



**Financial Statement
(Un-Audited)
for the 1st Quarter Ended
September 30, 2011**



Fazal Cloth Mills Ltd.

COMPANY INFORMATION

Board of Directors	Sh. Naseem Ahmad Mr. Amir Naseem Sheikh Mr. Rehman Naseem Mr. Fazal Ahmad Sheikh Mr. Faisal Ahmad Mr. Fahd Mukhtar Mr. Jamal Nasim	Chairman & Chief Executive Officer Nominee NIT Ltd.
Audit Committee	Sh. Naseem Ahmad Mr. Rehman Naseem Mr. Faisal Ahmad	Chairman Member Member
Company Secretary	Mr. M.D. Kanwar	
Chief Financial Officer	Mr. Faizan-ul-Haq	
Auditors	M. Yousuf, Adil, Saleem & Co., Chartered Accountants	
Bankers	Habib Bank Limited United Bank Limited MCB Bank Limited Askari Bank Limited Bank Al-Habib Limited National Bank of Pakistan Soneri Bank Limited Allied Bank Limited Meezan Bank Limited Faysal Bank Limited Standard Chartered Bank Pakistan Limited Bank Al-Falah Limited Dubai Islamic Bank Pakistan Limited Barclays Bank PLC, Pakistan Saudi Pak Industrial and Agricultural Investment Company Limited The Bank of Punjab The Bank of Khyber Silk Bank Limited Habib Metropolitan Bank Limited Samba Bank Limited Pak Kuwait Investment Company (Pvt) Limited Pak Brunei Investment Company Limited Pak Oman Investment Company Limited	
Head office & Shares Department:	129/1 Old Bahawalpur Road, Multan. Phone: (92) 61-4587632, 4781637 Fax: (92) 61-4541832 e-mail: kanwar@fazalcloth.com Website: www.fazalcloth.com	
Shares Registrar:	Vision Consulting Ltd. 3-C, LDA Flats, Lawrence Road Lahore. Phone: (92) 42-36375531, 36375339 Fax: (92) 42-36374839	
Registered Office:	69/7, Abid Majeed Road, Survey # 248/7, Lahore Cantt, Lahore. Phone: (92) 300-8631543	
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 you un-audited accounts of your Company for the quarter ended September 30, 2011. During the period under review the Company earned a pretax profit of Rs. 352.195 million as compared to Rs. 291.897 million earned in the same period last year. Depreciation is Rs. 80.709 million as compared to Rs. 68.326 million and workers' profit participation fund is Rs. 18.916 million as compared to Rs. 15.677 million in the same period last year.

Earning per share of the Company for this quarter is Rs. 16.05 as compared to Rs. 13.31 per share in the same period last year.

FUTURE PROSPECTS:

Demand for yarn and fabric remains strong inspite of the worries about the global economic situation. Prospect for the cotton crop in Pakistan and worldwide are also good. Judging from newspapers reports, it appears that curtailment of gas supply by SNGPL during winter months will probably be more than last year. Barring any unforeseen slump in demand and loss of production due to non availability of gas and electricity, your Directors remain cautiously optimistic.

The relations between management and workers remained cordial during the period under review and the management and board of directors wish to place on record the continuous hard work and efforts put up by all the workers for the business of the Company.

For and on behalf of the Board



(Sheikh Naseem Ahmad)
Chairman & Chief Executive

Place: Multan
Dated: October 27, 2011

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

	Unaudited September 30, 2011 Rupees	Audited June 30, 2011 Rupees
NON-CURRENT ASSETS		
Property, plant and equipment	7,726,917,715	7,064,862,691
Intangible assets	4,253,512	4,538,527
Long term investments	667,195,666	667,195,666
Long term loans	1,986,050	399,270
Long term deposits	26,738,156	25,638,156
	8,427,091,099	7,762,634,310
CURRENT ASSETS		
Stores, spares and loose tools	392,717,711	306,844,778
Stock-in-trade	1,572,034,281	3,410,214,097
Trade debts	2,135,200,766	1,767,710,377
Loans and advances	654,035,198	449,389,173
Trade deposits and short term prepayments	47,430,939	7,678,585
Interest / markup accrued	-	16,265,203
Other receivables	1,612,797	3,796,190
Other financial assets	138,939,393	125,142,836
Tax refunds due from government	73,871,131	81,688,761
Cash and bank balances	150,970,475	191,635,465
	5,166,812,691	6,360,365,465
	13,593,903,790	14,122,999,775



