

# Financial Statement

(Un-Audited)

For the Six Months Ended

December 31, 2015



**Fazal Cloth Mills Limited**



## Contents

### **Corporate**

- 02 Company Information
- 03 Directors' Review
- 04 Auditors' Report to the Member

### **Un-Consolidated Financial Statements of Fazal Cloth Mills Limited**

- 06 Balance Sheet
- 08 Profit and Loss Account
- 09 Statement of Comprehensive Income
- 10 Cash Flow Statement
- 11 Statement of Changes in Equity
- 12 Notes to the Financial Statements

### **Consolidated Financial Statements of Fazal Cloth Mills Limited**

- 26 Consolidated Balance Sheet
- 28 Consolidated Profit and Loss Account
- 29 Consolidated Statement of Comprehensive Income
- 30 Consolidated Cash Flow Statement
- 31 Consolidated Statement of Changes in Equity
- 32 Notes to the Consolidated Financial Statements



## **Company Information**

Board of Directors	Sh. Naseem Ahmad Mr. Rehman Naseem Mrs. Mahnaz Amir Sheikh Mr. Fazal Ahmed Sheikh Mr. Faisal Ahmed Mr. Fahd Mukhtar Mr. Jamal Nasim	Chief Executive Officer Chairman      Independent Director
Audit Committee	Mr. Jamal Nasim Mr. Rehman Naseem Mr. Fahd Mukhtar	Chairman Member Member
Human Resource and Remuneration Committee	Mr. Rehman Naseem Mrs. Mahnaz Amir Sheikh Mr. Faisal Ahmad	Chairman Member Member
Company Secretary	Mr. Asad Mustafa	
Chief Financial Officer	Mr. Faizan-ul-Haq	
Auditors	KPMG Taseer Hadi & Co., Chartered Accountants	
Bankers	MCB Bank Limited Meezan Bank Limited Soneri Bank Limited Standard Chartered Bank Pakistan Limited NIB Bank Limited Bank Al-Falah Limited Faysal Bank Limited The Bank of Punjab Pak Oman Investment Company Limited Dubai Islamic Bank (Pakistan) Limited Silk Bank Limited Summit Bank Limited	
	Allied Bank Limited National Bank of Pakistan United Bank Limited Habib Bank Limited Barclays Bank PLC, Pakistan Askari Bank Limited The Bank of Khyber Pak Kuwait Investment Company (Pvt.) Limited Pak Brunei Investment Company Limited Samba Bank Limited Saudi Pak Industrial and Agricultural Investment Company Ltd	
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,

Your Directors are pleased to present before you un-audited financial information of Fazal Cloth Mills Limited for the six months ended December 31, 2015. Sales were recorded at Rs. 10,112 million during the six months of the current financial year compared to Rs. 13,343 million during the corresponding period last year, registering a decrease of 24.21%. Your Company earned a pre-tax profit of Rs. 394.838 million (after tax profit of Rs. 246.382 million) as compared to Rs. 454.171 million (after tax profit of Rs. 311.504 million) for the corresponding period last year after charging depreciation of Rs. 390.157 million (2014: Rs. 309.400 million). Earnings per share of the Company for the six month ended December 31, 2015 is Rs. 8.21 as compared to Rs. 10.38 for corresponding period in previous year.

**Subsidiary Companies and Consolidated Financial Statements**

The consolidated condensed interim un-audited financial information comprising Fazal Cloth Mills Limited and Fazal Weaving Mills Limited is annexed with separate interim condensed un-audited 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 six months reported the Group earned a pre-tax profit of Rs. 346.868 million (after tax profit of Rs. 190.398 million) as compared to Rs. 490.925 million (after tax profit of Rs. 340.887 million) earned in the same period last year after charging depreciation of Rs. 447.260 million as compare to Rs. 358.068 million in the same period last year.

**Future Outlook**

Business conditions remain quite tough and margins are under pressure. Due to failure of the 2015-16 cotton crop in Pakistan, less than 10 million bales are expected against 14.8 million bales last year. Prices of cotton in Pakistan are very high as compared to the international market. Pakistani Rupee remains 15-20% overvalued against the US Dollar, while currencies of competitor countries like India are devaluing. This has rendered the entire export sector of the Country uncompetitive. Exports for financial year 2015-16 are down by 15% as compared to last year. Your management continues to do its best to improve the Company's performance in this challenging environment.

**Management and Labor Relations**

The relations between the workers and management 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: February 26, 2016

Sd/-  
(Rehman Naseem)  
Chairman/Director



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

**Introduction**

We have reviewed the accompanying condensed interim unconsolidated balance sheet of **Fazal Cloth Mills Limited** ("the Company") as at December 31, 2015 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 "condensed interim unconsolidated financial information"). Management is responsible for the preparation and presentation of this condensed 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 condensed 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 condensed 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 condensed 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.

**Other Matter**

The figures for the three months period ended December 31, 2015, 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

Date: February 26, 2016

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



**Fazal Cloth Mills Limited (The Company)**  
Condensed Interim UnConsolidated Financial Statements (Un-Audited)  
for the six months ended December 31, 2015



## Condensed Interim UnConsolidated Balance Sheet

		(Un-audited) December 31, 2015 Rupees	(Audited) June 30, 2015 Rupees
<b>ASSETS</b>			
<b><u>Non-current assets</u></b>			
Property, plant and equipment	5	17,129,176,670	17,465,989,537
Long term investments	6	4,463,711,747	3,657,165,531
Long term loan		530,000,000	530,000,000
Long term deposits		22,807,493	22,807,493
		<u>22,145,695,910</u>	<u>21,675,962,561</u>
<b><u>Current assets</u></b>			
Stores, spares and loose tools		431,229,303	391,331,937
Stock-in-trade		5,618,557,901	4,446,033,548
Trade debts	7	2,505,233,003	3,805,423,237
Loans and advances		847,672,198	891,883,769
Trade deposits and short term prepayments		37,846,619	7,385,469
Mark-up accrued		122,789,461	98,148,500
Other receivables and deposits		111,920,514	134,025,479
Short term investments	8	323,632,820	545,590,770
Tax refundable		450,247,519	539,593,136
Cash and bank balances	9	121,752,332	169,824,779
		<u>10,570,881,670</u>	<u>11,029,240,624</u>
		<u>32,716,577,580</u>	<u>32,705,203,185</u>

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

sd/-  
(SHEIKH NASEEM AHMAD)  
CHIEF EXECUTIVE OFFICER

sd/-  
(REHMAN NASEEM)  
CHAIRMAN / DIRECTOR

# Fazal Cloth Mills Limited



As at December 31, 2015

		(Un-audited) December 31, 2015 Rupees	(Audited) June 30, 2015 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b><u>Share capital and reserves</u></b>			
Authorized share capital	10	<u>700,000,000</u>	<u>700,000,000</u>
Issued, subscribed and paid-up capital	10	300,000,000	300,000,000
Capital reserves		2,302,157,350	1,945,611,134
Unappropriated profits		<u>6,635,013,914</u>	<u>6,406,846,268</u>
		9,237,171,264	8,652,457,402
Surplus on revaluation of fixed assets - net of tax		6,733,975,120	6,865,760,927
<b><u>Non-current liabilities</u></b>			
Long term financing - secured	11	4,783,968,491	5,549,364,925
Long term musharika - secured	12	1,405,000,000	195,000,000
Deferred liabilities:			
- Staff gratuity		224,231,182	212,473,755
- Deferred taxation		1,979,173,688	1,950,326,682
		8,392,373,361	7,907,165,362
<b><u>Current liabilities</u></b>			
Trade and other payables	13	2,203,836,618	1,815,673,276
Accrued profit / interest / mark-up		316,933,105	296,152,121
Short term borrowings - secured		4,136,648,867	5,741,657,906
Current portion of non-current liabilities		<u>1,695,639,245</u>	<u>1,426,336,191</u>
		8,353,057,835	9,279,819,494
Contingencies and commitments	14	<u>32,716,577,580</u>	<u>32,705,203,185</u>

sd/-  
(FAIZAN UL HAQ)  
CHIEF FINANCIAL OFFICER



# Fazal Cloth Mills Limited



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

For the six months ended December 31, 2015

	<b>Six Months Ended December 31, 2015 Rupees</b>	<b>Six Months Ended December 31, 2014 Rupees</b>	<b>Three Months Ended December 31, 2015 Rupees</b>	<b>Three Months Ended December 31, 2014 Rupees</b>
<b>Profit after taxation</b>	<b>246,381,835</b>	311,503,704	<b>117,356,261</b>	84,945,623
<b><u>Other comprehensive income - net of tax</u></b>				
Items that are or may be reclassified subsequently to profit and loss.				
Net change in fair value of available for sale financial assets.				
	<b>356,546,216</b>	(426,469,590)	<b>(97,650,748)</b>	(463,636,068)
<b>Total comprehensive income for the six months ended</b>	<b><u>602,928,051</u></b>	<u>737,973,294</u>	<b><u>19,705,513</u></b>	<u>548,581,691</u>

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

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 six months ended December 31, 2015



