or loss:				
Remeasurement of defined benefit liability	-	(39,560,970)	-	(39,560,970)
Related tax impact	-	9,015,352	-	9,015,352
	-	(30,545,618)	-	(30,545,618)
Items that are or may be reclassified subsequently to profit or loss:				
Net change in fair value of available for sale financial assets	**426,469,590**	234,967,735	**463,636,068**	161,264,719
Total comprehensive income for the period	**767,356,805**	756,683,787	**543,362,413**	311,658,724

The annexed notes from 1 to 20 form an integral part of this condensed interim consolidated financial information.

Sd/-	**Sd/-**	**Sd/-**
(SH. NASEEM AHMAD)	**(REHMAN NASEEM)**	**(FAIZAN-UL-HAQ)**
Chief Executive Officer	**Chairman/Director**	**Chief Financial Officer**

Condensed Interim Consolidated Cash Flow Statement (Un-audited)

For the six months ended 31 December 2014

	Six months ended	
	31 December 2014	31 December 2013
	Rupees	Rupees
Cash flow from operating activities		
Profit before taxation	**490,925,075**	780,419,690
Adjustments for:		
Depreciation of property, plant and equipment	**358,068,429**	280,699,850
Amortization of intangible assets	**90,975**	1,807,383
Gain on re-measurement of short term investments to fair value	**(41,101,844)**	(25,376,675)
Gain on disposal of property, plant and equipment	**(8,781,647)**	(303,245)
Provision for gratuity	**46,692,509**	19,843,373
Provision for infrastructure cess	**23,809,490**	14,382,767
Dividend income	**(392,832)**	(223,200)
Finance cost	**748,062,600**	626,381,377
	1,617,372,755	1,697,631,320
Movement in working capital:		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	**11,514,350**	(77,163,115)
Stock in trade	**(1,688,296,336)**	(3,117,723,238)
Trade debts	**(1,188,765,225)**	(212,649,298)
Loans and advances	**605,107,686**	(1,313,360,687)
Trade deposits and short term prepayments	**(73,743,257)**	(32,455,908)
Interest / markup accrued	**13,212,690**	-
Other receivables	**172,718,049**	11,717,683
	(2,148,252,043)	(4,741,634,563)
Increase / (decrease) in current liabilities:		
Trade and other payables	**510,613,639**	320,365,745
Cash used in operations	**(20,265,649)**	(2,723,637,498)
Gratuity paid to employees	**(21,111,291)**	(19,054,390)
Tax paid	**(85,088,388)**	(79,869,340)
Finance cost paid	**(706,933,068)**	(525,986,270)
Long term advance to employees	**-**	(141,632)
Long term loan and advances	-	(250,000,000)
Long term deposits	**(326,720.00)**	(3,236,117)
Net cash used in operating activities	**(833,725,116)**	(3,601,925,247)
Cash flow from investing activities		
Capital expenditure incurred	**(330,665,837)**	(2,905,793,489)
Proceeds from sale of property, plant and equipment	**14,674,920**	2,544,716
Investment in equity instruments	**(945,857,490)**	-
Dividend received	**392,832**	223,200
Net cash used in investing activities	**(1,261,455,575)**	(2,903,025,573)
Cash flow from financing activities		
Long term financing obtained	**548,661,626**	3,035,581,320
Long term financing repaid	**(469,448,954)**	(361,034,659)
Long term musharika obtained	**-**	18,735,894
Long term musharika repaid	**(25,000,000)**	(25,000,000)
Short term borrowings - net	**1,901,795,326**	3,852,000,449
Cash dividend paid	**(6,436,981)**	(62,500,000)
Net cash generated from financing activities	**1,949,571,017**	6,457,783,004
Net cash (utilised) / generated during the period	**(145,609,674)**	(47,167,816)
Cash and cash equivalents at the beginning of the period	**360,063,071**	217,397,994
Cash and cash equivalents at the end of the period	**214,453,397**	170,230,178

The annexed notes from 1 to 20 form an integral part of this condensed interim consolidated financial information.

