

Financial Statement

(Un-Audited)

For the 1st Quarter Ended
September 30, 2015



Fazal Cloth Mills Limited



Fazal Cloth Mills Limited

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Fazal Cloth Mills Limited

Company Information

Board of Directors

Mr. Rehman Naseem Chairman
Sh. Naseem Ahmad Chief Executive Officer
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 Ahmed Member

Company Secretary

Mr. Asad Mustafa

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
Silk Bank Limited
Summit 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: corporate@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,

Directors of Fazal Cloth Mills Limited (“the Company”) are pleased to present the Directors' Review for the quarter ended September 30, 2014. During the period under review the Company earned a pretax profit of Rs. 167.513 million (after tax profit of Rs. 129.02 million) as compared to Rs. 177.73 million (after tax profit of Rs. 233.88 million) earned in the same period last year after charging depreciation of Rs. 195.04 million as compared to Rs. 154.59 million in the same period last year.

Earnings per share of the Company for the quarter are Rs. 4.30 as compared to Rs. 7.80 per share in the same period last 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 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 under review the Group earned a pretax profit of Rs. 152.11 million (after tax profit of Rs. 109.96 million) as compared to Rs. 193.68 million (after tax profit of Rs. 251.58 million) earned in the same period last year after charging depreciation of Rs. 223.18 million as compared to Rs. 178.70 million in the same period last year.

Future Outlook

Raw Cotton prices in the country have increased sharply due to fear of a short crop. Market expects cotton crop to be around 12 million bales compared to 14.7 million bales last year. Yarn prices have not increased proportionately due



Fazal Cloth Mills Limited

to competition from India and weak demand. Due to this, margins are squeezed for yarn and fabric produced by the company. Your management continues to do its best to improve the company's performance in these tough market conditions.

Management and Labor Relations

The relation between the management and workers remained cordial throughout 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: October 29, 2015

Sd/-
(Rehman Naseem)
Chairman/Director



Fazal Cloth Mills Limited

Fazal Cloth Mills Limited (The Company)
Condensed Interim Un-Consolidated Financial Statements (Un-Audited)
for the period ended September 30, 2015



Condensed Interim Un-Consolidated Balance Sheet (Un-Audited)

	September 30, 2015 Un-Audited	June 30, 2015 Audited
<i>Note</i>	----- Rupees -----	
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	17,309,167,490	17,465,989,537
Long term investments	4,561,352,495	3,657,165,531
Long term loan	530,000,000	530,000,000
Long term deposits	22,807,493	22,807,493
	22,423,327,478	21,675,962,561
<u>Current assets</u>		
Stores, spares and loose tools	441,986,461	391,331,937
Stock-in-trade	3,692,628,951	4,446,033,548
Trade debts	3,194,426,980	3,805,423,237
Loans and advances	598,374,359	891,883,769
Trade deposits and short term prepayments	54,001,638	7,385,469
Mark-up accrued	111,063,749	98,148,500
Other receivables and deposits	110,834,678	134,025,479
Short term investments	330,067,805	545,590,770
Tax refundable	412,344,755	539,593,136
Cash and bank balances	349,619,509	169,824,779
	9,295,348,885	11,029,240,624
	31,718,676,363	32,705,203,185

The annexed notes from 1 to 8 form an integral part of these financial statements.

Sd/-
(SHEIKH NASEEM AHMAD)
CHIEF EXECUTIVE OFFICER

Sd/-
(REHMAN NASEEM)
CHAIRMAN / DIRECTOR



Faizal Cloth Mills Limited

As at September 30, 2015

	September 30, 2015 Un-Audited	June 30, 2015 Audited
Note	----- Rupees -----	
EQUITY AND LIABILITIES		
<u>Share capital and reserves</u>		
Authorized share capital	700,000,000	700,000,000
Issued, subscribed and paid-up capital	300,000,000	300,000,000
Capital reserves	2,399,798,098	1,945,611,134
Unappropriated profits	6,602,698,479	6,406,846,268
	9,302,496,577	8,652,457,402
Surplus on revaluation of fixed assets - net of tax	6,798,934,293	6,865,760,927
<u>Non-current liabilities</u>		
Long term financing - secured	5,256,730,537	5,549,364,925
Long term musharika - secured	930,000,000	195,000,000
Deferred liabilities:		
- Staff gratuity	219,006,006	212,473,755
- Deferred taxation	1,939,541,660	1,950,326,682
	8,345,278,203	7,907,165,362
<u>Current liabilities</u>		
Trade and other payables	1,657,518,924	1,815,673,276
Accrued profit / interest / mark-up	300,857,689	296,152,121
Short term borrowings - secured	3,730,583,975	5,741,657,906
Current portion of non-current liabilities	1,583,006,702	1,426,336,191
	7,271,967,290	9,279,819,494
Contingencies and commitments	31,718,676,363	32,705,203,185