Note	Six Months Ended December 31, 2015 Rupees	Six Months Ended December 31, 2014 Rupees
<b>Cash flows from operating activities</b>		
Profit before taxation	394,837,795	454,171,427
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	390,157,518	309,399,975
Unrealized loss / (gain) on re-measurement of investments	(31,008,756)	(41,101,844)
Provision for gratuity	48,856,893	43,318,934
Provision for infrastructure cess	12,413,136	14,185,459
Loss / (Gain) on disposal of property, plant and equipment	(4,588)	(8,781,647)
Gain on disposal of investment	(82,311,224)	-
Dividend income	(191,556,417)	(392,832)
Finance cost	470,968,214	630,770,104
<b>Cash generated from operations before working capital changes</b>	<b>1,012,352,571</b>	<b>1,401,569,576</b>
<b>Effect on cash flows due to working capital changes</b>		
<i>(Increase) / decrease in current assets:</i>		
Stores, spares and loose tools	(39,897,366)	21,915,093
Stock-in-trade	(1,172,524,353)	(1,303,888,093)
Trade debts	1,300,190,234	(1,211,585,815)
Loans and advances	(405,788,428)	634,383,338
Trade deposits and short term prepayments	(30,461,150)	(69,924,065)
Other receivables	<b>22,104,965</b>	172,718,049
	(374,504,435)	(1,756,381,493)
<i>Increase in current liabilities</i>		
Trade and other payables	374,504,435	287,507,856
<b>Cash generated from / (used in) operations</b>	<b>1,060,480,908</b>	<b>(67,304,061)</b>
Gratuity paid to employees	(37,099,465)	(21,077,586)
Taxes paid	(30,263,334)	(57,922,051)
Finance cost paid - net	(474,828,191)	(599,753,792)
	<b>(542,190,990)</b>	<b>(678,753,429)</b>
<b>Net cash generated from / (used in) operating activities</b>	<b>518,289,918</b>	<b>(746,057,490)</b>
<b>Cash flows from investing activities</b>		
Capital expenditure incurred	(53,522,105)	(221,195,923)
Proceeds from sale of property, plant and equipment	182,041	14,674,920
Investment in associates	-	(945,857,490)
Proceeds from sale of investment	335,277,930	-
Dividend received	191,556,417	392,832
<b>Net cash generated from / (used in) investing activities</b>	<b>473,494,283</b>	<b>(1,151,985,661)</b>
<b>Cash flows from financing activities</b>		
Long term financing obtained	54,609,713	548,661,626
Long term financing repaid	(550,703,093)	(469,448,954)
Long term musharika obtained	1,250,000,000	-
Long term musharika repaid	(40,000,000)	(25,000,000)
Short term borrowings - net	(1,605,009,039)	1,710,611,884
Cash dividend paid	(148,754,229)	(6,436,981)
<b>Net cash (used) in / generated from financing activities</b>	<b>(1,039,856,648)</b>	<b>1,758,387,575</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(48,072,447)</b>	<b>(139,655,576)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>169,824,779</b>	<b>346,251,152</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>121,752,332</b>	<b>206,595,576</b>

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

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 Changes in Equity (Un-Audited)

For the period ended December 31, 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 -----					
<b>Balance as at June 30, 2014</b>	<b>300,000,000</b>	<b>77,616,000</b>	<b>175,000,000</b>	<b>1,058,645,242</b>	<b>5,822,543,822</b>	<b>7,433,805,064</b>
<b><i>Total comprehensive income</i></b>						
<b>Profit for the six months period ended 31 December 2014</b>	-	-	-	-	311,503,704	311,503,704
<b>other comprehensive income.</b>	-	-	-	426,469,590	-	426,469,590
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the year - <i>net of tax</i>	-	-	-	426,469,590	311,503,704	737,973,294
<i>Transactions with the owners of the Company:</i>						
Cash dividend @ Rs. 2.5 per share	-	-	-	-	(75,000,000)	(75,000,000)
<b>Balance as at December 31, 2014</b>	<b>300,000,000</b>	<b>77,616,000</b>	<b>175,000,000</b>	<b>1,485,114,832</b>	<b>6,124,386,084</b>	<b>8,162,116,916</b>
<b><i>Total comprehensive income</i></b>						
<b>Profit for the six months period ended 30 June 2015</b>	-	-	-	-	199,009,147	199,009,147
<b>other comprehensive income / (loss.)</b>	-	-	-	207,880,302	(13,134,987)	194,745,315
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the year - <i>net of tax</i>	-	-	-	207,880,302	185,874,160	393,754,462
Transfer from surplus on revaluation of fixed assets on disposal - <i>net of tax</i>	-	-	-	-	93,988,327	93,988,327
<i>Transactions with the owners of the Company:</i>						
Cash dividend @ Rs. 5 per share	-	-	-	-	(150,000,000)	(150,000,000)
<b>Balance as at June 30, 2015</b>	<b>300,000,000</b>	<b>77,616,000</b>	<b>175,000,000</b>	<b>1,692,995,134</b>	<b>6,406,846,268</b>	<b>8,652,457,402</b>
<b><i>Total comprehensive income</i></b>						
<b>Profit for the six months period ended 31 December 2015</b>	-	-	-	-	246,381,835	246,381,835
<b>other comprehensive income.</b>	-	-	-	356,546,216	-	356,546,216
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the year - <i>net of tax</i>	-	-	-	356,546,216	246,381,835	602,928,051
<i>Transactions with the owners of the Company:</i>						
Cash dividend @ Rs. 5 per share	-	-	-	-	131,785,811	131,785,811
<b>Balance as at December 31, 2015</b>	<b>300,000,000</b>	<b>77,616,000</b>	<b>175,000,000</b>	<b>2,049,541,350</b>	<b>6,635,013,914</b>	<b>9,237,171,264</b>

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

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 Unconsolidated Financial Information (Un-audited)

For the period ended December 31, 2015



## 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 Pakistan Stock Exchange (formerly 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 Basis of Accounting

2.1.1 This condensed interim financial information comprises the condensed interim unconsolidated balance sheet of the Company as at December 31, 2015 and the related condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated cash flow statement and condensed interim unconsolidated statement of changes in equity together with the notes forming part thereof.

2.1.2 This condensed interim financial information of the Company for the six months period ended December 31, 2015 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - Interim Financial Reporting 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.

2.1.3 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 annual financial statements for the year ended June 30, 2015.

2.1.4 Comparative balance sheet numbers are extracted from the annual audited financial statements of the Company for the year ended June 30, 2015, whereas comparative profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity are stated from unaudited condensed interim financial information of the Company for the six months period ended December 31, 2014.

2.1.5 This condensed interim financial information is unaudited and being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of Pakistan Stock Exchange Limited.

2.1.6 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 net assets 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
<b><u>Subsidiary</u></b>		
- Fazal Weaving Mills Limited ("Subsidiary")	100%	Spinning

# Fazal Cloth Mills Limited



Name of the company	Shareholding	Nature
<b>Associates</b>		
- Fatima Energy Limited	26.30%	Energy Generation
- Fatima Transmission Company Limited	37.50%	Transmission of Energy

## 3 Significant accounting policies

**3.1** Except as referred to in note 3.2, the accounting policies and the methods of computation adopted in the preparation of this condensed interim unconsolidated financial information are same as those applied in the preparation of the unconsolidated financial statements for the year ended 30 June 2015. The Company has adopted IFRS 13 'Fair Value Measurement' during the period which became effective for financial periods beginning on or after 1 January 2015. The effect of IFRS 13 'Fair Value Measurement' is disclosed in notes 3.2 and 14 to this condensed interim unconsolidated financial information.

### 3.2 Change in Accounting Policy

IFRS 13 Fair value measurement establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required and permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market participants on the measurement date. It replaces and expands the disclosure requirements about fair value measurement in other IFRSs, including IFRS 7 Financial Instruments : Disclosures. As a result the Company has added additional disclosures in this regard in note 13 to the condensed interim unconsolidated financial information. In accordance with the transitional provisions of IFRS 13, the Company has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impacts on the measurements of the Company's financial assets and liabilities.

**3.3** There were certain other new standards and amendments to the approved accounting standards which became effective during the period but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed.

In addition to the above, following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January, 2016:

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IAS 19 - Employee Benefits	01 January 2016
IAS 38 - Intangible Assets	01 January 2016
IAS 16 - Property, Plant and Equipment	01 January 2016
IAS 41 - Agriculture	01 January 2016
IFRS 10 - Consolidated Financial Statements	01 January 2016
IAS 28 - Investments in Associates and Joint Ventures	01 January 2016
IFRS 5- Non-current Assets Held for Sale and Discontinued Operations	01 January 2016
IFRS 7- Financial Instruments- Disclosures	01 January 2016
IAS 27 - Separate Financial Statements	01 January 2016
IAS 34 - Interim Financial Reporting	01 January 2016

## 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 June 30, 2015.

# Fazal Cloth Mills Limited



		(Un-audited) 31 December 2015 Rupees	(Audited) 30, June 2015 Rupees
<b>5 Property, plant and equipment</b>	<i>Note</i>		
Operating fixed assets	5.1	16,872,542,622	17,246,242,193
Capital work-in-progress - <i>at cost</i>	5.2	256,634,048	219,747,344
		<b>17,129,176,670</b>	<b>17,465,989,537</b>
<b>5.1 Opening net book value</b>		<b>17,246,242,193</b>	<b>13,354,869,381</b>
<i>Additions during the period / year:</i>			
Freehold land		939,750	102,246,296
Factory building		-	25,691,082
Non-factory building		-	41,049,329
Plant and machinery		6,732,897	276,521,974
Furniture and fixtures		9,500	1,013,557
Office equipment		2,393,603	2,786,859
Vehicles		6,421,980	7,179,697
Electric fittings and installations		127,671	12,165,414
Tools, laboratory equipment and arms		-	465,799
Fire extinguishing equipments and scales		10,000	202,170
		<b>16,635,401</b>	<b>469,322,177</b>
Addition on revaluation surplus		-	4,116,194,377
Carrying value of assets disposed off during the period / year		(177,453)	(26,564,237)
Depreciation charge for the period / year		(390,157,519)	(667,579,505)
Closing net book value		<b>16,872,542,622</b>	<b>17,246,242,193</b>
<b>5.2 The detail of capital work-in-progress is as follows:</b>			
Factory building		158,584,549	132,639,607
Non-factory building		69,264,475	61,010,301
Plant and machinery		24,756,292	17,280,445
Furniture and fixtures		529,320	368,766
Office equipment		159,226	24,480
Vehicles		63,500	-
Electric fittings and installations		2,797,900	8,423,745
Fire extinguishing equipment and Scales		331,186	-
Tools, laboratory equipment and arms		147,600	-
		<b>256,634,048</b>	<b>219,747,344</b>
<b>6 Long term investments</b>			
<i>Investment in related parties</i>			
Associated company - <i>at fair value</i>	6.1	2,817,723,007	2,461,176,791
Associated companies - <i>at cost</i>	6.2	1,395,988,740	945,988,740
Subsidiary company - <i>at cost</i>	6.3	250,000,000	250,000,000
		<b>4,463,711,747</b>	<b>3,657,165,531</b>



