



**Financial Statement  
(Un-Audited)  
for the 3rd Quarter Ended  
March 31, 2012**



**Fazal Cloth Mills Ltd.**

# COMPANY INFORMATION

<b>Board of Directors</b>	Sh. Naseem Ahmad Mr. Amir Naseem Sheikh Mr. Rehman Naseem Mr. Fazal Ahmad Sheikh Mr. Faisal Ahmad Mr. Fahd Mukhtar Mr. Jamal Nasim	Chairman & Chief Executive Officer      Nominee NIT Ltd.
<b>Audit Committee</b>	Sh. Naseem Ahmad Mr. Rehman Naseem Mr. Faisal Ahmad	Chairman Member Member
<b>Company Secretary</b>	Mr. M.D. Kanwar	
<b>Chief Financial Officer</b>	Mr. Faizan-ul-Haq	
<b>Auditors</b>	M. Yousuf, Adil, Saleem & Co., Chartered Accountants	
<b>Bankers</b>	Habib Bank Limited United Bank Limited MCB Bank Limited Askari Bank Limited National Bank of Pakistan Soneri Bank Limited Allied Bank Limited Meezan Bank Limited Faysal Bank Limited Standard Chartered Bank (Pakistan) Limited Bank Al-Falah Limited Dubai Islamic Bank Pakistan Limited Barclays Bank PLC, Pakistan Saudi Pak Industrial and Agricultural Investment Company Limited The Bank of Punjab The Bank of Khyber Silk Bank Limited Habib Metropolitan Bank Limited Samba Bank Limited Pak Kuwait Investment Company (Pvt) Limited Pak Brunei Investment Company Limited Pak Oman Investment Company Limited	
<b>Head office &amp; Shares Department:</b>	129/1 Old Bahawalpur Road, Multan. Phone: (92) 61-4587632, 4781637 Fax: (92) 61-4541832 e-mail: kanwar@fazalcloth.com Website: www.fazalcloth.com	
<b>Shares Registrar:</b>	Vision Consulting Ltd. 3-C, LDA Flats, Lawrence Road Lahore. Phone: (92) 42-36375531, 36375339 Fax: (92) 42-36374839	
<b>Registered Office:</b>	69/7, Abid Majeed Road, Survey # 248/7, Lahore Cantt, Lahore. Phone: (92) 300-8631543	
<b>Mills:</b>	i) Fazal Nagar, Jhang Road, Muzaffargarh-Pakistan Ph. (92) 66-2422216 & 18 Fax: (92) 66-2422217 ii) Qadirpur Rawan Bypass, Khanewal Road, Multan -Pakistan Ph. (92) 61-6740041-43 Fax: (92) 61-6740052	

# DIRECTORS' REVIEW

Dear Shareholders,  
Assalam-o-Alaikum,

Your directors are pleased to present you un-audited accounts of your company for the nine months ended March 31, 2012. During the period under review the company earned a pretax profit of Rs.1,244.902 million as compared to Rs. 991.867 million earned in the same period last year after charging depreciation of Rs. 280.271 million as compared to Rs. 206.097 million.

Basic earnings per share of the company for the nine months are Rs.48.72 as compared to Rs. 45.34 per share in the same period last year.

## **FUTURE PROSPECTS:**

Demand for yarns/fabric is satisfactory. Your management expects good results subject to availability of electricity/natural gas. The biggest threat remains load shedding of electricity and curtailment of gas supplies. Your management hopes that government continues to give priority to industry for supply of gas and electricity. Not only is this good for your Company, it is imperative for Pakistan's economy as textile industry generates employment and exports which are essential for the country.

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

For and on behalf of the Board

Place: Multan  
Dated: April 26, 2012

(Rehman Naseem / Fazal Ahmad Sheikh)  
Directors

# CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

	Unaudited March 31, 2012 Rupees	Audited June 30, 2011 Rupees
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	9,139,488,068	7,064,862,691
Intangible assets	4,976,573	4,538,527
Long term investments	702,372,746	667,195,666
Long term loans	113,500	399,270
Long term deposits	25,638,156	25,638,156
	9,872,589,043	7,762,634,310
<b>CURRENT ASSETS</b>		
Stores, spares and loose tools	317,249,808	306,844,778
Stock-in-trade	5,732,623,374	3,410,214,097
Trade debts	1,873,816,837	1,767,710,377
Loans and advances	802,355,440	449,389,173
Trade deposits and short term prepayments	159,616,051	7,678,585
Interest / markup accrued	7,349,805	16,265,203
Other receivables	2,156,233	3,796,190
Other financial assets	170,112,240	125,142,836
Tax refunds due from government	127,477,767	81,688,761
Cash and bank balances	187,286,129	191,635,465
	9,380,043,684	6,360,365,465
	19,252,632,727	14,122,999,775