Sd/-
(FAIZAN-UL-HAQ)
CHIEF FINANCIAL OFFICER

Fazal Cloth Mills Limited



Condensed Interim Un-Consolidated Profit and Loss Account (Un-Audited)
For the period ended September 30, 2015

	September 30, 2015 Rupees	September 30, 2014 Rupees
	<i>Note</i>	
Sales - net	5,015,207,030	6,876,794,622
Cost of sales	<u>(4,584,821,869)</u>	<u>(6,261,386,650)</u>
Gross profit	430,385,161	615,407,972
Distribution cost	<u>(56,583,450)</u>	<u>(62,119,949)</u>
Administrative expenses	<u>(59,356,237)</u>	<u>(56,816,386)</u>
Other expenses	<u>(19,021,422)</u>	<u>(26,642,124)</u>
	<u>(134,961,109)</u>	<u>(145,578,459)</u>
Other income	<u>132,670,214</u>	<u>31,586,400</u>
Profit from operations	428,094,266	501,415,913
Finance cost	<u>(260,586,369)</u>	<u>(323,684,136)</u>
Profit before taxation	167,507,897	177,731,777
Taxation	6 <u>(38,482,323)</u>	<u>56,146,367</u>
Profit after taxation	<u>129,025,574</u>	<u>233,878,144</u>
Earnings per share - basic and diluted	<u>4.30</u>	<u>7.80</u>

The annexed notes from 1 to 8 form an integral part of these financial statements.

Sd/-
(SHEIKH NASEEM AHMAD)
CHIEF EXECUTIVE OFFICER

Sd/-
(REHMAN NASEEM)
CHAIRMAN / DIRECTOR

Sd/-
(FAIZAN-UL-HAQ)
CHIEF FINANCIAL OFFICER



Fazal Cloth Mills Limited

Condensed Interim Un-Consolidated Statement of Comprehensive Income (Un-Audited)
For the period ended September 30, 2015

	September 30, 2015 Rupees	September 30, 2014 Rupees
Profit after taxation	129,025,574	233,878,144
<u>Other comprehensive income - net of tax</u>		
Net change in fair value of available for sale financial assets	454,186,964	(37,166,478)
Total comprehensive income for the year	583,212,538	196,711,666

The annexed notes from 1 to 8 form an integral part of these financial statements.

Sd/-
(SHEIKH NASEEM AHMAD)
CHIEF EXECUTIVE OFFICER

Sd/-
(REHMAN NASEEM)
CHAIRMAN / DIRECTOR

Sd/-
(FAIZAN-UL-HAQ)
CHIEF FINANCIAL OFFICER



Fazal Cloth Mills Limited

Condensed Interim Un-Consolidated Cash Flow Statement (Un-Audited)
For the period ended September 30, 2015