	Note	Shares		Market value		Market value per share		Percentage of holding	
		31 December, 2015	30 June, 2015	December 31, 2015	June 30, 2015	31 December, 2015	30 June, 2015	31 December, 2015	30 June, 2015
		Number		Rupees		Rupees			
<b>6.1 Associated Company - at fair value</b>									
Fatima Fertilizer Company Limited - quoted	6.1.1	62,994,031	62,994,031	2,817,723,007	2,461,176,791	44.73	39.07	2.88%	2.88%
				<u>2,817,723,007</u>	<u>2,461,176,791</u>				

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

	Note	Shares		Carrying value		Percentage of holding	
		31 December, 2015	30 June, 2015	31 December, 2015	30 June, 2015	31 December, 2015	30 June, 2015
		Number		Rupees			
<b>6.2 Associated companies - at cost</b>							
Fatima Energy Limited - unquoted	6.2.1	137,421,349	92,421,349	1,374,213,490	924,213,490	26.30%	46.99%
Fatima Transmission Company Limited - unquoted	6.2.1	13,125	13,125	131,250	131,250	37.50%	37.50%
Multan Real Estate (Private) Limited - unquoted	6.2.1	216,440	216,440	21,644,000	21,644,000	9.96%	9.96%
				<u>1,395,988,740</u>	<u>945,988,740</u>		

6.2.1 These investments are valued at cost owing to non-availability of market value of its shares as they are not listed. All investments were made from the Company's own sources. Provisions of section 208 of the Companies Ordinance, 1984 have been fully complied within this regard. At present, the Company owns 26.30% equity of Fatima Energy Limited (FEL) however, the Company will ultimately hold 22% of FEL's equity after enhancement in paid-up capital of FEL as per terms of special resolution passed in AGM dated October 31, 2013.

	Note	Shares		Carrying value		Percentage of holding	
		31 December, 2015	30 June, 2015	31 December, 2015	30 June, 2015	31 December, 2015	30 June, 2015
		Number		Rupees			
<b>6.3 Subsidiary company - at cost</b>							
Fazal Weaving Mills Limited - unquoted	6.3.1	25,000,000	25,000,000	250,000,000	250,000,000	100%	100%
				<u>250,000,000</u>	<u>250,000,000</u>		

6.3.1 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.

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.

# Fazal Cloth Mills Limited



		(Un-audited) December 31, 2015 Rupees	(Audited) June 30, 2015 Rupees
<b>7 Trade debts</b>	<i>Note</i>		
Considered good:			
- secured		943,855,113	1,710,822,642
- unsecured	7.1	<u>1,561,377,890</u>	<u>2,094,600,595</u>
		<u><b>2,505,233,003</b></u>	<u><b>3,805,423,237</b></u>

7.1 This includes balance amounting to Rs. 5.063 million (30 June 2015: Rs. 175.036 million) receivable from the subsidiary and associated companies.

		(Un-audited) December 31, 2015 Rupees	(Audited) June 30, 2015 Rupees
<b>8 Short term investments</b>	<i>Note</i>		
Investments at fair value through profit or loss			
These investments are 'held for trading'			
Carrying value at balance sheet date:			
Related parties		254,736,400	189,080,000
Others		<u>37,887,664</u>	<u>38,188,181</u>
		<u><b>292,624,064</b></u>	<u><b>227,268,181</b></u>
Unrealized gain on re-measurement of investment - during the period / year		<u>31,008,756</u>	<u>65,355,883</u>
		<u><b>323,632,820</b></u>	<u><b>292,624,064</b></u>

*Fair value of short term investments comprises of:*

Related parties	8.1	291,639,600	254,736,400
Others	8.1	<u>31,993,220</u>	<u>37,887,664</u>
		<u><b>323,632,820</b></u>	<u><b>292,624,064</b></u>
Investments available for sale			
Related parties	8.2	-	252,966,706
		<u>-</u>	<u><b>252,966,706</b></u>



	Shares		Fair value		Market value per share		Percentage of holding	
	31 December 2015	30 June 2015	31 December 2015	30 June 2015	31 December 2015	30 June 2015	31 December 2015	30 June 2015
<i>Note</i>	-----Number-----		-----Rupees-----		-----Rupees-----			
<b>8.1 Held for trading</b>								
<b><i>Related party</i></b>								
Fatima Fertilizer Company Limited - <i>quoted</i>	6,520,000	6,520,000	291,639,600	254,736,400	44.73	39.07	0.43%	0.43%
<b><i>Other</i></b>								
Pakistan State Oil Company Limited - <i>quoted</i>	98,208	98,208	31,993,220	37,887,664	325.77	385.79	0.04%	0.04%
			<b>323,632,820</b>	<b>292,624,064</b>				

	Shares		Cost	
	31 December 2015	30 June 2015	31 December 2015	30 June 2015
<i>Note</i>	-----Number-----		-----Rupees-----	

**8.2 Available for sale**

***Related party***

Pakrab Fertilizers Limited - <i>unquoted</i>	-	25,790,610	-	252,966,706
			<b>-</b>	<b>252,966,706</b>

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

**9 Cash and cash balances**

	(Un-audited) December 31, 2015 Rupees	(Audited) June 30, 2015 Rupees
Cash in hand	9,605,291	3,985,430
Cash at banks		
- Current accounts	61,742,577	165,428,248
- Saving accounts	50,404,464	411,101
	<b>112,147,041</b>	<b>165,839,349</b>
	<b>121,752,332</b>	<b>169,824,779</b>

**9.1** These represent funds placed with commercial banks carrying mark-up at the rates ranging from 3.28% to 4.62% (30 June, 2015: 10.20% to 10.21%) per annum.

# Fazal Cloth Mills Limited



			(Un-audited) December 31, 2015 Rupees	(Audited) June 30, 2015 Rupees
<b>10 Share Capital</b>				
<b>10.1 Authorized share capital</b>				
<b>Number of shares</b>				
	<b>40,000,000</b>	(June 30, 2015: 40,000,000) ordinary shares of Rs. 10 each	<b>400,000,000</b>	400,000,000
	<b>30,000,000</b>	(June 30, 2015: 30,000,000) redeemable cumulative preference shares of Rs. 10 each	<b>300,000,000</b>	300,000,000
	<b>70,000,000</b>		<b>700,000,000</b>	700,000,000
<b>10.2 Issued, subscribed and paid-up capital</b>				
	(Un-audited) 31 December 2015	(Audited) 30 June 2015		
	----- (Number of shares) -----			
	<b>1,000,000</b>	1,000,000 Ordinary shares of Rs. 10 each fully paid in cash	<b>10,000,000</b>	10,000,000
	<b>9,187,200</b>	9,187,200 Ordinary shares of Rs. 10 each fully paid as right shares	<b>91,872,000</b>	91,872,000
	<b>19,812,800</b>	19,812,800 Ordinary shares of Rs.10 each issued as bonus shares	<b>198,128,000</b>	198,128,000
	<b>30,000,000</b>		<b>300,000,000</b>	300,000,000
<b>11 Long term financing - secured</b>		<i>Note</i>		
Opening balance			<b>6,895,701,116</b>	6,992,585,608
Loan obtained during the period / year			<b>54,609,713</b>	1,158,973,020
Repayments made during the period / year			<b>(550,703,093)</b>	(1,255,857,512)
Closing balance			<b>6,399,607,736</b>	6,895,701,116
Less: current portion grouped under current liabilities			<b>(1,615,639,245)</b>	(1,346,336,191)
			<b>4,783,968,491</b>	5,549,364,925
<b>12 Long term musharika - secured</b>				
Opening balance			<b>275,000,000</b>	325,000,000
Loan obtained during the period / year		<i>12.1 &amp; 12.2</i>	<b>1,250,000,000</b>	-
Repayments made during the period / year			<b>(40,000,000)</b>	(50,000,000)
Closing balance			<b>1,485,000,000</b>	275,000,000
Less: current portion grouped under current liabilities			<b>(80,000,000)</b>	(80,000,000)
			<b>1,405,000,000</b>	195,000,000
<b>12.1 Standard Chartered Bank (Pakistan) Limited</b>				
	During the period a diminishing musharika 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 year grace period in eight half yearly equal installments of principal amount. It carries profit at the rate of 6 Months KIBOR+ 1.00% per annum. During the period profit 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.			
<b>12.2 Dubai Islamic Bank Pakistan Limited</b>				
	During the period a diminishing musharika facility of Rs. 500.00 million has been obtained from Dubai Islamic Bank Pakistan Limited for the purpose of re-profiling of existing short term financing. It is repayable within the period of six years inclusive of one year grace period in ten half yearly equal installments of principal amount. It carries profit at the rate of 6 Months KIBOR+ 1.00% per annum. During the period profit was charged at the rate of 7.58% per annum. This finance is secured against 1st pari passu charge/mortgage of Rs.666.67 million 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. 105.733 million (June 30, 2015: Rs. 81.216 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 June 30, 2015.

14.2 Export documents negotiated with banks under Foreign bill purchase ("FBP") facility aggregating to \$ 1.81 million (June 30, 2015: \$ 0.28 million). Upon receipt of acceptance by the concerned banks subsequent to balance sheet date, this exposure has been shifted to bank risk and accordingly not recourseable to the Company.

<i>Commitments</i>	<i>Note</i>	<b>(Un-audited) December 31, 2015 Rupees</b>	<b>(Audited) June 30, 2015 Rupees</b>
14.3 Guarantees issued by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies.		<b>387,350,000</b>	<b>377,750,000</b>
14.4 <b>Commitments for irrevocable letters of credit:</b>			
- capital expenditure		<b>30,894,928</b>	13,512,446
- raw material, stores and spares		<b>897,670,011</b>	425,895,998
- others	<i>14.4.1</i>	<b>1,154,061,000</b>	785,786,510
		<b>2,051,731,011</b>	1,225,194,954

14.4.1 As at balance sheet date, stand by letters of credit ("SBLs") amounting to Rs.1,154 million are outstanding issued by the National Bank of Pakistan and Barclays Bank PLC, Pakistan which merged into Habib Bank Limited on behalf of the Company favoring the lenders of Fatima Energy Limited ("FEL"), an associated company. Subsequent to balance sheet date SBL of Rs.354 million out of the above issued by Barclays Bank PLC, Pakistan has been retired and accordingly cancelled. In terms of above SBLs, if the Company fails to provide the committed amount of equity during the period of two years, the lenders of FEL can draw on the SBLs to cover the amount not provided by the Company. An amount of Rs.1,374 million has been paid by the Company to FEL till December 31, 2015.