Sd/-	**Sd/-**	**Sd/-**
(SH. NASEEM AHMAD)	**(REHMAN NASEEM)**	**(FAIZAN-UL-HAQ)**
Chief Executive Officer	**Chairman/Director**	**Chief Financial Officer**

Condensed Interim Consolidated Statement of Changes In Equity (Un-audited)

For the six months ended 31 December 2014

	Share capital	Capital reserves			Revenue reserve	
	Ordinary shares	Share premium	Capital redemption reserve	Fair value reserve-available for sale financial assets	Un-appropriated profits	Total
	---------- Rupees ----------					
Balance as at 01 July 2013	**250,000,000**	**77,616,000**	**175,000,000**	**795,960,133**	**4,940,312,178**	**6,238,888,311**
Total comprehensive income						
Profit for the six months period ended 31 December 2013		-	-	-	552,261,670	552,261,670
Other comprehensive income / (loss)		-	-	234,967,735	(30,545,618)	204,422,117
	-	-	-	234,967,735	521,716,052	756,683,787
Incremental depreciation arising due to surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	61,978,828	61,978,828
Transactions with owners						
Bonus shares issued at 20%	50,000,000	-	-	-	(50,000,000)	-
Cash dividend at Rs. 2.5 per share	-	-	-	-	(62,500,000)	(62,500,000)
Balance as at 31 December 2013	**300,000,000**	**77,616,000**	**175,000,000**	**1,030,927,868**	**5,411,507,058**	**6,995,050,926**
Total comprehensive income						
Profit for the six months period ended 30 June 2014		-	-	-	376,756,136	376,756,136
Other comprehensive income				27,717,374	29,372,707	57,090,081
	-	-	-	27,717,374	406,128,843	433,846,217
Incremental depreciation arising due to surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	60,711,995	60,711,995
Balance as at 30 June 2014	**300,000,000**	**77,616,000**	**175,000,000**	**1,058,645,242**	**5,878,347,896**	**7,489,609,138**
Total comprehensive income						
Profit for the period	-	-	-	-	340,887,215	340,887,215
Other comprehensive income	-	-	-	426,469,590	-	426,469,590
	-	-	-	426,469,590	340,887,215	767,356,805
Incremental depreciation arising due to surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	65,338,558	65,338,558
Transaction with owners						
Cash dividend at Rs.2.5 per share	-	-	-	-	(75,000,000)	(75,000,000)
Balance as at 31 December 2014	**300,000,000**	**77,616,000**	**175,000,000**	**1,485,114,832**	**6,209,573,668**	**8,247,304,500**

The annexed notes from 1 to 20 form an integral part of this condensed interim consolidated financial information.

Sd/-	**Sd/-**	**Sd/-**
(SH. NASEEM AHMAD)	**(REHMAN NASEEM)**	**(FAIZAN-UL-HAQ)**
Chief Executive Officer	**Chairman/Director**	**Chief Financial Officer**

Notes to the Condensed Interim Consolidated Financial Information (Un-audited)

For the six months ended 31 December 2014

1 Reporting entity

The Group consists of:

Holding Company

- Fazal Cloth Mills Limited

Subsidiary Company (100% fully owned)

- Fazal Weaving Mills Limited

Fazal Cloth Mills Limited

Fazal Cloth Mills Limited ("the Holding Company") was incorporated in Pakistan in 1966 as a Public Limited Company under the Companies Act, 1913 (now the Companies Ordinance, 1984) and its shares are quoted on Karachi and Lahore Stock Exchanges. The registered office of the Holding Company is situated at 69/7, Abid Majeed Road, Survey # 248/7, Lahore Cantt, Lahore. The Holding Company is engaged in manufacture and sale of yarn and fabric. The manufacturing facilities are located at Fazal Nagar, Jhang Road, Muzaffargarh and Qadirpur Rawan Bypass, Khanewal Road, Multan in the province of Punjab.