(SHEIKH NASEEM AHMAD)
Chief Executive Officer



(REHMAN NASEEM)
Director

AS AT SEPTEMBER 30, 2011

	Unaudited September 30, 2011 Rupees	Audited June 30, 2011 Rupees
SHARE CAPITAL AND RESERVES		
Authorized Capital		
40,000,000 (2010: 40,000,000) ordinary shares of Rs.10 each	400,000,000	400,000,000
30,000,000 (2010: 30,000,000) preference shares of Rs.10 each	300,000,000	300,000,000
	700,000,000	700,000,000
Issued, subscribed and paid up capital		
Ordinary shares	187,551,940	187,551,940
Preference shares	175,000,000	175,000,000
Capital reserves	227,616,000	227,616,000
Unappropriated profits	2,694,824,450	2,374,674,027
	3,284,992,390	2,964,841,967
Surplus on revaluation of operating assets	2,092,300,276	2,192,499,393
NON CURRENT LIABILITIES		
Long term financing	2,620,576,846	1,956,200,180
Long term musharika	261,877,722	273,755,451
Bills payables	155,210,331	155,210,331
Deferred liabilities	1,046,616,842	960,455,903
Custom duties	58,762,185	122,665,470
	4,143,043,926	3,468,287,335
CURRENT LIABILITIES		
Trade and other payables	624,209,004	598,021,473
Interest / mark-up accrued on loans	179,092,933	176,362,211
Short term borrowings	2,519,650,802	4,016,584,511
Current portion of non current liabilities	523,374,375	530,399,099
Provision for taxation	227,240,084	176,003,786
	4,073,567,198	5,497,371,080
CONTINGENCIES AND COMMITMENTS		
	-	-
	13,593,903,790	14,122,999,775

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



(FAIZAN-UL-HAQ)
Chief Financial Officer

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

(UN-AUDITED) FOR THE PERIOD ENDED SEPTEMBER 30,

	2011 Rupees	2010 Rupees
Sales - net	4,868,684,225	4,032,844,994
Cost of sales	(4,250,452,147)	(3,520,142,523)
Gross profit	618,232,078	512,702,471
Distribution cost	(48,546,163)	(62,012,549)
Administrative expenses	(38,251,785)	(26,443,515)
Other operating expenses	(29,115,660)	(23,956,389)
Finance cost	(172,340,190)	(108,919,727)
	329,978,280	291,370,291
Other operating income	22,217,326	527,000
Profit before taxation	352,195,606	291,897,291
Provision for taxation	(51,236,298)	(42,230,823)
Profit after taxation	300,959,308	249,666,468
Other comprehensive Income net of tax	-	-
Total comprehensive income for the period	300,959,308	249,666,468
Earnings per share		
Basic	16.05	13.31
Diluted	8.50	5.92