# Fazal Cloth Mills Limited



	Six months ended		Three months ended	
	(Un-audited) December 31, 2015 Rupees	(Un-audited) December 31, 2014 Rupees	(Un-audited) December 31, 2015 Rupees	(Un-audited) December 31, 2014 Rupees
<b>15 Sales - net</b>				
Export	<b>3,822,743,303</b>	5,247,607,092	<b>1,727,403,519</b>	2,479,875,969
Local	<b>6,132,400,712</b>	7,924,127,712	<b>3,287,690,902</b>	3,840,089,293
Waste	<b>242,670,257</b>	219,853,795	<b>129,897,065</b>	176,831,598
	<b>10,197,814,272</b>	13,391,588,599	<b>5,144,991,486</b>	6,496,796,860
Less : Commission	<b>(85,352,948)</b>	(48,763,114)	<b>(47,737,192)</b>	(30,765,997)
	<b>10,112,461,324</b>	13,342,825,485	<b>5,097,254,294</b>	6,466,030,863
<b>16 Cost of sales</b>				
Raw and packing materials consumed	<b>6,702,821,482</b>	6,897,991,048	<b>3,376,764,994</b>	3,560,923,061
Manufacturing costs	<b>2,873,747,158</b>	2,950,609,082	<b>1,565,625,638</b>	1,553,363,975
	<b>9,576,568,640</b>	9,848,600,130	<b>4,942,390,632</b>	5,114,287,036
Opening stock of work-in-process	<b>249,878,782</b>	276,188,806	<b>234,233,801</b>	215,243,664
Closing stock of work-in-process	<b>(259,835,878)</b>	(280,385,402)	<b>(259,835,878)</b>	(280,385,402)
Cost of goods manufactured	<b>9,566,611,544</b>	9,844,403,534	<b>4,916,788,555</b>	5,049,145,298
Opening stock of finished goods	<b>1,042,443,831</b>	2,261,691,402	<b>1,462,706,612</b>	1,464,373,060
Finished goods purchased	<b>506,084,336</b>	1,365,020,845	<b>150,822,675</b>	743,667,603
	<b>11,115,139,711</b>	13,471,115,781	<b>6,530,317,842</b>	7,257,185,961
Closing stock of finished goods	<b>(1,853,616,178)</b>	(1,555,645,918)	<b>(1,853,616,178)</b>	(1,555,645,918)
Cost of raw material sold	<b>37,005,300</b>	105,246,698	<b>37,005,300</b>	57,789,868
	<b>9,298,528,833</b>	12,020,716,561	<b>4,713,706,964</b>	5,759,329,911

- 17 The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 on every public company other than a scheduled bank or modaraba, that derives profits for tax year and does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such an extent that its reserves, after such distribution, are in excess of 100% of its paid up capital. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40 percent of its after tax profits or 50% of its paid up capital, whichever is less, within six months of the end of the tax year.

The Board of Directors of the Company intends to distribute sufficient cash dividend for the year ended 30 June 2016 to comply with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been recognized in this condensed interim financial information for the six months ended December 31, 2015.



**18 Financial instruments - Fair values and risk management**

**18.1 Fair value measurement of financial instruments**

The additional disclosures due to the adoption of IFRS 13 Fair value measurement are as follows :

	Carrying amount				Fair value				
	Held-for trading	Loans and receivables	Available for-sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- Rupees -----									
<b>December 31, 2015</b>									
<b>Financial assets - measured at fair value</b>									
Long term investments	-	-	2,817,723,007	-	2,817,723,007	2,817,723,007	-	-	2,817,723,007
Short term investments	323,632,820	-	-	-	323,632,820	323,632,820	-	-	323,632,820
	<b>323,632,820</b>	<b>-</b>	<b>2,817,723,007</b>	<b>-</b>	<b>3,141,355,827</b>	<b>3,141,355,827</b>	<b>-</b>	<b>-</b>	<b>3,141,355,827</b>
<b>Financial assets - not measured at fair value</b>									
Long term investments	-	-	1,645,988,740	-	1,645,988,740	-	-	-	-
Long term loan	-	530,000,000	-	-	530,000,000	-	-	-	-
Long term deposits	-	22,807,493	-	-	22,807,493	-	-	-	-
Trade debts	-	2,505,233,003	-	-	2,505,233,003	-	-	-	-
Loans and advances	-	847,672,198	-	-	847,672,198	-	-	-	-
Mark-up accrued	-	122,789,461	-	-	122,789,461	-	-	-	-
Other receivables and deposits	-	111,920,514	-	-	111,920,514	-	-	-	-
Cash and bank balances	-	121,752,332	-	-	121,752,332	-	-	-	-
	<b>-</b>	<b>4,262,175,001</b>	<b>1,645,988,740</b>	<b>-</b>	<b>5,908,163,741</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities - not measured at fair value</b>									
Long term financing - secured	-	-	-	4,783,968,491	4,783,968,491	-	4,783,968,491	-	4,783,968,491
Long term musharika - secured	-	-	-	1,405,000,000	1,405,000,000	-	1,405,000,000	-	1,405,000,000
Trade and other payables	-	-	-	2,203,836,618	2,203,836,618	-	-	-	-
Accrued profit / interest / mark-up	-	-	-	316,933,105	316,933,105	-	-	-	-
Short term borrowings - secured	-	-	-	4,136,648,867	4,136,648,867	-	4,136,648,867	-	4,136,648,867
Current portion of non-current liabilities	-	-	-	1,695,639,150	1,695,639,150	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,542,026,231</b>	<b>14,542,026,231</b>	<b>-</b>	<b>10,325,617,358</b>	<b>-</b>	<b>10,325,617,358</b>

Held-for trading	Carrying amount				Fair value				
	Loans and receivables	Available for-sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
----- Rupees -----									
<b>June 30, 2015</b>									
<b>Financial assets - measured at fair value</b>									
Long term investments	-	-	2,461,176,791	-	2,461,176,791	2,461,176,791	-	-	2,461,176,791
Short term investments	545,590,770	-	-	-	545,590,770	545,590,770	-	-	545,590,770
	<u>545,590,770</u>	<u>-</u>	<u>2,461,176,791</u>	<u>-</u>	<u>3,006,767,561</u>	<u>3,006,767,561</u>	<u>-</u>	<u>-</u>	<u>3,006,767,561</u>
<b>Financial assets - not measured at fair value</b>									
Long term investments	-	-	1,195,988,740	-	1,195,988,740	-	-	-	-
Long term loan	-	530,000,000	-	-	530,000,000	-	-	-	-
Long term deposits	-	22,807,493	-	-	22,807,493	-	-	-	-
Trade debts	-	3,805,423,237	-	-	3,805,423,237	-	-	-	-
Loans and advances	-	891,883,769	-	-	891,883,769	-	-	-	-
Mark-up accrued	-	98,148,500	-	-	98,148,500	-	-	-	-
Other receivables and deposits	-	134,025,479	-	-	134,025,479	-	-	-	-
Cash and bank balances	-	169,824,779	-	-	169,824,779	-	-	-	-
	<u>-</u>	<u>5,652,113,257</u>	<u>1,195,988,740</u>	<u>-</u>	<u>6,848,101,997</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities - not measured at fair value</b>									
Long term financing - secured	-	-	-	5,549,364,925	5,549,364,925	-	5,549,364,925	-	5,549,364,925
Long term musharika - secured	-	-	-	195,000,000	195,000,000	-	195,000,000	-	195,000,000
Trade and other payables	-	-	-	1,815,673,276	1,815,673,276	-	-	-	-
Accrued profit / interest / mark-up	-	-	-	296,152,121	296,152,121	-	-	-	-
Short term borrowings - secured	-	-	-	5,741,657,906	5,741,657,906	-	5,741,657,906	-	5,741,657,906
Current portion of non-current liabilities	-	-	-	1,426,336,191	1,426,336,191	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,024,184,419</u>	<u>15,024,184,419</u>	<u>-</u>	<u>11,486,022,831</u>	<u>-</u>	<u>11,486,022,831</u>

## 18.2 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 June 30, 2015.





## 19 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:

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

	<b>Six months ended</b>	
	<b>(Un-audited) December 31, 2015 Rupees</b>	<b>(Un-audited) December 31, 2014 Rupees</b>
<i>Associated undertakings</i>		
Sale of goods	<b>778,486,874</b>	1,020,456,719
Purchase of goods	<b>695,637,203</b>	1,131,815,433
<i>Post retirement benefits</i>		
Provision for staff retirement benefits	<b>48,856,893</b>	43,318,934

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

19.3 Salaries and benefits of key management personnel for the six months period ended December 31, 2015 amounted to Rs. 29.698 million (December 31, 2014: Rs. 28.918 million) out of which Rs. 4.86 million (December 31, 2014: Rs. 4.60 million) relates to post employment benefits.

## 20 Date of authorization for issue

This condensed interim unconsolidated financial information was authorized for issue by the Board of Directors on February 26, 2016.