Fazal Weaving Mills Limited

Fazal Weaving Mills Limited ("the Subsidiary Company") was incorporated in Pakistan in 1989 as a Public Limited Company under the Companies Ordinance, 1984. The registered office of the Subsidiary Company is situated at 69/7, Abid Majeed Road, Survey # 248/7, Lahore Cantt, Lahore. The Subsidiary Company is engaged in manufacture and sale of yarn. The manufacturing facility is located at Qadirpur Rawan Bypass, Khanewal Road, Multan in the province of Punjab.

2 Basis of preparation

2.1 This condensed interim consolidated financial information of the Group for the six months period ended 31 December 2014 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by International Accounting Standards Board and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

2.2 This condensed interim consolidated financial information of the Group does not include all of the information required for full annual financial statements and should be read in conjunction with the annual consolidated financial statements of the Group as at and for the year ended 30 June 2014.

2.3 This condensed interim consolidated financial information is presented in Pakistan Rupees which is the Group's functional currency and all financial information presented has been rounded off to the nearest rupee, except otherwise stated.

2.4 This condensed interim consolidated financial information is being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984.

3 Accounting policies

The accounting policies and the methods of computation adopted in the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of annual financial statements of the Group as at and for the year ended 30 June 2014.

4 Estimates and judgements

4.1 The preparation of condensed interim consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

4.2 Estimates and judgements made by the management in the preparation of this condensed interim consolidated financial information are the same as those that were applied to the annual consolidated financial statements of the Group as at and for the year ended 30 June 2014.

		Note	(Un-audited) 31 December 2014 Rupees	(Audited) 30 June 2014 Rupees
5	**Property, plant and equipment**			
	Operating property, plant and equipment	*5.1*	**15,008,076,201**	15,259,406,178
	Capital work-in-progress	*5.2*	**519,873,232**	301,839,122
			15,527,949,433	15,561,245,300
	5.1 Opening net book value		**15,259,406,178**	12,117,467,963
	Additions during the period / year:			
	Freehold land		**48,150,389**	199,311,071
	Factory building		**-**	465,413,282
	Non-factory building		**-**	125,033,721
	Plant and machinery		**51,933,700**	2,697,381,643
	Furniture and fixtures		**280,855**	4,205,862
	Office equipment		**1,561,174**	6,347,321
	Vehicles		**3,126,672**	56,640,716
	Electric fittings and installations		**7,435,690**	202,852,611
	Tools, laboratory equipment and arms		**75,963**	3,019,705
	Fire extinguishing equipments and scales		**67,282**	1,420,558
			112,631,725	3,761,626,490
	Carrying value of assets disposed off during the period / year		**(5,893,273)**	(3,276,068)
	Depreciation charge for the period / year		**(358,068,429)**	(616,412,206)
	Closing net book value		**15,008,076,201**	15,259,406,178
	5.2 The detail of capital work-in-progress is as follows:			
	Freehold land		**213,000**	563,000
	Factory building		**249,977,469**	138,361,328
	Non-factory building		**178,137,809**	145,441,398
	Plant and machinery		**84,814,983**	12,289,346
	Furniture and fixtures		**1,122,726**	468,161
	Office equipment		**176,800**	-
	Vehicles		**2,113,000**	-
	Electric fittings and installations		**3,250,639**	4,715,889
	Tools, laboratory equipment and arms		**66,806**	-
			519,873,232	301,839,122
6	**Long term investments**			
	Available-for-sale			
	Investment in related parties			
	Associated companies - at fair value	*6.1*	**2,253,296,489**	1,826,826,899
	- at cost	*6.2*	**1,177,180,196**	252,966,706
			3,430,476,685	2,079,793,605
	Investment in other companies			
	Others - at cost	*6.3*	**21,644,000**	-
			3,452,120,685	2,079,793,605

		Shares		Market value		Percentage of holding	
		31 December 2014	30 June 2014	**31 December 2014**	30 June 2014	**31 December 2014**	30 June 2014
	Note	----------Number----------		----------Rupees----------			
6.1	**Associated company - at fair value**						
	Fatima Fertilizer Company Limited	*6.1.1*	**62,994,031**	62,994,031	**2,253,296,489**	1,826,826,899	**2.88%**	2.88%