Note	September 30, 2015 Rupees	September 30, 2014 Rupees
<u>Cash flows from operating activities</u>		
Profit before taxation	167,507,897	177,731,777
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	195,039,210	154,591,951
Unrealized loss / (gain) on re-measurement of investments	(37,443,741)	6,635,907
Provision for gratuity	24,444,939	21,668,467
Provision for infrastructure cess	5,253,619	6,110,283
Loss / (Gain) on disposal of property, plant and equipment	7,995	(19,974)
Gain on disposal of investment	(82,311,224)	-
Finance cost	260,586,369	323,684,136
Cash generated from operations before working capital changes	533,085,064	690,402,547
<u>Effect on cash flows due to working capital changes</u>		
<i>(Increase) / decrease in current assets:</i>		
Stores, spares and loose tools	(50,654,524)	23,948,173
Stock-in-trade	753,404,597	1,328,641,943
Trade debts	610,996,257	93,244,499
Loans and advances	293,509,411	(501,884,893)
Trade deposits and short term prepayments	(46,616,169)	(63,604,866)
Other receivables	23,190,801	172,937,497
	1,583,830,373	1,053,282,353
<i>Increase in current liabilities</i>		
Trade and other payables	(163,407,971)	(293,549,372)
Cash generated from operations	1,953,507,466	1,450,135,528
Gratuity paid to employees	(17,912,687)	(11,105,154)
Taxes received / (paid)	77,981,038	(20,726,189)
Finance cost paid - net	(268,796,050)	(307,225,858)
	(208,727,700)	(339,057,201)
Net cash generated / (used) in operating activities	1,744,779,766	1,111,078,327
<u>Cash flows from investing activities</u>		
Capital expenditure incurred	(38,265,818)	(74,342,879)
Proceeds from sale of property, plant and equipment	40,660	40,800
Investment in associates	(450,000,000)	(651,212,904)
Proceeds from sale of investment	335,277,930	-
Net cash used in investing activities	(152,947,228)	(725,514,983)
<u>Cash flows from financing activities</u>		
Long term financing obtained	32,905,865	12,924,630
Long term financing repaid	(168,869,742)	(135,673,918)
Long term musharika obtained	750,000,000	-
Long term musharika repaid	(15,000,000)	-
Short term borrowings - net	(2,011,073,931)	(257,221,636)
Net cash (used) in / generated from financing activities	(1,412,037,808)	(379,970,924)
Net (decrease) / increase in cash and cash equivalents	179,794,730	5,592,420
Cash and cash equivalents at the beginning of the period	169,824,779	346,251,152
Cash and cash equivalents at the end of the period	349,619,509	351,843,572

The annexed notes from 1 to 8 form an integral part of these financial statements.

Sd/-
(SHEIKH NASEEM AHMAD)
CHIEF EXECUTIVE OFFICER

Sd/-
(REHMAN NASEEM)
CHAIRMAN / DIRECTOR

Sd/-
(FAIZAN-UL-HAQ)
CHIEF FINANCIAL OFFICER



Condensed Interim Un-Consolidated Statement of Changes in Equity (Un-Audited)
For the period ended September 30, 2015

	Share capital		Capital reserves		Revenue reserve	Total
	Ordinary shares	Share premium	Capital redemption reserve	Fair value reserve- available for sale financial assets	Un-appropriated profits	
	Rupees					
Balance as at June 30, 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 Quarter	-	-	-	-	233,878,144	233,878,144
Other comprehensive income / (loss)	-	-	-	(37,166,478)	-	(37,166,478)
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the year - net of tax	-	-	-	(37,166,478)	233,878,144	196,711,666
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the year - net of tax	-	-	-	-	29,620,984	29,620,984
Balance as at September 30, 2014	300,000,000	77,616,000	175,000,000	1,021,478,764	6,086,042,950	7,660,137,714
Total comprehensive income						
Profit for the Quarters	-	-	-	-	276,634,707	276,634,707
Other comprehensive income / (loss)	-	-	-	671,516,370	-	671,516,370
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the year - net of tax	-	-	-	671,516,370	276,634,707	948,151,077
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the year - net of tax	-	-	-	-	129,705,901	129,705,901
Transfer from surplus on revaluation of fixed assets on disposal - net of tax	-	-	-	-	2,597,697	2,597,697
Transactions with the owners of the Company:						
Cash dividend @ Rs. 2.5 per share	-	-	-	-	(75,000,000)	(75,000,000)
Balance as at June 30, 2015	300,000,000	77,616,000	175,000,000	1,692,995,134	6,419,981,255	8,665,592,389
Total comprehensive income						
Profit for the 01 Quarter	-	-	-	-	129,025,574	129,025,574
Other comprehensive income / (loss)	-	-	-	454,186,964	-	454,186,964
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the year - net of tax	-	-	-	454,186,964	129,025,574	583,212,538
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the year - net of tax	-	-	-	-	66,826,637	66,826,637
Balance as at September 30, 2014	300,000,000	77,616,000	175,000,000	2,147,182,098	6,602,698,479	9,302,496,577

Sd/-
(SHEIKH NASEEM AHMAD)
CHIEF EXECUTIVE OFFICER

Sd/-
(REHMAN NASEEM)
CHAIRMAN / DIRECTOR

Sd/-
(FAIZAN-UL-HAQ)
CHIEF FINANCIAL OFFICER

Fazal Cloth Mills Limited



Notes To The Condensed Interim Un-Consolidated Financial Information (Un-Audited)

For the period ended September 30, 2015

1 Reporting entity

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 # 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.