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 six months ended December 31, 2015



## Fazal Cloth Mills Limited

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

		(Un-audited) December 31, 2015 Rupees	(Audited) June 30, 2015 Rupees
<b>ASSETS</b>			
<b><i>Non-current assets</i></b>			
Property, plant and equipment	5	20,278,048,934	19,891,189,835
Intangible assets		915,150	1,006,125
Long term investments	6	4,211,429,234	3,402,513,890
Long term deposits		22,807,493	34,418,530
		24,513,200,811	23,329,128,380
 <b><i>Current assets</i></b>			
Stores, spares and loose tools		476,674,425	428,686,925
Stock-in-trade		6,738,122,496	5,433,567,576
Trade debts	7	2,750,356,809	4,048,617,303
Loans and advances		203,217,449	531,136,342
Trade deposits and short term prepayments		41,732,356	7,385,469
Mark-up accrued		16,149,938	12,219,779
Other receivables and deposits		113,550,514	134,025,479
Short term investments	8	323,632,820	545,590,770
Tax refundable		593,522,439	632,060,909
Cash and bank balances	9	152,076,802	177,228,341
		11,409,036,048	11,950,518,893
		35,922,236,859	35,279,647,273

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

sd/-  
(SHEIKH NASEEM AHMAD)  
CHIEF EXECUTIVE OFFICER

sd/-  
(REHMAN NASEEM)  
CHAIRMAN / DIRECTOR

# Fazal Cloth Mills Limited



As at December 31, 2015

		(Un-audited) December 31, 2015 Rupees	(Audited) June 30, 2015 Rupees
	<i>Note</i>		
<b>EQUITY AND LIABILITIES</b>			
<b><i>Share capital and reserves</i></b>			
Authorized share capital	10	<u>700,000,000</u>	<u>700,000,000</u>
Issued, subscribed and paid-up capital	10	300,000,000	300,000,000
Capital reserves		2,302,157,350	1,945,611,134
Unappropriated profits		<u>6,637,503,123</u>	<u>6,459,764,305</u>
		9,239,660,473	8,705,375,439
Surplus on revaluation of fixed assets - <i>net of tax</i>		6,953,034,814	7,090,382,591
<b><i>Non-current liabilities</i></b>			
Long term financing - <i>secured</i>	11	6,469,883,912	6,701,070,813
Long term musharika - <i>secured</i>	12	1,420,613,245	212,174,569
Deferred liabilities:			
- <i>Staff gratuity</i>		229,527,803	220,481,472
- <i>Deferred taxation</i>		1,894,342,743	1,862,752,475
		10,014,367,703	8,996,479,329
<b><i>Current liabilities</i></b>			
Trade and other payables	13	2,337,983,353	1,899,625,930
Accrued profit / interest / mark-up		357,253,382	340,444,923
Short term borrowings - <i>secured</i>		5,097,114,048	6,715,274,961
Current portion of non-current liabilities		<u>1,922,823,086</u>	<u>1,532,064,100</u>
		9,715,173,869	10,487,409,914
Contingencies and commitments	14	<u>35,922,236,859</u>	<u>35,279,647,273</u>

sd/-  
(FAIZAN UL HAQ)  
CHIEF FINANCIAL OFFICER

# Fazal Cloth Mills Limited



## Condensed Interim Consolidated Profit and Loss Account (Un-Audited)

For the six months ended December 31, 2015

		Six Months Ended	Six Months Ended	Three Months Ended	Three Months Ended
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	Note	Rupees	Rupees	Rupees	Rupees
Sales - net	15	11,378,348,109	14,169,715,215	5,703,099,318	6,948,540,195
Cost of sales	16	(10,486,259,634)	(12,644,820,437)	(5,284,463,178)	(6,135,180,464)
<b>Gross profit</b>		<b>892,088,475</b>	1,524,894,778	<b>418,636,140</b>	813,359,731
Distribution cost		(136,751,831)	(171,536,383)	(71,624,877)	(104,466,864)
Administrative expenses		(129,673,453)	(125,806,351)	(68,210,727)	(66,793,966)
Other expenses		(36,284,250)	(47,663,799)	(17,262,828)	(21,021,673)
		(302,709,534)	(345,006,533)	(157,098,432)	(192,282,503)
Other income		309,442,842	59,099,430	187,419,384	41,659,825
<b>Profit from operations</b>		<b>898,821,783</b>	1,238,987,675	<b>448,957,092</b>	662,737,053
Share of loss of associate		(2,282,513)	-	(428,720)	-
Finance cost		(549,671,081)	(748,062,600)	(253,772,119)	(365,487,585)
<b>Profit before taxation</b>		<b>346,868,189</b>	490,925,075	<b>194,756,253</b>	297,249,468
Taxation		(156,469,696)	(150,037,860)	(114,322,796)	(217,523,123)
<b>Profit after taxation</b>		<b>190,398,493</b>	340,887,215	<b>80,433,457</b>	79,726,345
<b>Attributable to:</b>					
Equity holders of the Holding Company		190,398,493	340,887,215	80,433,457	79,726,345
<b>Earnings per share - basic and diluted</b>		<b>6.35</b>	11.36	<b>2.68</b>	2.66

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

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 six months ended December 31, 2015

	Six Months Ended December 31, 2015 Rupees	Six Months Ended December 31, 2014 Rupees	Three Months Ended December 31, 2015 Rupees	Three Months Ended December 31, 2014 Rupees
<b>Profit after taxation</b>	<b>190,398,493</b>	340,887,215	<b>80,433,457</b>	79,726,345
<b><i>Other comprehensive income - net of tax</i></b>				
Net change in fair value of available for sale financial assets	<b>356,546,216</b>	(37,166,478)	<b>(97,650,748)</b>	(37,166,478)
<b>Total comprehensive income for the year</b>	<b><u>546,944,709</u></b>	<u>303,720,737</u>	<b><u>(17,217,291)</u></b>	<u>42,559,867</u>
<b><i>Attributable to:</i></b>				
Equity holders of the Holding Company	<b><u>546,944,709</u></b>	303,720,737	<b><u>(17,217,291)</u></b>	42,559,867
	<b><u>546,944,709</u></b>	<u>303,720,737</u>	<b><u>(17,217,291)</u></b>	<u>42,559,867</u>

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

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 six months ended December 31, 2015



	Six Months Ended December 31, 2015 Rupees	Six Months Ended December 31, 2014 Rupees
<b>Cash flows from operating activities</b>		
Profit before taxation	346,868,189	490,925,075
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	447,259,688	358,068,429
Amortization of intangible assets	90,975	90,975
Unrealized loss / (gain) on re-measurement of investments	(31,008,756)	(41,101,844)
Provision for gratuity	48,856,893	46,692,509
Provision for infrastructure cess	12,413,136	23,809,490
Loss / (Gain) on disposal of property, plant and equipment	(4,588)	(8,781,647)
Share of loss of associate	2,282,513	-
Gain on disposal of investment	(82,311,224)	-
Dividend income	(191,556,417)	(392,832)
Finance cost	549,671,081	748,062,600
<b>Cash generated from operations before working capital changes</b>	<b>1,102,561,490</b>	<b>1,617,372,755</b>
<b>Effect on cash flows due to working capital changes</b>		
<i>(Increase) / decrease in current assets:</i>		
Stores, spares and loose tools	(47,987,500)	11,514,350
Stock-in-trade	(1,304,554,920)	(1,688,296,336)
Trade debts	1,298,260,494	(1,188,765,225)
Loans and advances	(122,081,105)	(45,974,008)
Trade deposits and short term prepayments	(34,346,887)	(73,743,257)
Other receivables	20,474,965	172,718,049
	(190,234,953)	(2,812,546,427)
<i>Increase in current liabilities</i>		
Trade and other payables	424,698,516	510,613,639
<b>Cash generated from operations</b>	<b>1,337,025,052</b>	<b>(684,560,033)</b>
Gratuity paid to employees	(39,810,561)	(21,111,291)
Taxes paid	(91,000,057)	(85,088,388)
Finance cost paid - net	(536,792,781)	(693,720,378)
	(667,603,399)	(799,920,057)
<b>Net cash generated / (used) in operating activities</b>	<b>669,421,653</b>	<b>(1,484,480,090)</b>
<b>Cash flows from investing activities</b>		
Capital expenditure incurred	(822,685,200)	(330,665,837)
Proceeds from sale of property, plant and equipment	182,041	14,674,920
Investment in associates	-	(294,775,796)
Proceeds from sale of investment	335,277,930	-
Long term deposits	-	(326,720)
Dividend received	191,556,417	392,832
<b>Net cash used in investing activities</b>	<b>(295,668,811)</b>	<b>(610,700,601)</b>
<b>Cash flows from financing activities</b>		
Long term financing obtained	708,713,854	548,661,626
Long term financing repaid	(550,703,093)	(469,448,954)
Long term musharika obtained	1,250,000,000	-
Long term musharika repaid	(40,000,000)	(25,000,000)
Short term borrowings - net	(1,618,160,913)	1,901,795,326
Cash dividend paid	(148,754,229)	(6,436,981)
<b>Net cash (used) in / generated from financing activities</b>	<b>(398,904,381)</b>	<b>1,949,571,017</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(25,151,539)</b>	<b>(145,609,674)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>177,228,341</b>	<b>360,063,071</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>152,076,802</b>	<b>214,453,397</b>

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

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 Changes in Equity (Un-Audited)

For the six months ended December 31, 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
<b>Total comprehensive income</b>						
Profit for six months period ended December 31, 2014	-	-	-	-	340,887,215	340,887,215
Other comprehensive income / (loss)	-	-	-	426,469,590	-	426,469,590
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the period -net of tax	-	-	-	426,469,590	340,887,215	767,356,805
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the period -net of tax	-	-	-	-	65,338,558	65,338,558
<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 December 31, 2014	300,000,000	77,616,000	175,000,000	1,485,114,832	6,209,573,669	8,247,304,501
<b>Total comprehensive income</b>						
Profit for six months period ended June 30, 2015	-	-	-	-	157,117,989	157,117,989
Other comprehensive income / (loss)	-	-	-	207,880,302	(12,690,521)	195,189,781
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the period -net of tax	-	-	-	207,880,302	144,427,468	352,307,770
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the period -net of tax	-	-	-	-	103,165,471	103,165,471
Transfer from surplus on revaluation of fixed assets on disposal - net of tax	-	-	-	-	2,597,697	2,597,697
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
<b>Total comprehensive income</b>						
Profit for six months period ended December 31, 2015	-	-	-	-	190,398,493	190,398,493
Other comprehensive income / (loss)	-	-	-	356,546,216	-	356,546,216
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the period -net of tax	-	-	-	356,546,216	190,398,493	546,944,709
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the period -net of tax	-	-	-	-	137,340,325	137,340,325
<i>Transactions with the owners of the Company:</i>						
Cash dividend @ Rs. 5 per share	-	-	-	-	(150,000,000)	(150,000,000)
Balance as at December 31, 2015	300,000,000	77,616,000	175,000,000	2,049,541,350	6,637,503,123	9,239,660,473

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

sd/-  
(SHEIKH NASEEM AHMAD)  
CHIEF EXECUTIVE OFFICER

sd/-  
(REHMAN NASEEM)  
CHAIRMAN / DIRECTOR

sd/-  
(FAIZAN UL HAQ)  
CHIEF FINANCIAL OFFICER



## 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 Pakistan Stock Exchange (formerly 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 preparation

### 2.1 Basis of Accounting

- 2.1.1 This condensed interim financial information comprises the condensed interim consolidated balance sheet of the Group as at December 31, 2015 and the related condensed interim consolidated profit and loss account, condensed interim consolidated statement of comprehensive income, condensed interim consolidated cash flow statement and condensed interim consolidated statement of changes in equity together with the notes forming part thereof.
- 2.1.2 This condensed interim financial information of the Group for the six months period ended December 31, 2015 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - Interim Financial Reporting 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.
- 2.1.3 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 annual financial statements for the year ended June 30, 2015.
- 2.1.4 Comparative balance sheet numbers are extracted from the annual audited financial statements of the Group for the year ended June 30, 2015, whereas comparative profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity are stated from unaudited condensed interim financial information of the Group for the six months period ended December 31, 2014.



