



**Financial Statement
(Un-Audited)
for the 1st Quarter Ended
September 30, 2012**



Fazal Cloth Mills Ltd.

COMPANY INFORMATION

Board of Directors	Sh. Naseem Ahmad Mrs. Mahnaz Amir 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	Mr. Rehman Naseem Mrs. Mahnaz Amir Sheikh Mr. Faisal Ahmad	Chairman Member Member
Human Resource and Remuneration Committee	Mr. Faisal Ahmad Mrs. Mahnaz Amir Sheikh Mr. Rehman Naseem	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, 2012. During the period under review the Company earned a pretax profit of Rs. 455.774 million as compared to Rs. 352.195 million earned in the same period last year. Depreciation is Rs. 128.805 million as compared to Rs. 80.709 million and workers' profit participation fund is Rs. 24.478 million as compared to Rs. 18.916 million in the same period last year.

Earning per share of the Company for this quarter is Rs. 17.77 as compared to Rs. 16.05 per share in the same period last year.

FUTURE PROSPECTS:

Demand for yarn and fabric remains strong inspite of 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

Place: Multan
Dated: October 24, 2012

Sd/-
(Sheikh Naseem Ahmad)
Chairman & Chief Executive



CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

	Unaudited September 30, 2012 Rupees	Audited June 30, 2012 Rupees
NON-CURRENT ASSETS		
Property, plant and equipment	11,219,089,658	11,255,073,203
Intangible assets	3,113,468	3,398,483
Long term investments	2,293,061,781	2,182,061,781
Long term loans	34,000	64,000
Long term deposits	25,710,156	25,710,156
	13,541,009,063	13,466,307,623
CURRENT ASSETS		
Stores, spares and loose tools	306,505,277	330,910,264
Stock-in-trade	3,303,829,657	3,774,011,125
Trade debts	1,993,604,226	2,012,188,252
Loans and advances	661,274,938	325,934,534
Trade deposits and short term prepayments	127,696,394	6,754,211
Other receivables	52,368,863	102,862,038
Other financial assets	170,989,600	176,496,671
Tax refunds due from government	300,403,024	310,001,740
Cash and bank balances	251,800,590	71,988,355
	7,168,472,569	7,111,147,190
	<u>20,709,481,632</u>	<u>20,577,454,813</u>

Sd/-
(SHEIKH NASEEM AHMAD)
Chief Executive Officer

Sd/-
(REHMAN NASEEM)
Director



AS AT SEPTEMBER 30, 2012

	Unaudited September 30, 2012 Rupees	Audited June 30, 2012 Rupees
SHARE CAPITAL AND RESERVES		
Authorized Capital		
40,000,000 (2012: 40,000,000) ordinary shares of Rs.10 each	400,000,000	400,000,000
30,000,000 (2012: 30,000,000) preference shares of Rs.10 each	300,000,000	300,000,000
	<u>700,000,000</u>	<u>700,000,000</u>
Issued, subscribed and paid up capital		
Ordinary shares	226,000,000	226,000,000
Preference shares	175,000,000	175,000,000
Capital reserves	252,616,000	252,616,000
Unappropriated profits	4,585,669,319	4,150,734,634
	<u>5,239,285,319</u>	<u>4,804,350,634</u>
Surplus on revaluation of operating assets	4,428,321,717	4,461,659,446
NON CURRENT LIABILITIES		
Long term financing	4,136,967,333	3,641,788,504
Long term musharika	225,000,000	225,000,000
Deferred liabilities	1,581,028,415	1,574,329,516
Custom duties	90,527,931	84,912,156
	<u>6,033,523,679</u>	<u>5,526,030,176</u>
CURRENT LIABILITIES		
Trade and other payables	945,508,367	714,955,157
Interest / mark-up accrued on loans	270,421,477	252,971,251
Short term borrowings	2,744,372,499	3,798,190,475
Current portion of non-current liabilities	623,403,501	648,829,209
Provision for taxation	424,645,073	370,468,465
	<u>5,008,350,917</u>	<u>5,785,414,557</u>
CONTINGENCIES AND COMMITMENTS		
	-	-
	<u>20,709,481,632</u>	<u>20,577,454,813</u>

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

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



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE PERIOD ENDED SEPTEMBER 30,

	2012 Rupees	2011 Rupees
Sales - net	5,377,621,340	4,868,684,225
Cost of sales	(4,575,764,999)	(4,250,452,147)
Gross profit	801,856,341	618,232,078
Distribution cost	(66,197,978)	(48,546,163)
Administrative expenses	(44,878,555)	(38,251,785)
Other operating expenses	(42,152,727)	(29,115,660)
Finance cost	(192,853,525)	(172,340,190)
	455,773,556	329,978,280
Other operating income	-	22,217,326
Profit before taxation	455,773,556	352,195,606
Provision for taxation	(54,176,603)	(51,236,298)
Profit after taxation	401,596,953	300,959,308
Other comprehensive Income net of tax	-	-
Total comprehensive income for the period	401,596,953	300,959,308
Earnings per share		
Basic	17.77	16.05
Diluted	10.17	8.50