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



(SHEIKH NASEEM AHMAD)
Chief Executive Officer



(REHMAN NASEEM)
Director



(FAIZAN-UL-HAQ)
Chief Financial Officer

CONDENSED INTERIM CASH FLOW STATEMENT

(UN-AUDITED) FOR THE PERIOD ENDED SEPTEMBER 30,

	2011 Rupees	2010 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period - before taxation	352,195,606	291,897,291
Adjustments for:		
Depreciation of property, plant and equipment	80,708,618	68,325,848
Amortization of intangible assets	285,011	420,519
Provision for gratuity	8,726,176	5,505,417
Provision for infrastructure cess	3,815,430	6,240,200
Gain on disposal of property, plant and equipment	(8,420,769)	-
Gain on disposal of other financial assets	(13,796,557)	(527,000)
Finance cost (inclusive of preference dividend)	172,340,190	108,919,727
Operating cash flows before movement in working capital	595,853,705	480,782,002
(Increase) / decrease in current assets		
Stores, spares and loose tools	(85,872,932)	(15,002,980)
Stock-in-trade	1,838,179,815	1,127,622,942
Trade debts	(367,490,389)	(334,055,353)
Loans and advances	(167,848,452)	(115,157,334)
Trade deposits and short term prepayments	(39,752,354)	(31,207,132)
Tax refunds due from the government	7,817,630	(3,127,672)
Interest / markup accrued	16,265,203	(7,617,096)
Other receivables	2,183,393	(7,269,716)
 Increase/ (decrease) in trade and other payables	26,187,534	145,191,660
	1,229,669,448	468,993,999
Cash generated from operations	1,825,523,153	949,776,001
Gratuity paid	(3,573,237)	(2,832,061)
Income tax paid	(36,797,677)	(43,371,901)
Cash flow from operating activities	1,785,152,239	903,572,039
Long term loans to employees - net	(1,586,780)	192,390
Custom duties paid	(67,718,715)	-
Long term deposits	(1,100,000)	-
NET CASH FROM OPERATING ACTIVITIES	1,714,746,744	903,764,429
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(748,342,870)	(33,490,418)
Proceeds from disposal of property, plant and equipment	14,000,000	-
NET CASH USED IN INVESTING ACTIVITIES	(734,342,870)	(33,490,418)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing obtained	763,690,739	3,061,040
Long term financing repaid	(106,338,700)	(116,314,129)
Long term musharika - net	(11,877,729)	(11,877,729)
Short term borrowings - net	(1,496,933,713)	(677,171,178)
Bills payable obtained	-	1,082,235
Finance cost paid	(169,609,465)	(127,974,376)
NET CASH USED IN FINANCING ACTIVITIES	(1,021,068,868)	(929,194,137)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(40,664,994)	(58,920,126)
CASH AND CASH EQUIVALENTS - At the beginning of the period	191,635,469	123,497,519
CASH AND CASH EQUIVALENTS - At the end of the period	150,970,475	64,577,393

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



(SHEIKH NASEEM AHMAD)
Chief Executive Officer



(REHMAN NASEEM)
Director



(FAIZAN-UL-HAQ)
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30

	Issued, subscribed and paid up capital	Capital reserves		Un appropriated Profits	Total
		Share premium	Capital redemption reserve fund		
		Rupees			
Balance as at July 01, 2010	437,551,940	77,616,000	100,000,000	1,702,733,550	2,317,901,490
Total comprehensive income for the period	-	-	-	249,666,468	249,666,468
Depreciation on revaluation surplus (net of deferred tax)	-	-	-	19,737,937	19,737,937
Balance as at September 30, 2010	437,551,940	77,616,000	100,000,000	1,972,137,955	2,587,305,895
Balance as at July 01, 2011	362,551,940	77,616,000	150,000,000	2,374,674,027	2,964,841,967
Total comprehensive income for the period	-	-	-	300,959,308	300,959,308
Depreciation on revaluation surplus (net of deferred tax)	-	-	-	19,191,115	19,191,115
Balance as at September 30, 2011	362,551,940	77,616,000	150,000,000	2,694,824,450	3,284,992,390

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



(SHEIKH NASEEM AHMAD)
Chief Executive Officer



(REHMAN NASEEM)
Director



(FAIZAN-UL-HAQ)
Chief Financial Officer

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2011

1. General

- 1.1 These un-audited accounts are being presented to shareholders as required under SECP Notification No. SRO 764/(1)2001 dated November 05, 2001 and are in accordance with requirements of International Accounting Standard - 34 "Interim Reporting".
- 1.2 The accounting policies adopted for the preparation of these interim financial statements are consistent with those applied in the preparation of the preceding published financial statements of the Company for the year ended June 30, 2011 and for the subsequent periods.