6.1.1 The company is an associated company due to common directorship, as defined in Companies Ordinance, 1984.

		Shares		Market value		Percentage of holding	
		31 December 2014	30 June 2014	**31 December 2014**	30 June 2014	**31 December 2014**	30 June 2014
	Note	----------Number----------		----------Rupees----------			
6.2	**Associated companies - at cost**						
	Pak Arab Fertilizers Limited	*6.2.1*	**25,790,610**	25,790,610	**252,966,706**	252,966,706	**5.73%**	5.73%
	Fatima Energy Limited	*6.2.2*	**92,421,349**	-	**924,213,490**	-	**46.99%**	-
					1,177,180,196	252,966,706		

6.2.1 The investment is valued at cost, owing to non-availability of market value of its shares as the company is not listed on any of the stock exchanges in Pakistan. The company is an associated company due to common directorship, as defined in Companies Ordinance, 1984.

6.2.2 The investment is valued at cost, owing to non-availability of market value of its shares as the company is not listed on any of the stock exchanges in Pakistan. Currently the Group owns 46.99% equity of Fatima Energy Limited ("FEL"). Investment was made from the Group's own sources.

		Shares		Market value		Percentage of holding	
		31 December 2014	30 June 2014	**31 December 2014**	30 June 2014	**31 December 2014**	30 June 2014
	Note	----------Number----------		----------Rupees----------			
6.3	**Other - at cost**						
	Multan Real Estate (Private) Limited	*6.3.1*	**216,440**	-	**21,644,000**	-	**9.96%**	-

6.3.1 The investment is valued at cost, owing to non-availability of market value of its shares as the company is not listed on any of the stock exchanges in Pakistan.

6.4 Shares of all investee companies are ordinary fully paid-up shares, having a face value of Rs. 10 per share except for the shares of Multan Real Estate (Private) Limited which have a face value of Rs. 100 per share.

		Note	(Un-audited) 31 December 2014 Rupees	(Audited) 30 June 2014 Rupees
7	**Trade debts**			
	Considered good:			
	- secured		**1,892,577,194**	1,213,351,315
	- unsecured	*7.1*	**2,400,209,024**	1,890,669,678
			4,292,786,218	3,104,020,993

7.1 This includes balance amounting to Rs. 171.588 million (30 June 2014: Rs. 157.226 million) receivable from the subsidiary and associated companies.

		Note	(Un-audited) 31 December 2014 Rupees	(Audited) 30 June 2014 Rupees
8	**Short term investments**			
	Investments at fair value through profit or loss			
	These investments are 'held for trading'			
	Carrying value			
	Related parties		**189,080,000**	161,891,600
	Others		**38,188,181**	28,603,526
			227,268,181	190,495,126
	Unrealized gain on re-measurement of investment - during the period		**41,101,844**	36,773,055
			268,370,025	227,268,181
	Fair value of short term investments comprises of:			
	Related parties	*8.1*	**233,220,400**	189,080,000
	Others	*8.2*	**35,149,625**	38,188,181
			268,370,025	227,268,181

	Shares		Market value		Percentage of holding	
	31 December 2014	30 June 2014	**31 December 2014**	30 June 2014	**31 December 2014**	30 June 2014
	----------Number----------		**----------Rupees----------**			

8.1 Held for trading - related parties

Chemicals

Fatima Fertilizer Company Limited	**6,520,000**	6,520,000	**233,220,400**	189,080,000	**0.43%**	0.43%

8.2 Held for trading - others

Oil and Gas

Pakistan State Oil Company Limited	**98,208**	98,208	**35,149,625**	38,188,181	**0.04%**	**0.04%**

8.3 Shares of all investee companies are ordinary fully paid-up shares, having a face value of Rs. 10/- per share.

	Note	**(Un-audited) 31 December 2014** **Rupees**	(Audited) 30 June 2014 Rupees
9 Cash and bank balances			
Cash in hand		**10,735,197**	7,249,385
Cash at bank - current accounts		**203,307,434**	352,405,848
- saving accounts	*9.1*	**410,767**	407,838
		214,453,397	360,063,071

9.1 These represent funds placed with commercial banks carrying mark-up at the rates ranging from 6.62% to 7.13% (30 June 2014: 5.5% to 7%) per annum.