This condensed interim financial information is presented in Pak Rupees, which is the Company's functional and presentation currency.

2 Basis of presentation

This condensed interim financial information has been prepared in condensed form in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting and is being submitted to shareholders in accordance with the requirements of section 245 of Companies Ordinance, 1984. This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the represented financial statements as at and for the year ended 30 June 2015.

These condensed interim financial information are the separate financial statements of the Company in which investments in subsidiaries are accounted for on the basis of direct equity interest rather than on the basis of reported results and netassets of the investee. Condensed interim consolidated financial information of the Group is prepared separately.

The Company has following major investment:

Name of the company	Shareholding	Nature
<u>Subsidiary</u>		
- Fazal Weaving Mills Limited ("Subsidiary")	100%	Spinning
<u>Associates</u>		
- Fatima Energy Limited	44.18%	Energy Generation
- Fatima Transmission Company Limited	37.50%	Transmission of Energy

3 Significant accounting policies

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended 30 June 2015.

4 Long term investments	Note	September 30,	June 30,
		2015	2014
		Rupees	Rupees
<u>Investment in related parties</u>			
Associated company - at fair value	4.1	2,915,363,755	2,461,176,791
Associated companies - at cost	4.2	1,395,988,740	945,988,740
Subsidiary company - at cost	4.3	250,000,000	250,000,000
		<u>4,561,352,495</u>	<u>3,657,165,531</u>



Note	Shares September 30, 2015 Number	Market value		Market value per share		Percentage of holding	
		September 30, 2015 Rupees	June 30, 2015 Rupees	September 30, 2015 Rupees	June 30, 2015 Rupees	September 30, 2015 %	June 30, 2015 %
4.1 Associated Company - at fair value							
	62,994,031	2,915,863,755	2,461,176,791	46.28	39.07	2.89%	2.88%
		<u>2,915,863,755</u>	<u>2,461,176,791</u>				

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

Note	Shares September 30, 2015 Number	Carrying value		Percentage of holding	
		September 30, 2015 Rupees	June 30, 2015 Rupees	September 30, 2015 %	June 30, 2015 %
4.3 Associated companies - at cost					
	137,421,349	1,374,213,490	934,213,490	44.18%	46.99%
	13,125	131,250	131,250	37.80%	37.50%
	216,440	21,644,000	21,644,000	9.96%	9.96%
		<u>1,395,988,740</u>	<u>945,988,740</u>		

4.3.1 These investments are valued at cost owing to non-availability of market value of its shares as they are not listed on any of the stock exchanges in Pakistan. All Investments were made from the Company's own sources. Provisions of section 208 of the Companies Ordinance, 1984 have been fully complied with in this regard.

Note	Shares September 30, 2015 Number	Carrying value		Percentage of holding	
		September 30, 2015 Rupees	June 30, 2015 Rupees	September 30, 2015 %	June 30, 2015 %
4.3 Subsidiary company - at cost					
	25,000,000	250,000,000	250,000,000	100%	100%
		<u>250,000,000</u>	<u>250,000,000</u>		

4.3.1 Fazal Weaving Mills Limited was set up to carry business of textile spinning. The Company holds 100% of equity of the subsidiary and investment was made from Company's own sources. Fazal Weaving Mills Limited commenced its commercial operations from April 01, 2014.

4.4 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 Mohan Beal Estate (Private) Limited which have a face value of Rs. 100 per share.

Fazal Cloth Mills Limited



5 Long term musharika

5.1 Long term diminishing musharika-secured

During the period a diminishing musharaka facility of Rs.750.00 million has been obtained from Standard Chartered Bank (Pakistan) Limited for the purpose of swap of expensive LTFF finance drawn from various banks. It is repayable within the period of five years inclusive of one years grace period in eight half yearly equal installments of principal amount. It carries mark up at the rate of 6Months KIBOR + 1.00% per annum. During the period mark up was charged at the rate of 8.07% per annum. This finance is secured against 1st joint pari passu charge/mortgage of Rs.1,000.00 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.