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

Sd/-
(SHEIKH NASEEM AHMAD)
Chief Executive Officer

Sd/-
(REHMAN NASEEM)
Director

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



CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE PERIOD ENDED SEPTEMBER 30,

	2012 Rupees	2011 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period - before taxation	455,773,556	352,195,606
Adjustments for:		
Depreciation of property, plant and equipment	128,804,630	80,708,618
Amortization of intangible assets	285,011	285,011
(Gain) / loss on remeasurement of other financial assets	-	(13,796,557)
Provision for gratuity	9,318,009	8,726,176
Provision for infrastructure cess	5,615,775	3,815,430
Gain on disposal of property, plant and equipment	-	(8,420,769)
Finance cost (inclusive of preference dividend)	192,853,525	172,340,190
Operating cash flows before movement in working capital	792,650,506	595,853,705
(Increase) / Decrease in current assets		
Stores, spares and loose tools	24,404,986	(85,872,932)
Stock in trade	470,181,468	1,838,179,815
Trade debts	18,584,026	(367,490,389)
Loans and advances	(286,000,002)	(167,848,452)
Trade deposits and short term prepayments	(120,942,183)	(39,752,354)
Tax refunds due from the Government	9,598,718	7,817,630
Interest / markup accrued	-	16,265,203
Other receivables	50,493,174	2,183,393
Increase/ (decrease) in trade and other payables	230,553,214	26,187,534
	396,873,401	1,229,669,448
Cash generated from operations	1,189,523,907	1,825,523,153
Gratuity paid	(2,619,110)	(3,573,237)
Income taxes paid	(49,340,397)	(36,797,677)
Cash flow from operating activities	1,137,564,400	1,785,152,239
Long term loans to employees - net	30,000	(1,586,780)
Custom duties paid	-	(67,718,715)
Long term deposits	-	(1,100,000)
NET CASH FROM OPERATING ACTIVITIES	1,137,594,400	1,714,746,744
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(92,821,085)	(748,342,870)
Proceeds from disposal of property, plant and equipment	-	14,000,000
Long term investment	(111,000,000)	-
Proceeds from other financial assets	5,507,071	-
NET CASH USED IN INVESTING ACTIVITIES	(198,314,014)	(734,342,870)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing obtained	585,258,744	763,690,739
Long term financing repaid	(103,627,894)	(106,338,700)
Long term musharika - net	(11,877,729)	(11,877,729)
Short term borrowings - net	(1,053,817,976)	(1,496,933,713)
Finance cost paid	(175,403,295)	(169,609,465)
NET CASH USED IN FROM FINANCING ACTIVITIES	(759,468,150)	(1,021,068,868)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	179,812,236	40,664,994
CASH AND CASH EQUIVALENTS - At the beginning of the period	71,988,354	191,635,469
CASH AND CASH EQUIVALENTS - At the end of the period	251,800,590	150,970,475

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

Sd/-
(SHEIKH NASEEM AHMAD)
Chief Executive Officer

Sd/-
(REHMAN NASEEM)
Director

Sd/-
(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, 2011	362,551,940	77,616,000	150,000,000	3,100,929,710	3,691,097,650
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	3,421,080,133	4,011,248,073
Balance as at July 01, 2012	401,000,000	77,616,000	175,000,000	4,150,734,634	4,804,350,634
Total comprehensive income for the period	-	-	-	401,596,953	401,596,953
Depreciation on revaluation surplus (net of deferred tax)	-	-	-	33,337,732	33,337,732
Balance as at September 30, 2012	401,000,000	77,616,000	175,000,000	4,585,669,319	5,239,285,319

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

Sd/-
(SHEIKH NASEEM AHMAD)
Chief Executive Officer

Sd/-
(REHMAN NASEEM)
Director

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



SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2012

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, 2012 and for the subsequent periods.

2. Due to un-availability of quarterly accounts of associates as on September 30, 2012, long term investment in associates has been recorded for as per June 30, 2012 presented financials.

3. Long Term Financing

3.1 Term Finance from Pak Brunei Investment Company Ltd

During the period a term finance amounting to Rs.200 Million has been obtained from Pak Brunei Investment Company Ltd to enable the Company to re-profile its balance sheet. It is repayable within the period of five years inclusive of one year grace period in eight half yearly equal installments of principal amount. It carries mark up at the rate of 6Months KIBOR + 2.00% 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.

3.2 Term Finance from Soneri Bank Ltd

During the period a term finance amounting to Rs.350 Million has been obtained from Soneri Bank Ltd for BMR projects. It is repayable within the period of seven years inclusive of two years grace period in 10 half yearly equal installments of principal amount. It carries mark up at the rate of 6Months KIBOR + 1.75% 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.

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

Sd/-
(SHEIKH NASEEM AHMAD)
Chief Executive Officer

Sd/-
(REHMAN NASEEM)
Director

Sd/-
(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,
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Phone: (92) 300-8631543