**2.1.5** This condensed interim financial information is unaudited and being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of Pakistan Stock Exchange Limited.

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

the Group has following major investment:

Name of the company	Shareholding	Nature
<b><i>Associates</i></b>		
- Fatima Energy Limited	26.30%	Energy Generation
- Fatima Transmission Company Limited	37.50%	Transmission of Energy

### 3 Significant accounting policies

**3.1** Except as referred to in note 3.2, the accounting policies and the methods of computation adopted in the preparation of this condensed interim consolidated financial information are same as those applied in the preparation of the consolidated financial statements for the year ended 30 June 2015. The Group has adopted IFRS 13 'Fair Value Measurement' during the period which became effective for financial periods beginning on or after 1 January 2015. The effect of IFRS 13 'Fair Value Measurement' is disclosed in notes 3.2 and 14 to this condensed interim consolidated financial information.

#### 3.2 Change in Accounting Policy

IFRS 13 Fair value measurement establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required and permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market participants on the measurement date. It replaces and expands the disclosure requirements about fair value measurement in other IFRSs, including IFRS 7 Financial Instruments : Disclosures. As a result the Group has added additional disclosures in this regard in note 13 to the condensed interim consolidated financial information. In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impacts on the measurements of the Group's financial assets and liabilities.

**3.3** There were certain other new standards and amendments to the approved accounting standards which became effective during the period but are considered not to be relevant or have any significant effect on the Group's operations and are, therefore, not disclosed.

In addition to the above, following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after January 01, 2016:

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IAS 19 - Employee Benefits	January 01, 2016
IAS 38 - Intangible Assets	January 01, 2016
IAS 16 - Property, Plant and Equipment	January 01, 2016
IAS 41 - Agriculture	January 01, 2016
IFRS 10 - Consolidated Financial Statements	January 01, 2016
IAS 28 - Investments in Associates and Joint Ventures	January 01, 2016
IFRS 5- Non-current Assets Held for Sale and Discontinued Operations	January 01, 2016



IFRS 7- Financial Instruments- Disclosures	January 01, 2016
IAS 27 - Separate Financial Statements	January 01, 2016
IAS 34 - Interim Financial Reporting	January 01, 2016

#### **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 June 30, 2015.

# Fazal Cloth Mills Limited



		(Un-audited) December 31, 2015 Rupees	(Audited) June 30, 2015 Rupees
<b>5 Property, plant and equipment</b>	<i>Note</i>		
Operating property, plant and equipment	5.1	19,094,699,084	19,494,601,107
Capital work-in-progress	5.2	1,183,349,850	396,588,728
		<u>20,278,048,934</u>	<u>19,891,189,835</u>
<b>5.1 Opening net book value</b>		<b>19,494,601,107</b>	<b>15,259,406,178</b>
<i>Additions during the period / year:</i>			
Freehold land		939,750	102,246,296
Factory building		-	37,185,431
Non-factory building		-	162,771,624
Plant and machinery		8,742,362	301,475,095
Furniture and fixtures		85,200	1,577,642
Office equipment		2,491,503	3,053,709
Vehicles		6,421,980	7,179,697
Electric fittings and installations		28,730,319	21,961,874
Tools, laboratory equipment and arms		114,006	1,457,562
Fire extinguishing equipments and scales		10,000	2,458,636
		47,535,120	641,367,566
Addition on revaluation surplus		-	4,397,872,629
Carrying value of assets disposed off during the period / year		(177,454)	(26,564,237)
Depreciation charge for the period / year		(447,259,689)	(777,481,029)
Closing net book value		<u>19,094,699,084</u>	<u>19,494,601,107</u>
<b>5.2 The detail of capital work-in-progress is as follows:</b>			
Freehold land		-	-
Factory building		342,596,247	289,853,872
Non-factory building		101,680,251	78,366,841
Plant and machinery		735,044,620	19,551,024
Furniture and fixtures		529,320	368,766
Office equipment		159,226	24,480
Vehicles		63,500	-
Electric fittings and installations		2,797,900	8,423,745
Fire Fighting Equipment and Weigh Scales		331,186	-
Tools, laboratory equipment and arms		147,600	-
		<u>1,183,349,850</u>	<u>396,588,728</u>
<b>6 Long term investments</b>			
<i>Investment in related parties</i>			
Associated company - at fair value	6.1	2,817,723,007	2,461,176,791
Associated companies - at equity method	6.2	1,372,062,227	919,693,099
Associated company - at cost	6.3	21,644,000	21,644,000
		<u>4,211,429,234</u>	<u>3,402,513,890</u>

	Note	Shares		Market value		Market value per share		Percentage of holding	
		December 31, 2015	June 30, 2015	December 31, 2015	June 30, 2015	December 31, 2015	June 30, 2015	December 31, 2015	June 30, 2015
		Number		Rupees		Rupees			
<b>6.1 Associated Company - at fair value</b>									
Fatima Fertilizer Company Limited - quoted	6.1.1	<b>62,994,031</b>	62,994,031	<b>2,817,723,007</b>	2,461,176,791	44.73	39.07	<b>2.88%</b>	2.88%
				<b>2,817,723,007</b>	<b>2,461,176,791</b>				

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

	Note	Shares		Carrying value		Percentage of holding	
		December 31, 2015	June 30, 2015	December 31, 2015	June 30, 2015	December 31, 2015	June 30, 2015
		Number		Rupees			
<b>6.2 Associated companies - at equity method</b>							
Fatima Energy Limited ("FEL") - unquoted	6.2.1	<b>137,421,349</b>	92,421,349	<b>1,371,904,526</b>	919,561,849	<b>26.30%</b>	46.99%
Fatima Transmission Company Limited ("FTCL") - unquoted	6.2.2	<b>13,125</b>	13,125	<b>157,701</b>	131,250	<b>37.50%</b>	37.50%
				<b>1,372,062,227</b>	<b>919,693,099</b>		
6.2.1 Cost				<b>1,374,213,490</b>	924,213,490		
Share of post acquisition loss				<b>(2,308,964)</b>	(4,651,641.0)		
				<b>1,371,904,526</b>	<b>919,561,849</b>		

FEL has not commenced its commercial operations till December 31, 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 December 31, 2015. At present, the Group owns 26.30% equity of FEL, however, the Group will ultimately hold 22% of FEL's equity after enhancement in paid-up capital of FEL as per term of special resolution passed in AGM dated October 31, 2013.

	Note	Carrying value	
		December 31, 2015	June 30, 2015
		Rupees	
6.2.2 Cost		<b>131,250</b>	-
Share of post acquisition loss		<b>26,451</b>	-
		<b>157,701</b>	-

FTCL has not commenced its commercial operations till December 31, 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 December 31, 2015.

	Note	Shares		Carrying value		Percentage of holding	
		December 31, 2015	June 30, 2015	December 31, 2015	June 30, 2015	December 31, 2015	June 30, 2015
		Number		Rupees			
<b>6.3 Associated companies - at cost</b>							
Multan Real Estate (Private) Limited - unquoted	6.2.2	<b>216,440</b>	216,440	<b>21,644,000</b>	21,644,000	<b>9.96%</b>	9.96%
				<b>21,644,000</b>	<b>21,644,000</b>		

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

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. All investments were made from the Group's own sources.





		(Un-audited) 31 December 2015 Rupees	(Audited) 30 June 2015 Rupees
<b>7 Trade debts</b>	<i>Note</i>		
Considered good:			
- secured		1,154,955,596	1,875,691,240
- unsecured	7.1	<u>1,595,401,213</u>	<u>2,172,926,063</u>
		<u><b>2,750,356,809</b></u>	<u><b>4,048,617,303</b></u>

7.1 This includes balance amounting to Rs. 77.985 million (30 June 2015: Rs. 225.398 million) receivable from the subsidiary and associated companies.