6 Taxation

This comprises of current tax and deferred tax. Provision for current period taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any, or minimum tax whichever is higher.

7 Date of authorization for issue

This condensed interim financial information was authorized for issue by the Board of Directors on October 29, 2015.

8 General

Figures have been rounded off to the nearest rupee.

Sd/-
(SHEIKH NASEEM AHMAD)
CHIEF EXECUTIVE OFFICER

Sd/-
(REHMAN NASEEM)
CHAIRMAN / DIRECTOR

Sd/-
(FAIZAN-UL-HAQ)
CHIEF FINANCIAL OFFICER



Fazal Cloth Mills Limited

Fazal Cloth Mills Limited (The Group)
Condensed Interim Consolidated Financial Statements (Un-Audited)
for the period ended September 30, 2015



Condensed Interim Consolidated Balance Sheet (Un-Audited)

	September 30, 2015 Un-Audited	June 30, 2015 Audited
<i>Note</i>	----- Rupees -----	
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	19,751,159,704	19,891,189,835
Intangible assets	960,638	1,006,125.00
Long term investments	4,309,498,702	3,402,513,890
Long term deposits	34,418,530	34,418,530
	24,096,037,574	23,329,128,380
 <u>Current assets</u>		
Stores, spares and loose tools	479,663,942	428,686,925
Stock-in-trade	4,142,989,100	5,433,567,576
Trade debts	3,660,987,854	4,048,617,303
Loans and advances	222,206,812	531,136,342
Trade deposits and short term prepayments	60,331,645	7,385,469
Mark-up accrued	14,488,272	12,219,779
Other receivables and deposits	127,134,678	134,025,479
Short term investments	330,067,805	545,590,770
Tax refundable	473,571,311	632,060,909
Cash and bank balances	379,877,758	177,228,341
	9,891,319,177	11,950,518,893
	33,987,356,751	35,279,647,273

The annexed notes from 1 to 8 form an integral part of these financial statements.

Sd/-
(SHEIKH NASEEM AHMAD)
CHIEF EXECUTIVE OFFICER

Sd/-
(REHMAN NASEEM)
CHAIRMAN / DIRECTOR



Faizal Cloth Mills Limited

As at September 30, 2015

	September 30, 2015 Un-Audited	June 30, 2015 Audited
Note	----- Rupees -----	
EQUITY AND LIABILITIES		
<u>Share capital and reserves</u>		
Authorized share capital	700,000,000	700,000,000
Issued, subscribed and paid-up capital	300,000,000	300,000,000
Capital reserves	2,399,798,098	1,945,611,134
Unappropriated profits	6,639,944,861	6,459,764,305
	9,339,742,959	8,705,375,439
Surplus on revaluation of fixed assets - net of tax	7,020,159,620	7,090,382,591
<u>Non-current liabilities</u>		
Long term financing - secured	6,405,313,777	6,701,070,813
Long term musharika - secured	948,735,894	212,174,569
Deferred liabilities:		
- Staff gratuity	225,463,471	220,481,472
- Deferred taxation	1,853,898,923	1,862,752,475
	9,433,412,065	8,996,479,329
<u>Current liabilities</u>		
Trade and other payables	1,792,672,576	1,899,625,930
Accrued profit / interest / mark-up	339,215,839	340,444,923
Short term borrowings - secured	4,371,857,757	6,715,274,961
Current portion of non-current liabilities	1,690,295,935	1,532,064,100
	8,194,042,107	10,487,409,914
Contingencies and commitments		
	33,987,356,751	35,279,647,273

Sd/-
(FAIZAN-UL-HAQ)
CHIEF FINANCIAL OFFICER

Fazal Cloth Mills Limited



Condensed Interim Consolidated Profit and Loss Account (Un-Audited)
For the period ended September 30, 2015