			(Un-audited) 31 December 2014 Rupees	(Audited) 30 June 2014 Rupees
10	**Share Capital**			
10.1	**Authorized share capital**			
	Number of shares			
40,000,000	(30 June 2014: 40,000,000) ordinary shares of Rs. 10 each		**400,000,000**	400,000,000
30,000,000	(30 June 2014: 30,000,000) redeemable cumulative preference shares of Rs. 10 each		**300,000,000**	300,000,000
70,000,000			**700,000,000**	700,000,000

10.2 Issued, subscribed and paid-up capital

31 December 2014	30 June 2014				
----------(Number of shares)----------			*Note*		
1,000,000	1,000,000	Ordinary shares of Rs. 10 each fully paid in cash		**10,000,000**	10,000,000
9,187,200	9,187,200	Ordinary shares of Rs. 10 each fully paid as right shares		**91,872,000**	91,872,000
19,812,800	19,812,800	Ordinary shares of Rs.10 each issued as bonus shares	*10.3*	**198,128,000**	198,128,000
30,000,000	30,000,000			**300,000,000**	300,000,000

10.3 Movement of bonus shares

Opening balance	**198,128,000**	148,128,000
Add: Bonus shares issued during the period / year (Nil (30 June 2014: 5,000,000) ordinary shares of Rs. 10 each)	**-**	50,000,000
	198,128,000	198,128,000

11 Long term financing

11.1 Demand Finance- II from The Bank of Khyber

During the period a demand finance of Rs.300.000 million has been obtained from The Bank of Khyber to refinance the capital expenditure. It is repayable within the period of six years inclusive of two years grace period in eight half yearly equal installments of principal amount. It carries mark up at the rate of 6 Months KIBOR + 1.25% per annum. During the period effective rate of mark up charged was 11.44% per annum. This finance is secured against 1st joint pari passu charge/mortgage with 25% margin on all present and future fixed assets of the Group and personal guarantees of the sponsoring directors.

11.2 Term Finance from Soneri Bank Limited

During the period a term finance of Rs.200.000 million has been obtained from Soneri Bank Limited for the purpose of re-profiling of balance sheet. Sanctioned limit of this term finance facility is Rs.400.00 million. It is repayable within the period of six years inclusive of one year grace period in twenty equal quarterly installments of principal amount. It carries mark up at the rate of 3 Months KIBOR + 1.25% per annum. During the period effective rate of mark up charged was 11.45% per annum. This finance is secured against 1st joint pari passu charge/mortgage with 25% margin on all present and future fixed assets of the Group and personal guarantees of the sponsoring directors.

11.3 Demand Finance from National Bank of Pakistan

During the period a demand finance amounting to Rs.35.737 million has been obtained from National Bank of Pakistan for the purpose of imports of textile machinery for spinning, weaving, balancing, modernization, rationalization/expansion projects and generators. Sanctioned limit of this demand finance facility is Rs.500.00 million. It is repayable within a period of seven years inclusive of one year grace period in twenty four equal quarterly installments of principal amount. It carries mark up at the rate of 6 Months KIBOR + 1.25% per annum. During the period effective rate of mark up charged was 10.89% per annum. This finance is secured against 1st joint pari passu charge/mortgage with 25% margin on all present and future fixed assets of the Group and personal guarantees of the sponsoring directors.

12 Trade and other payables

This includes balance amounting to Rs. 65.272 million (30 June 2014: Rs. 100.229 million) payable to associated undertakings.

13 Contingencies and commitments

Contingencies

13.1 There has been no change in the status of contingencies since the annual audited financial statements as at 30 June 2014, except for counter guarantees which were given by the Group to its bankers as on 31 December 2014 amounting to Rs. 382.756 million (30 June 2014: Rs. 363.256 million).