2. Long Term Financing

2.1 Term Finance from MCB Bank Ltd

During the period a term finance /LTFF amounting to Rs.241.322 Million has been obtained from MCB Bank Ltd for retirement of letters of credit opened for imported plant and machinery. Sanctioned limit of this finance is Rs.350.00 Million. It is repayable within the period of seven years inclusive of one year grace period in 12 semi annual equal installments of principal amount. It carries mark up at the rate of 6 Months KIBOR + 2.00% per annum till the disbursal of LTFF under SBP scheme, thereafter LTFF rate will be applicable. This finance is secured against 1st Joint Pari Passu Charge/mortgage of Rs.615.00 Million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.

2.2 Term Finance from Faysal Bank Ltd

During the period a term finance /LTFF amounting to Rs.88.243 Million has been obtained from Faysal Bank Ltd for retirement of letters of credit opened for imported plant and machinery. Sanctioned limit of this finance is Rs.350.00 Million. It is repayable within the period of seven years inclusive of two years grace period in 10 semi annual equal installments of principal amount. It carries mark up at the rate of 6 Months KIBOR + 2.50% per annum till the disbursal of LTFF under SBP scheme, thereafter LTFF rate will be applicable. This finance is secured against 1st Joint Pari Passu Charge/mortgage of Rs.735.00 Million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.

2.3 Term Finance from Faysal Bank Ltd

During the period a term finance amounting to Rs.200.00 Million has been obtained from Faysal Bank Ltd for the purpose of partially financing the additional cost of ongoing expansion and BMR projects. It is repayable within the period of seven years inclusive of two years grace period in 10 semi annual equal installments of principal amount. It carries mark up at the rate of 6 Months KIBOR + 2.50% per annum. This finance is secured against 1st Joint Pari Passu Charge/mortgage of Rs.735.00 Million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.

2.4 Term Finance from Allied Bank Ltd

During the period a term finance /LTFF amounting to Rs.17.993 Million has been obtained from Allied Bank Ltd for retirement of letters of credit opened for imported plant and machinery. Sanctioned limit of this finance is Rs.626.00 Million. It is repayable within the period of seven years inclusive of two years grace period in 10 semi annual equal installments of principal amount. It carries mark up at the rate of 6 Months KIBOR + 2.50% per annum till the disbursal of LTFF under SBP scheme, thereafter LTFF rate will be applicable. This finance is secured against 1st Joint Pari Passu Charge/mortgage of Rs.1,843.00 Million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.

2.5 Term Finance from Pak Oman Investment Company Ltd

During the period a term finance /LTFF amounting to Rs.100.00 Million has been obtained from Pak Oman Investment Company Ltd for retirement of letters of credit opened for imported plant and

machinery. Sanctioned limit of this finance is Rs.100.00 Million. It is repayable within the period of seven years inclusive of two years grace period in 20 quarterly equal installments of principal amount. It carries mark up at the rate applicable under LTFE scheme of SBP. This finance is secured against 1st Joint Pari Passu Charge/mortgage of Rs.134.00 Million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.

3. Adjustment of normal deferred tax has not been made in these accounts as the same will be made at the end of the year.
4. Figures have been rounded-off to nearest rupee, except stated otherwise.



(SHEIKH NASEEM AHMAD)
Chief Executive Officer



(REHMAN NASEEM)
Director



(FAIZAN-UL-HAQ)
Chief Financial Officer

Fazal Cloth Mills Ltd.

Head Office / Shares Department

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

Registered Office

69/7, Abid Majeed Road, Survey # 248/7, Lahore Cantt, Lahore.

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