	September 30, 2015 Rupees	September 30, 2014 Rupees
	<i>Note</i>	
Sales - net	5,675,248,791	7,221,175,020
Cost of sales	<u>(5,201,796,456)</u>	<u>(6,509,639,973)</u>
Gross profit	473,452,335	711,535,047
Distribution cost	<u>(65,126,954)</u>	<u>(67,069,519)</u>
Administrative expenses	<u>(61,462,726)</u>	<u>(59,012,381)</u>
Other expenses	<u>(19,021,422)</u>	<u>(26,642,126)</u>
	<u>(145,611,102)</u>	<u>(152,724,026)</u>
Other income	<u>122,023,458</u>	<u>17,439,605</u>
Profit from operations	449,864,691	576,250,626
Share of loss of associate	<u>(1,853,793)</u>	<u>-</u>
Finance cost	<u>(295,898,962)</u>	<u>(382,575,015)</u>
Profit before taxation	152,111,936	193,675,611
Taxation	<u>(42,146,900)</u>	<u>57,900,982</u>
Profit after taxation	109,965,036	251,576,593
Attributable to:		
Equity holders of the Holding Company	<u>109,965,036</u>	<u>251,576,593</u>
Earnings per share - basic and diluted	<u>3.67</u>	<u>8.39</u>

The annexed notes from 1 to 8 form an integral part of these financial statements.

Sd/-
(SHEIKH NASEEM AHMAD)
CHIEF EXECUTIVE OFFICER

Sd/-
(REHMAN NASEEM)
CHAIRMAN / DIRECTOR

Sd/-
(FAIZAN-UL-HAQ)
CHIEF FINANCIAL OFFICER



Fazal Cloth Mills Limited

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

For the period ended September 30, 2015

	September 30, 2015 Rupees	September 30, 2014 Rupees
Profit after taxation	109,965,036	251,576,593
<u>Other comprehensive income - net of tax</u>		
Net change in fair value of available for sale financial assets	454,186,964	(37,166,478)
Total comprehensive income for the year	<u>564,152,000</u>	<u>214,410,115</u>
Attributable to:		
Equity holders of the Holding Company	<u>564,152,000</u>	<u>214,410,115</u>

The annexed notes from 1 to 8 form an integral part of these financial statements.

Sd/-
(SHEIKH NASEEM AHMAD)
CHIEF EXECUTIVE OFFICER

Sd/-
(REHMAN NASEEM)
CHAIRMAN / DIRECTOR

Sd/-
(FAIZAN-UL-HAQ)
CHIEF FINANCIAL OFFICER

Fazal Cloth Mills Limited



Condensed Interim Consolidated Cash Flow Statement (Un-Audited) For the period ended September 30, 2015

Note	September 30, 2015 Rupees	September 30, 2014 Rupees
<u>Cash flows from operating activities</u>		
Profit before taxation	152,111,936	193,675,611
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	223,182,298	178,705,408
Amortization of intangible assets	45,487	45,488
Unrealized loss / (gain) on re-measurement of investments	(37,443,741)	6,635,907
Provision for gratuity	24,444,939	23,355,255
Provision for infrastructure cess	5,253,619	6,110,283
Loss / (Gain) on disposal of property, plant and equipment	7,995	(19,974)
Share of loss of associate	1,853,793	-
Gain on disposal of investment	(82,311,224)	-
Finance cost	295,898,962	382,575,015
Cash generated from operations before working capital changes	583,044,064	791,082,993
<u>Effect on cash flows due to working capital changes</u>		
<i>(Increase) / decrease in current assets:</i>		
Stores, spares and loose tools	(50,977,017)	17,086,783
Stock-in-trade	1,290,578,476	1,539,308,437
Trade debts	387,629,449	(717,635,877)
Loans and advances	308,929,532	380,520,270
Trade deposits and short term prepayments	(52,946,176)	(69,888,452)
Other receivables	6,890,801	172,937,497
	1,890,105,065	1,322,328,658
<i>Increase in current liabilities</i>		
Trade and other payables	(112,206,973)	(363,525,319)
Cash generated from operations	2,360,942,156	1,749,886,332
Gratuity paid to employees	(19,462,939)	(11,122,059)
Taxes paid	102,830,051	(28,928,106)
Finance cost paid - net	(299,396,539)	(356,946,108)
	(216,029,427)	(396,996,273)
Net cash generated / (used) in operating activities	2,144,912,729	1,352,890,059
<u>Cash flows from investing activities</u>		
Capital expenditure incurred	(83,200,821)	(121,527,567)
Proceeds from sale of property, plant and equipment	40,660	40,800
Investment in associates	(450,000,000)	(651,212,904)
Proceeds from sale of investment	335,277,930	-
Long term deposits	-	(326,720)
Net cash used in investing activities	(197,882,231)	(773,026,391)
<u>Cash flows from financing activities</u>		
Long term financing obtained	32,905,865	12,924,630
Long term financing repaid	(168,869,742)	(135,673,918)
Long term musharika obtained	750,000,000	-
Long term musharika repaid	(15,000,000)	-
Short term borrowings - net	(2,343,417,204)	(455,811,778)
Net cash (used) in / generated from financing activities	(1,744,381,081)	(578,561,066)
Net (decrease) / increase in cash and cash equivalents	202,649,417	1,302,602
Cash and cash equivalents at the beginning of the period	177,228,341	360,063,071
Cash and cash equivalents at the end of the period	379,877,758	361,365,673