Commitments	*Note*	**(Un-audited) 31 December 2014 Rupees**	(Audited) 30 June 2014 Rupees
13.2 Commitments for irrevocable letters of credit:			
- capital expenditure		**303,506,100**	-
- raw material, stores and spares		**630,433,353**	491,394,832
- others	*13.2.1*	**1,620,786,510**	2,030,563,000
		2,554,725,963	2,521,957,832

13.2.1 As at balance sheet date, stand by letters of credit (SBLCs) amounting to Rs. 2,545 million are outstanding which were issued by the National Bank of Pakistan, United Bank Limited and Barclays Bank PLC, Pakistan on behalf of the Group favoring the lenders of Fatima Energy Limited (FEL), an associated company, confirming that in case of failure of the Group to provide the committed amount of equity during the period of two years, the lenders of FEL can draw on the SBLCs to cover the amount not provided by the Group. An amount of Rs. 924.213 million has been paid by the Group to FEL till 31 December 2014.

		Six months ended		Three months ended	
		(Un-audited)	(Un-audited)	**(Un-audited)**	(Un-audited)
		31 December	31 December	**31 December**	31 December
		2014	2013	**2014**	2013
		Rupees	Rupees	**Rupees**	Rupees
14	**Sales - net**				
	Export	**5,945,237,432**	3,930,163,720	**2,929,091,371**	1,598,195,121
	Local	**8,054,215,533**	7,578,092,683	**3,874,145,634**	3,722,888,873
	Waste	**219,853,795**	267,799,969	**176,831,598**	230,983,366
		14,219,306,760	11,776,056,372	**6,980,068,603**	5,552,067,360
	Less : Commission	**(49,591,545)**	(73,397,317)	**(31,528,408)**	(50,162,939)
		14,169,715,215	11,702,659,055	**6,948,540,195**	5,501,904,421
15	**Cost of sales**				
	Raw and packing materials consumed	**7,267,960,567**	7,197,983,628	**1,262,438,680**	3,644,484,973
	Manufacturing costs	**3,210,861,832**	2,533,353,396	**1,696,008,711**	1,364,776,673
		10,478,822,399	9,731,337,024	**2,958,447,391**	5,009,261,646
	Opening stock of work-in-process	**307,431,153**	205,937,615	**46,486,011**	4,356,223
	Closing stock of work-in-process	**(304,202,845)**	(265,438,152)	**(304,202,845)**	(265,438,152)
	Cost of goods manufactured	**10,482,050,707**	9,671,836,487	**2,700,730,557**	4,748,179,717
	Opening stock of finished goods	**2,330,404,105**	1,075,768,708	**4,804,138,480**	936,855,309
	Finished goods purchased	**1,365,020,845**	509,888,702	**210,423,477**	341,214,483
		14,177,475,657	11,257,493,897	**7,715,292,514**	6,026,249,509
	Closing stock of finished goods	**(1,637,901,918)**	(1,376,807,650)	**(1,637,901,918)**	(1,376,807,650)
	Cost of raw material sold	**105,246,698**	119,571,104	**57,789,868**	81,704,778
		12,644,820,437	10,000,257,351	**6,135,180,464**	4,731,146,637

16 Segment information

16.1 Segment revenue and results

Following is an analysis of the Group's revenue and results by reportable segments:

	Six months ended (Un-audited)							
	Spinning		Weaving		Elimination of inter-segment		Total	
	31 December 2014	31 December 2013	**31 December 2014**	31 December 2013	**31 December 2014**	31 December 2013	**31 December 2014**	31 December 2013
	Rupees							
Revenue	**11,259,073,881**	9,827,130,555	**2,910,641,334**	1,875,528,500			**14,169,715,215**	11,702,659,055
External sales	**11,259,073,881**	9,827,130,555	**2,910,641,334**	1,875,528,500	**-**	**-**	**14,169,715,215**	11,702,659,055
Inter-segment sales	**1,048,691,056**	861,808,054	**-**	**-**	(1,048,691,056)	(861,808,054)	**-**	-
Total revenue	**12,307,764,937**	10,688,938,609	**2,910,641,334**	1,875,528,500	(1,048,691,056)	(861,808,054)	**14,169,715,215**	11,702,659,055
Reportable segment profit before tax	**451,554,788**	748,981,385	**27,934,656**	76,983,572	**-**	**-**	**479,489,444**	825,964,957