## AS AT MARCH 31, 2012

	<b>Unaudited March 31, 2012 Rupees</b>	<b>Audited June 30, 2011 Rupees</b>
<b>SHARE CAPITAL AND RESERVES</b>		
Authorized Capital		
40,000,000 (2011: 40,000,000) ordinary shares of Rs.10 each	400,000,000	400,000,000
30,000,000 (2011: 30,000,000) preference shares of Rs.10 each	300,000,000	300,000,000
	700,000,000	700,000,000
Issued, subscribed and paid up capital		
Ordinary shares	401,000,000	362,551,940
Capital reserves	227,616,000	227,616,000
Unappropriated profits	3,402,437,302	2,374,674,027
	4,031,053,302	2,964,841,967
Surplus on revaluation of property, plant and equipment	2,105,091,466	2,192,499,393
<b>NON CURRENT LIABILITIES</b>		
Long term financing	3,753,620,489	1,956,200,180
Long term musharika	250,000,000	273,755,451
Bills payables	-	155,210,331
Deferred liabilities	997,157,297	960,455,903
Custom duties	77,400,741	122,665,470
	5,078,178,527	3,468,287,335
<b>CURRENT LIABILITIES</b>		
Trade and other payables	942,529,338	598,021,473
Interest / mark-up accrued on loans	310,637,853	176,362,211
Short term borrowings	5,891,638,635	4,016,584,511
Current portion of non current liabilities	573,725,161	530,399,099
Provision for taxation	319,778,445	176,003,786
	8,038,309,432	5,497,371,080
<b>CONTINGENCIES AND COMMITMENTS</b>	-	-
	19,252,632,727	14,122,999,775

The annexed selected notes form an integral part of this condensed interim financial information.

As required under Section 241(2) of the Companies Ordinance, 1984, these accounts have been signed by two directors in the absence of the Chief Executive Officer, who for the time being is not in the country.

(FAIZAN-UL-HAQ)  
Chief Financial Officer

# CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

## (UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2012

	----- Nine months ended -----		----- Quarter ended -----	
	March 31, 2012 (July - March)	March 31, 2011	March 31, 2012 (January - March)	March 31, 2011
----- Rupees -----				
Sales - net	14,183,078,133	13,913,997,931	5,025,826,303	5,429,858,471
Cost of sales	(11,987,645,002)	(12,170,464,374)	(4,253,178,586)	(4,852,982,285)
Gross profit	2,195,433,131	1,743,533,557	772,647,717	576,876,186
Other operating income	183,666,076	147,630,407	136,234,822	10,594,672
	<u>2,379,099,207</u>	<u>1,891,163,964</u>	<u>908,882,539</u>	<u>587,470,858</u>
Distribution cost	(162,217,703)	(188,712,607)	(62,375,004)	(56,872,123)
Administrative expenses	(121,122,633)	(85,194,115)	(45,778,120)	(28,591,112)
Other operating expenses	(98,397,218)	(79,182,007)	(35,879,981)	(18,868,134)
Finance cost	(752,459,613)	(546,207,843)	(306,903,153)	(251,160,276)
	<u>(1,134,197,167)</u>	<u>(899,296,572)</u>	<u>(450,936,258)</u>	<u>(355,491,646)</u>
Profit before taxation	1,244,902,040	991,867,392	457,946,281	231,979,212
Provision for taxation	(143,774,660)	(141,507,235)	(47,470,284)	39,263,590
Profit after taxation	<u>1,101,127,380</u>	<u>850,360,157</u>	<u>410,475,997</u>	<u>271,242,802</u>
Other comprehensive income	-	-	-	-
Total comprehensive income	<u><u>1,101,127,380</u></u>	<u><u>850,360,157</u></u>	<u><u>410,475,997</u></u>	<u><u>271,242,802</u></u>
<b>Earnings per share</b>				
Basic	48.72	45.34	18.16	30.88
Diluted	27.99	20.07	10.77	13.66