		(Un-audited) December 31, 2015 Rupees	(Audited) June 30, 2015 Rupees
<b>8 Short term investments</b>	<i>Note</i>		
Investments at fair value through profit or loss			
These investments are 'held for trading'			
Carrying value at Balance Sheet date:			
Related parties		254,736,400	189,080,000
Others		<u>37,887,664</u>	<u>38,188,181</u>
		<u><b>292,624,064</b></u>	<u><b>227,268,181</b></u>
Unrealized gain on re-measurement of investment - during the period / year.		<u>31,008,756</u>	<u>65,355,883</u>
		<u><b>323,632,820</b></u>	<u><b>292,624,064</b></u>

*Fair value of short term investments*

*comprises of:*

Related parties	8.1	291,639,600	254,736,400
Others	8.1	<u>31,993,220</u>	<u>37,887,664</u>
		<u><b>323,632,820</b></u>	<u><b>292,624,064</b></u>

Investments available for sale

Related parties	8.2	-	252,966,706
		<u>-</u>	<u>252,966,706</u>



	Shares		Fair value		Market value per share		Percentage of holding	
	December 31, 2015	June 30, 2015	December 31, 2015	June 30, 2015	December 31, 2015	June 30, 2015	December 31, 2015	June 30, 2015
	-----Number-----		-----Rupees-----		-----Rupees-----			
<b>8.1 Held for trading</b>								
<b><u>Related party</u></b>								
Fatima Fertilizer Company Limited - <i>quoted</i>	6,520,000	6,520,000	291,639,600	254,736,400	44.73	39.07	0.43%	0.43%
<b><u>Other</u></b>								
Pakistan State Oil Company Limited - <i>quoted</i>	98,208	98,208	31,993,220	37,887,664	325.77	385.79	0.04%	0.04%
			<b>323,632,820</b>	<b>292,624,064</b>				

Note

	Shares		Cost	
	December 31, 2015	June 30, 2015	December 31, 2015	June 30, 2015
	-----Number-----		-----Rupees-----	

Note

**8.2 Available for sale**

**Related party**

Pakarab Fertilizers Limited - *unquoted*

-	25,790,610	-	252,966,706
		-	<b>252,966,706</b>

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

**9 Cash and cash balances**

Cash in hand  
Cash at banks

- Current accounts  
- Saving accounts

	(Un-audited) December 31, 2015 Rupees	(Audited) June 30, 2015 Rupees
Cash in hand	13,471,948	5,314,384
Cash at banks		
- Current accounts	<b>88,200,390</b>	171,502,856
- Saving accounts	<b>50,404,464</b>	411,101
	<b>138,604,854</b>	171,913,957
	<b>152,076,802</b>	177,228,341

9.1 These represent funds placed with commercial banks carrying mark-up at the rates ranging from 3.28% to 4.62% (June 30, 2015: 10.20% to 10.21%) per annum.

# Fazal Cloth Mills Limited



<b>10 Share Capital</b>	<b>(Un-audited) December 31, 2015 Rupees</b>	<b>(Audited) June 30, 2015 Rupees</b>
<b>10.1 Authorized share capital</b>		
<b>Number of shares</b>		
<b>40,000,000</b> (June 30, 2015: 40,000,000) ordinary shares of Rs. 10 each	<b>400,000,000</b>	400,000,000
<b>30,000,000</b> (June 30, 2015: 30,000,000) redeemable cumulative preference shares of Rs. 10 each	<b>300,000,000</b>	300,000,000
<b>70,000,000</b>	<b>700,000,000</b>	700,000,000

## 10.2 Issued, subscribed and paid-up capital

<b>(Un-audited) 31 December 2015 ----- (Number of shares)-----</b>	<b>(Audited) 30 June 2015</b>		<b>(Un-audited) 31 December 2015</b>	<b>(Audited) 30 June 2015</b>
<b>1,000,000</b>	1,000,000	Ordinary shares of Rs. 10 each fully paid in cash	<b>10,000,000</b>	10,000,000
<b>9,187,200</b>	9,187,200	Ordinary shares of Rs. 10 each fully paid as right shares	<b>91,872,000</b>	91,872,000
<b>19,812,800</b>	19,812,800	Ordinary shares of Rs.10 each issued as bonus shares	<b>198,128,000</b>	198,128,000
<b>30,000,000</b>	30,000,000		<b>300,000,000</b>	300,000,000

## 11 Long term financing - secured

Note

Opening balance		<b>8,151,573,588</b>	8,242,584,608
Loan obtained during the period / year	<i>11.1 &amp; 11.2</i>	<b>708,713,854</b>	1,164,846,492
Repayments made during the period / year		<b>(550,703,093)</b>	(1,255,857,512)
Closing balance		<b>8,309,584,349</b>	8,151,573,588
Less: current portion grouped under current liabilities		<b>(1,839,700,437)</b>	(1,450,502,775)
		<b>6,469,883,912</b>	6,701,070,813

### 11.1 Askari Bank Limited

During the period a term finance facility of Rs.171.241 million has been obtained from Askari Bank Limited to finance the import of textile machinery and capex. It is repayable within the period of eight years inclusive of two years grace period in twelve 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 7.44% per annum. This finance is secured against 1st joint pari passu charge/mortgage of Rs.333.33 million on all present and future fixed assets of the Group and personal guarantees of the sponsoring directors.

### 11.2 Allied Bank Limited

During the period a term finance facility of Rs. 300.00 million was obtained from Allied Bank Limited to retire the letter of credits opened for import of textile machinery for extension in existing spinning unit. It is repayable within the period of eight years inclusive of two year grace period in twelve 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 mark up was charged at the rate of 7.87% per annum. This finance is secured against 1st joint pari passu charge/mortgage of Rs. 400.00 million on all present and future fixed assets of the Group and personal guarantees of the sponsoring directors.



## 11.3 United Bank Limited

During the period a term finance loan amounting to Rs.182,863 million was obtained from United Bank Limited to retire the letters of credit opened for import of textile machinery/equipments/parts for expansion /BMR/Capex in the mills of the Group. It is repayable within the period of seven years inclusive of one year grace period in twelve 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 7.81% per annum. This finance is secured against 1st joint pari passu charge/mortgage of Rs. 266.66 million on all present and future fixed assets of the Group and personal guarantees of the sponsoring directors.

		(Un-audited) December 31, 2015 Rupees	(Audited) June 30, 2015 Rupees
<b>12 Long term musharika - secured</b>			
Opening balance		293,735,894	343,735,894
Loan obtained during the period / year	12.1 & 12.2	1,250,000,000	-
Repayments made during the period / year		(40,000,000)	(50,000,000)
Closing balance		<u>1,503,735,894</u>	<u>293,735,894</u>
Less: current portion grouped under current liabilities		<u>(83,122,649)</u>	<u>(81,561,325)</u>
		<u><u>1,420,613,245</u></u>	<u><u>212,174,569</u></u>

## 12.1 Standard Chartered Bank (Pakistan) Limited

During the period a diminishing musharika 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 year grace period in eight half yearly equal installments of principal amount. It carries profit at the rate of 6 Months KIBOR + 1.00% per annum. During the period profit 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.

## 12.2 Dubai Islamic Bank Pakistan Limited

During the period a diminishing musharika facility of Rs. 500.00 million has been obtained from Dubai Islamic Bank Pakistan Limited for the purpose of re-profiling of existing short term financing. It is repayable within the period of six years inclusive of one year grace period in ten half yearly equal installments of principal amount. It carries profit at the rate of 6 Months KIBOR + 1.00% per annum. During the period profit was charged at the rate of 7.58% per annum. This finance is secured against 1st pari passu charge/mortgage of Rs.666.67 million on all present and future fixed assets of the Group and personal guarantees of the sponsoring directors.

## 13 Trade and other payables

This includes balance amounting to Rs. 104.131 million (June 30, 2015: Rs. 81.216 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 June 30, 2015.
- 14.2 Export documents negotiated with banks under Foreign bill purchase ("FBP") facility aggregating to \$ 1.81 million (June 30, 2015: \$ 0.33 million). Upon receipt of acceptance by the concerned banks subsequent to balance sheet date, this exposure has been shifted to bank risk and accordingly not recourseable to the Group.

# Fazal Cloth Mills Limited



	<i>Note</i>	(Un-audited) December 31	(Audited) June 30
		2015 Rupees	2015 Rupees
<b><u>Commitments</u></b>			
14.3	Guarantees issued by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies.		
	- the Holding Company	<u>387,350,000</u>	<u>377,750,000</u>
	- the Subsidiary Company	<u>22,506,000</u>	<u>22,506,000</u>
14.4	<b>Commitments for irrevocable letters of credit:</b>		
	<b><u>- the Holding Company</u></b>		
	- capital expenditure	30,894,928	13,512,446
	- raw material, stores and spares	897,670,011	425,895,998
	- others	<u>1,154,061,000</u>	<u>785,786,510</u>
		<u>2,051,731,011</u>	<u>1,225,194,954</u>
	<b><u>- the Subsidiary Company</u></b>		
	- capital expenditure	14,533,981	621,796,758
	- raw material, stores and spares	<u>395,490,445</u>	-
		<u>410,024,426</u>	<u>621,796,758</u>

14.4.1 As at balance sheet date, stand by letters of credit ("SBLCs") amounting to Rs. 1,154 million are outstanding issued by the National Bank of Pakistan and Barclays Bank PLC, Pakistan which merged into Habib Bank Limited on behalf of the Group favoring the lenders of Fatima Energy Limited ("FEL"), an associated company. Subsequent to balance sheet date SBLC of Rs. 354 million out of the above issued by Barclays Bank PLC, Pakistan has been retired and accordingly cancelled. In terms of above SBLCs, if the Group fails 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. 1,374 million has been paid by the Group to FEL till December 31, 2015.