The annexed notes from 1 to 8 form an integral part of these financial statements.

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CHIEF FINANCIAL OFFICER



Fazal Cloth Mills Limited

Condensed Interim Consolidated Statement of Changes in Equity (Un-Audited)
For the period ended September 30, 2015

	Share capital		Capital reserves		Revenue reserve	Total
	Ordinary shares	Share premium	Capital redemption reserve	Fair value reserve- available for sale financial assets	Un-appropriated profits	
----- Rupees -----						
Balance as at June 30, 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 Quarter	-	-	-	-	251,576,593	251,576,593
Other comprehensive income / (loss)	-	-	-	(37,166,478)	-	(37,166,478)
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the year - net of tax	-	-	-	(37,166,478)	251,576,593	214,410,115
Balance as at September 30, 2014	300,000,000	77,616,000	175,000,000	1,021,478,764	6,139,924,489	7,733,640,237
Total comprehensive income						
Profit for the Quarter	-	-	-	-	246,428,611	246,428,611
Other comprehensive income / (loss)	-	-	-	671,516,370	(12,690,521)	658,825,849
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the year - net of tax	-	-	-	671,516,370	233,738,090	905,254,460
Transfer from surplus on revaluation of fixed assets on disposal - net of tax	-	-	-	-	138,883,045	138,883,045
<i>Transactions with the owners of the Company:</i>						
Cash dividend @ Rs. 2.5 per share	-	-	-	-	(75,000,000)	(75,000,000)
Balance as at June 30, 2015	300,000,000	77,616,000	175,000,000	1,692,995,134	6,459,764,305	8,705,375,439
Total comprehensive income						
Profit for the Quarter	-	-	-	-	109,965,036	109,965,036
Other comprehensive income / (loss)	-	-	-	454,186,964	-	454,186,964
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the year - net of tax	-	-	-	454,186,964	109,965,036	564,152,000
Balance as at September 30, 2014	300,000,000	77,616,000	175,000,000	2,147,182,098	6,639,944,861	9,339,742,959

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(FAIZAN-UL-HAQ)
CHIEF FINANCIAL OFFICER



Fazal Cloth Mills Limited

Notes To The Condensed Interim Consolidated Financial Information (Un-Audited)

For the period ended September 30, 2015

1 Reporting entity

The Group comprises of

- Fazal Cloth Mills Limited ("the Holding Company"); and
- Fazal Weaving Mills Limited ("the Subsidiary Company").

Associates

- Fatima Energy Limited
- Fatima Transmission Company Limited

1.1 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 No. 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.

1.2 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 No. 248/7, Lahore Cantt, Lahore. The Subsidiary Company is engaged in the manufacture and sale of yarn. The manufacturing facility of the Subsidiary Company is located at Mauza Khairabad Qadir Pur Rawan By Pass, Khanewal Road, Multan in the province of Punjab. The Subsidiary Company commenced its commercial production on April 01, 2014.

2 Basis of presentation

This condensed interim consolidated financial information has been prepared in condensed form in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting and is being submitted to shareholders in accordance with the requirements of section 245 of Companies Ordinance, 1984. This condensed interim consolidated financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the represented financial statements as at and for the year ended 30 June 2015.