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(REHMAN NASEEM)  
Director

(FAZAL AHMAD SHEIKH)  
Director

(FAIZAN-UL-HAQ)  
Chief Financial Officer

# CONDENSED INTERIM CASH FLOW STATEMENT

(UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2012

	Nine Months Ended	
	March 31, 2012 Rupees	March 31, 2011 Rupees
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period - before taxation	1,244,902,040	991,867,392
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	280,271,093	206,096,715
Amortization of intangible assets	1,083,224	1,261,556
(Gain) / loss on remeasurement of other financial assets	(45,222,837)	(17,769,087)
Provision for gratuity	27,469,572	17,637,790
Provision for infrastructure cess	22,453,986	22,187,373
Gain on disposal of property, plant and equipment	(9,106,206)	(908,212)
Specie dividend received from associates	(128,953,050)	(128,953,050)
Finance cost	752,459,613	546,207,843
<b>Operating cash flows before movement in working capital</b>	<b>2,145,357,435</b>	<b>1,637,628,320</b>
(Increase) / Decrease in current assets		
Stores, spares and loose tools	(10,405,029)	(64,099,279)
Stock-in-trade	(2,322,409,278)	(2,991,963,169)
Trade debts	(106,106,460)	(1,033,993,188)
Loans and advances	(215,563,540)	(75,697,561)
Trade deposits and short term prepayments	(151,937,466)	(27,272,081)
Tax refunds due from the government	45,789,006	20,399,641
Interest / markup accrued	8,915,398	-
Other receivables	1,639,957	(7,508,425)
Increase in trade and other payables	344,507,868	6,587,688
	<b>(2,497,147,556)</b>	<b>(4,173,546,374)</b>
<b>Cash generated from operations</b>	<b>(351,790,121)</b>	<b>(2,535,918,054)</b>
Gratuity paid	(19,316,178)	(6,948,406)
Customs duty paid	(67,718,715)	-
Income tax paid	(137,402,727)	(183,481,204)
	<b>(224,437,620)</b>	<b>(190,429,610)</b>
<b>Net cash outflow from operating activities</b>	<b>(576,227,741)</b>	<b>(2,726,347,664)</b>
Long term loans to employees - net	285,770	760,170
Long term deposits	-	(11,550,000)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(575,941,971)</b>	<b>(2,737,137,494)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(2,424,381,578)	(1,179,027,402)
Proceeds from disposal of property, plant and equipment	78,591,320	2,375,000
Purchase of intangible assets	(1,521,275)	-
Short term investment	253,433	(70,541,733)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(2,347,058,100)</b>	<b>(1,247,194,135)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term financing obtained	2,173,821,739	865,573,483
Long term financing repaid	(321,197,631)	(306,845,473)
Long term musharika - net	(35,633,187)	214,366,813
Short term borrowings - net	1,875,054,120	3,728,480,606
Bills payable obtained / (adjusted)	(155,210,331)	(631,303)
Finance cost paid	(618,183,975)	(436,122,640)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>2,918,650,735</b>	<b>4,064,821,486</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(4,349,336)</b>	<b>80,489,857</b>
<b>CASH AND CASH EQUIVALENTS - At the beginning of the period</b>	<b>191,635,465</b>	<b>123,497,519</b>
<b>CASH AND CASH EQUIVALENTS - At the end of the period</b>	<b>187,286,129</b>	<b>203,987,376</b>

The annexed selected notes form an integral part of this condensed interim financial information.

As required under Section 241(2) of the Companies Ordinance, 1984, these accounts have been signed by two directors in the absence of the Chief Executive Officer, who for the time being is not in the country.

(REHMAN NASEEM)  
Director

(FAZAL AHMAD SHEIKH)  
Director

(FAIZAN-UL-HAQ)  
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE PERIOD ENDED MARCH 31, 2012**

	Issued, subscribed and paid up capital	Capital reserves		Un appropriated Profits	Total
		Share premium	Capital redemption reserve fund		
----- Rupees -----					
Balance as at July 01, 2010	437,551,940	77,616,000	100,000,000	1,702,733,550	2,317,901,490
Profit for the period	-	-	-	850,360,157	850,360,157
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period ended March 31, 2011	-	-	-	850,360,157	850,360,157
Incremental depreciation arising due to surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	-
Specie dividend provided	-	-	-	-	-
Balance as at March 31, 2011	437,551,940	77,616,000	100,000,000	2,427,703,957	3,042,871,897
Balance as at July 01, 2011	362,551,940	77,616,000	150,000,000	2,374,674,025	2,964,841,965
Profit for the period	-	-	-	1,101,127,380	1,101,127,380
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period ended March 31, 2012	-	-	-	1,101,127,380	1,101,127,380
Incremental depreciation arising due to surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	-
Specie dividend provided	-	-	-	-	-
Bonus shares issued	38,448,060	-	-	-	-
Balance as at March 31, 2012	401,000,000	77,616,000	150,000,000	3,402,437,302	4,031,053,302

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(REHMAN NASEEM)  
Director

(FAZAL AHMAD SHEIKH)  
Director

(FAIZAN-UL-HAQ)  
Chief Financial Officer



## **SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2012**

### **1. THE COMPANY AND ITS OPERATIONS**

Fazal Cloth Mills Limited (the Company) was incorporated in Pakistan in 1966 as a Public Limited Company under the Companies Act 1913 (now Companies Ordinance, 1984) and its shares are quoted on Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at 69/7, Abid Majeed Road, Survey # 248/7, Lahore Cantt, Lahore in the province of Punjab. 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.

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

### **2. BASIS OF PRESENTATION**

This condensed interim financial report of the Company for the nine-months period ended March 31, 2012 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

### **3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES**

The accounting policies and the methods of computation adopted in the preparation of this nine months condensed interim financial report are the same as those applied in the preparation of the financial statements for the year ended June 30, 2011. These condensed interim financial information do not include all of the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements of the company for the year ended June 30, 2011.

### **4. DATE OF AUTHORIZATION OF INTERIM FINANCIAL INFORMATION**

These condensed interim financial information were authorized for issue by the Board of Directors on April 26, 2012.

### **5. FIGURES**

Figures have been rounded-off to nearest rupee.

## **Fazal Cloth Mills Ltd.**

**Head Office / Shares Department**

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

**Registered Office**

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

Ph: (92) 300-8631543