# Fazal Cloth Mills Limited



	Six months ended		Three months ended	
	(Un-audited) December 31 2015 Rupees	(Un-audited) December 31 2014 Rupees	(Un-audited) December 31 2015 Rupees	(Un-audited) December 31 2014 Rupees
<b>15 Sales - net</b>				
Export	4,913,932,944	5,945,237,432	2,268,996,901	2,929,091,371
Local	6,279,430,597	8,054,215,533	3,341,710,077	3,874,145,634
Waste	278,930,452	219,853,795	148,442,477	176,831,598
	<b>11,472,293,994</b>	14,219,306,760	<b>5,759,149,454</b>	6,980,068,603
Less : Commission	(93,945,884)	(49,591,545)	(56,050,136)	(31,528,408)
	<b>11,378,348,109</b>	14,169,715,215	<b>5,703,099,318</b>	6,948,540,195
<b>16 Cost of sales</b>				
Raw and packing materials consumed	7,430,754,157	7,267,960,567	3,808,538,832	3,851,840,850
Manufacturing costs	3,146,341,860	3,210,861,832	1,712,277,015	1,696,008,721
	<b>10,577,096,017</b>	10,478,822,399	<b>5,520,815,847</b>	5,547,849,571
Opening stock of work-in-process	279,186,451	307,431,153	255,878,801	284,762,585
Closing stock of work-in-process	(292,244,878)	(304,202,845)	(292,244,878)	(304,202,846)
Cost of goods manufactured	<b>10,564,037,590</b>	10,482,050,707	<b>5,484,449,770</b>	5,528,409,310
Opening stock of finished goods	1,302,776,842	2,330,404,105	1,568,514,612	1,458,686,019
Finished goods purchased	538,769,080	1,365,020,845	188,980,787	728,197,184
	<b>12,405,583,512</b>	14,177,475,657	<b>7,241,945,169</b>	7,715,292,513
Closing stock of finished goods	(1,956,329,178)	(1,637,901,917)	(1,956,329,178)	(1,637,901,917)
Cost of raw material sold	<b>37,005,300</b>	105,246,697	<b>(1,152,813)</b>	57,789,868
	<b>10,486,259,634</b>	12,644,820,437	<b>5,284,463,178</b>	6,135,180,464

- 17 The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 on every public company other than a scheduled bank or modaraba, that derives profits for tax year and does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such an extent that its reserves, after such distribution, are in excess of 100% of its paid up capital. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40 percent of its after tax profits or 50% of its paid up capital, whichever is less, within six months of the end of the tax year.

The Board of Directors of the Company intends to distribute sufficient cash dividend for the year ended 30 June 2016 (refer to note 23) to comply with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been recognized in this condensed interim financial information for the period ended 31 December 2015.

**18 Segment information**

**18.1 Segment revenue and results**

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

	Spinning		Weaving		Total	
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
	December 31	December 31	December 31	December 31	December 31	December 31
	2015	2014	2015	2014	2015	2014
	----- Rupees -----					
External revenues	8,733,130,612	11,265,858,897	2,645,217,497	2,903,856,318	13,375,274,378	16,425,026,771
Intersegment revenues	1,996,833,769	2,248,526,540	92,500	6,785,016	(1,996,926,269)	(2,255,311,556)
Cost of sales	(9,987,416,309)	(12,218,671,763)	(498,843,325)	(426,148,674)	(12,483,185,903)	(14,900,131,993)
Intersegment cost of sales	(92,500)	(6,785,016)	(1,996,833,769)	(2,248,526,540)	1,996,926,269	2,255,311,556
Distribution and marketing expense	(112,845,805)	(146,331,903)	(23,906,025)	(25,204,480)	(136,751,830)	(171,536,383)
Administrative expenses	(116,428,341)	(113,222,935)	(13,245,112)	(12,583,412)	(129,673,453)	(125,806,347)
Other operating expense	(36,164,339)	(45,736,308)	(119,911)	(1,927,491)	(36,284,250)	(47,663,799)
Finance cost	(438,927,147)	(577,819,030)	(110,743,935)	(170,243,570)	(549,671,082)	(748,062,604)
Other operating income	309,433,333	59,099,430	9,509	-	309,442,842	59,099,430
Share of loss of associate	-	-	-	-	(2,282,513)	-
Profit before tax	347,523,273	464,917,912	1,627,429	26,007,167	346,868,189	490,925,075

**18.1.1** 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 2015.

**18.2 Segment assets and liabilities**

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

	Spinning		Weaving		Total	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	December 31	June 30	December 31	June 30	December 31	June 30
	2015	2015	2015	2015	2015	2015
	----- Rupees -----					
<b><u>Segment assets</u></b>						
Segment assets for reportable segments	31,210,328,794	26,810,568,367	4,119,987,705	4,434,504,107	35,330,316,499	31,245,072,474
Un-allocated corporate assets	-	-	-	-	593,522,347	4,034,574,799
Total assets as per balance sheet	31,210,328,794	26,810,568,367	4,119,987,705	4,434,504,107	35,923,838,846	35,279,647,273
<b><u>Segment liabilities</u></b>						
Segment liabilities for reportable segments	14,259,336,044	13,762,607,453	3,347,936,969	3,638,047,843	17,607,273,013	17,400,655,296
Un-allocated corporate liabilities	-	-	-	-	2,123,870,546	2,083,233,947
Total liabilities as per balance sheet	14,259,336,044	13,762,607,453	3,347,936,969	3,638,047,843	19,731,143,559	19,483,889,243

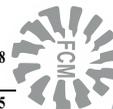


**19 Financial instruments - Fair values and risk management**

**19.1 Fair value measurement of financial instruments**

The additional disclosures due to the adoption of IFRS 13 Fair value measurement are as follows :

	Carrying amount				Fair value				
	Held-for trading	Loans and receivables	Available for-sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- Rupees -----									
<b>December 31, 2015</b>									
<b>Financial assets - measured at fair value</b>									
Long term investments	-	-	2,817,723,007	-	2,817,723,007	2,817,723,007	-	-	2,817,723,007
Short term investments	323,632,820	-	-	-	323,632,820	323,632,820	-	-	323,632,820
	<b>323,632,820</b>	<b>-</b>	<b>2,817,723,007</b>	<b>-</b>	<b>3,141,355,827</b>	<b>3,141,355,827</b>	<b>-</b>	<b>-</b>	<b>3,141,355,827</b>
<b>Financial assets - not measured at fair value</b>									
Long term investments	-	-	1,393,706,227	-	1,393,706,227	-	-	-	-
Long term deposits	-	22,807,493	-	-	22,807,493	-	-	-	-
Trade debts	-	2,750,356,809	-	-	2,750,356,809	-	-	-	-
Loans and advances	-	203,217,449	-	-	203,217,449	-	-	-	-
Mark-up accrued	-	16,149,938	-	-	16,149,938	-	-	-	-
Other receivables and deposits	-	113,550,514	-	-	113,550,514	-	-	-	-
Cash and bank balances	-	152,076,802	-	-	152,076,802	-	-	-	-
	<b>-</b>	<b>3,258,159,005</b>	<b>1,393,706,227</b>	<b>-</b>	<b>4,651,865,232</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities - not measured at fair value</b>									
Long term financing - secured	-	-	-	6,469,883,912	6,469,883,912	-	6,469,883,912	-	6,469,883,912
Long term musharika - secured	-	-	-	1,420,613,245	1,420,613,245	-	1,420,613,245	-	1,420,613,245
Trade and other payables	-	-	-	2,337,983,353	2,337,983,353	-	-	-	-
Accrued profit / interest / mark-up	-	-	-	357,253,382	357,253,382	-	-	-	-
Short term borrowings - secured	-	-	-	5,097,114,048	5,097,114,048	-	5,097,114,048	-	5,097,114,048
Current portion of non-current liabilities	-	-	-	1,922,823,086	1,922,823,086	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,605,671,026</b>	<b>17,605,671,026</b>	<b>-</b>	<b>12,987,611,205</b>	<b>-</b>	<b>12,987,611,205</b>





	Carrying amount				Fair value				
	Held-for trading	Loans and receivables	Available for-sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>June 30, 2015</b>									
<b>Financial assets - measured at fair value</b>									
Long term investments	-	-	2,461,176,791	-	2,461,176,791	2,461,176,791	-	-	2,461,176,791
Short term investments	545,590,770	-	-	-	545,590,770	545,590,770	-	-	545,590,770
	545,590,770	-	2,461,176,791	-	3,006,767,561	3,006,767,561	-	-	3,006,767,561
<b>Financial assets - not measured at fair value</b>									
Long term investments	-	-	941,337,099	-	1,195,988,740	-	-	-	-
Long term deposits	-	34,418,530	-	-	22,807,493	-	-	-	-
Trade debts	-	4,048,617,303	-	-	3,805,423,237	-	-	-	-
Loans and advances	-	531,136,342	-	-	891,883,769	-	-	-	-
Mark-up accrued	-	12,219,779	-	-	12,219,779	-	-	-	-
Other receivables and deposits	-	134,025,479	-	-	134,025,479	-	-	-	-
Cash and bank balances	-	177,228,341	-	-	134,025,479	-	-	-	-
	-	4,937,645,774	941,337,099	-	6,196,373,976	-	-	-	-
<b>Financial liabilities - not measured at fair value</b>									
Long term financing - secured	-	-	-	6,701,070,813	6,701,070,813	-	6,701,070,813	-	6,701,070,813
Long term musharika - secured	-	-	-	212,174,569	212,174,569	-	212,174,569	-	212,174,569
Trade and other payables	-	-	-	1,899,625,930	1,899,625,930	-	-	-	-
Accrued profit / interest / mark-up	-	-	-	340,444,923	340,444,923	-	-	-	-
Short term borrowings - secured	-	-	-	6,715,274,961	6,715,274,961	-	6,715,274,961	-	6,715,274,961
Current portion of non-current liabilities	-	-	-	1,532,064,100	1,532,064,100	-	-	-	-
	-	-	-	17,400,655,296	17,400,655,296	-	13,628,520,343	-	13,628,520,343

# Fazal Cloth Mills Limited



## 20 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 financial information is as follows:

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

	<b>Six months ended</b>	
	<b>(Un-audited) December 31 2015 Rupees</b>	<b>(Un-audited) December 31 2014 Rupees</b>
<b><u>Associated undertakings</u></b>		
Sale of goods	<b>886,822,394</b>	1,014,055,296
Purchase of goods	<b>191,904,779</b>	268,454,884
<b><u>Post retirement benefits</u></b>		
Provision for staff retirement benefits	<b>48,856,893</b>	46,692,509

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

20.3 Salaries and benefits of key management personnel for the six months period ended December 31, 2015 amounted to Rs. 31.834 million (December 31, 2014: Rs. 30.318 million) out of which Rs. 4.97 million (December 31, 2014: Rs. 4.90 million) relates to post employment benefits.

## 21 Date of authorization for issue

This condensed interim consolidated financial information was authorized for issue by the Board of Directors on February 26, 2016.

sd/-  
(SHEIKH NASEEM AHMAD)  
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) 61-4579991-7, 4781637

Registered Office:

687, Abid Majid Road, Survey # 3467

Lahore Cantt, Lahore. +92 (42) 36884889