3 Significant accounting policies

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended 30 June 2015.

		September 30, 2015	June 30, 2014
	Note	Rupees	Rupees
4 Long term investments			
<u>Investment in related parties</u>			
Associated company - <i>at fair value</i>	4.1	2,915,363,755	2,461,176,791
Associated companies - <i>at equity method</i>	4.2	1,372,490,947	919,693,099
Associated companies - <i>at cost</i>	4.3	21,644,000	21,644,000
		4,309,498,702	3,402,513,890



Note	Shares	Market value		Market value per share		Percentage of holding	
		September 30, 2015	June 30, 2015	September 30, 2015	June 30, 2015	September 30, 2015	June 30, 2015
	Number	Rupees		Rupees			
4.1	65,994,031	2,915,563,755	2,461,176,791	46.24	39.07	2.85%	2.88%
		<u>2,915,563,755</u>	<u>2,461,176,791</u>				

4.1 Associated Company - at fair value

Faisal Fertilizer Company Limited - owned

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

Note	Shares	Carrying value		Percentage of holding	
		September 30, 2015	June 30, 2015	September 30, 2015	June 30, 2015
	Number	Rupees			
4.2	137,411,349	1,372,339,697	919,561,849	44.18%	46.99%
	13,125	131,250	131,250	37.80%	37.59%
		<u>1,372,490,947</u>	<u>919,693,099</u>		
		1,374,213,490	924,213,490		
		<u>(1,853,793)</u>	<u>(4,651,641.00)</u>		
		<u>1,372,339,697</u>	<u>919,361,849</u>		

4.2 Associated companies - at equity method

Faisal Energy Limited (FEL) - unowned
Faisal Transmission Company Limited - unowned

4.2.1 Cost share of post acquisition loss

FEL has not commenced its commercial operations till September 30, 2015 and the share of loss represents administrative expenses only. The Group's share of the result of its associated company, which is unlisted and incorporated in Pakistan, and its share of the assets, liabilities, revenue and profit based on unaudited management accounts as at September 30, 2015.

4.2.2 balance sheet date and further there are insignificant transactions in FY 2015. Resultantly, share of profit / (loss), being considered immaterial, has not been incorporated in these financial statements.

Note	Shares	Carrying value		Percentage of holding	
		September 30, 2015	June 30, 2015	September 30, 2015	June 30, 2015
	Number	Rupees			
4.3	216,440	21,644,000	21,644,000	9.96%	9.56%
		<u>21,644,000</u>	<u>21,644,000</u>		

4.3 Associated companies - at cost

Multan Real Estate (Private) Limited - unowned

4.3.2 This investment is valued at cost owing to non-availability of market value of its shares as it is not listed on any of the stock exchanges in Pakistan. Provisions of section 208 of the Companies Ordinance, 1984 have been fully complied with in this regard.

4.4 Shares of all investment 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. All investments were made from the Group's own sources.

Fazal Cloth Mills Limited



5 Long term musharika

5.1 Long term diminishing musharika-secured

During the period a diminishing musharaka facility of Rs.750.00 million has been obtained from Standard Chartered Bank (Pakistan) Limited for the purpose of swap of expensive LTFF finance drawn from various banks. It is repayable within the period of five years inclusive of one years grace period in eight half yearly equal installments of principal amount. It carries mark up at the rate of 6 Months KIBOR + 1.00% per annum. During the period mark up was charged at the rate of 8.07% per annum. This finance is secured against 1st joint pari passu charge/mortgage of Rs.1,000.00 million on all present and future fixed assets of the Group and personal guarantees of the sponsoring directors.

6 Taxation

This comprises of current tax and deferred tax. Provision for current period taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any, or minimum tax whichever is higher.

7 Date of authorization for issue

This condensed interim consolidated financial information was authorized for issue by the Board of Directors on October 29, 2015

8 General

Figures have been rounded off to the nearest rupee.

Sd/-
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CHIEF EXECUTIVE OFFICER

Sd/-
(REHMAN NASEEM)
CHAIRMAN / DIRECTOR

Sd/-
(FAIZAN-UL-HAQ)
CHIEF FINANCIAL OFFICER



Fazal Cloth Mills Limited

Head Office / Shares Department:

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

Registered Office:

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