16.2 Reconciliation of segment results with profit from operations:

	(Un-audited) 31 December 2014	(Un-audited) 31 December 2013
	Rupees	Rupees
Reportable segment profit before tax	**479,489,444**	825,964,957
Other operating expenses	**(47,663,799)**	(72,090,695)
Other operating income	**59,099,430**	26,545,428
Profit before tax	**490,925,075**	780,419,690

16.2.1 The accounting policies of the reportable segments are the same as those described in the annual Consolidated financial statements for the preceding year ended 30 June 2014.

16.3 Segment assets and liabilities

Reporting segments' assets and liabilities are reconciled to total assets and total liabilities as follows:

	Spinning		Weaving		Total	
	(Un-audited) 31 December 2014	(Audited) 30 June 2014	**(Un-audited) 31 December 2014**	(Audited) 30 June 2014	**(Un-audited) 31 December 2014**	(Audited) 30 June 2014
	---------- Rupees ----------					
Segment assets						
Segment assets for reportable segments	**24,104,495,017**	25,182,636,329	**4,286,051,352**	4,254,077,158	**28,390,546,369**	29,436,713,487
Un-allocated corporate assets	**-**	-	**-**	-	**4,888,575,593**	519,314,040
Total assets as per balance sheet	**24,104,495,017**	25,182,636,329	**4,286,051,352**	4,254,077,158	**33,279,121,962**	29,956,027,527
Segment liabilities						
Segment liabilities for reportable segments	**16,227,784,423**	13,496,071,656	**4,046,052,882**	4,112,375,519	**20,273,837,305**	17,608,447,175
Un-allocated corporate liabilities	**-**	-	**-**	-	**1,382,495,421**	1,417,147,921
Total liabilities as per balance sheet	**16,227,784,423**	13,496,071,656	**4,046,052,882**	4,112,375,519	**21,656,332,726**	19,025,595,096

17 Transactions with related parties

The related parties comprise associated companies, related group companies, directors of the Group, companies where directors also hold directorship, key employees and staff retirement funds. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in this condensed interim consolidated financial information is as follows:

17.1 Aggregate transactions made with the associated undertakings were as follows:

	Six months ended	
	(Un-audited)	(Un-audited)
	31 December	31 December
	2014	2013
	Rupees	Rupees
Associated undertakings		
Sale of goods	**1,014,055,296**	791,128,151
Purchase of goods	**268,545,884**	148,202,734
Post retirement benefits		
Provision for staff retirement benefits	**46,692,509**	19,843,373

17.2 Sales, purchases and other transactions with related parties are carried out in accordance with policy of related party transactions as approved by the board of directors.

17.3 Salaries and benefits of key management personnel for the six months period ended 31 December 2014 amounted to Rs. 30.318 million (31 December 2013: Rs. 25.54 million) out of which Rs. 4.9 million (31 December 2013: Rs. 4.2 million) relates to post employment benefits.

18 Financial risk management

The Group's financial risk management objective and policies are consistent with that disclosed in the annual consolidated financial statements of the Group for the year ended 30 June 2014.

19 Date of authorization for issue

This condensed interim consolidated financial information was authorized for issue by the Board of Directors on 24 February 2015.

20 General

Figures have been rounded off to the nearest rupee.

Sd/-	**Sd/-**	**Sd/-**
(SH. NASEEM AHMAD)	**(REHMAN NASEEM)**	**(FAIZAN-UL-HAQ)**
Chief Executive Officer	**Chairman/Director**	**Chief Financial Officer**

Fazal Cloth Mills Limited

Head Office / Shares Department:

129/1, Oid Bahawalpur Road, Multan.
Phone: (92) 61-4579001-7, 4587632, 4781637

Registered Office:

69/7, Abid Majeed Road, Survey # 248/7,
Lahore Cantt, Lahore.+92 (42) 36684909