

Financial Statement

(Un-Audited)

For The 1st Quarter Ended

September 30, 2013



Fazal Cloth Mills Limited



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Company Information

Board of Directors	Sh. Naseem Ahmad Mrs. Mahnaz Amir Sheikh Mr. Rehman Naseem Mr. Fazal Ahmad Sheikh Mr. Faisal Ahmad Mr. Fahd Mukhtar Mr. Jamal Nasim	Chairman & Chief Executive Officer Nominee NIT Ltd.
Audit Committee	Mr. Rehman Naseem Mrs. Mahnaz Amir Sheikh Mr. Faisal Ahmad	Chairman Member Member
Human Resource and Remuneration Committee	Mr. Faisal Ahmad Mrs. Mahnaz Amir Sheikh Mr. Rehman Naseem	Chairman Member Member
Company Secretary	Mr. M.D. Kanwar	
Chief Financial Officer	Mr. Faizan-ul-Haq	
Auditors	KPMG Taseer Hadi & Co., Chartered Accountants	

Bankers

Habib Bank Limited	United Bank Limited
MCB Bank Limited	National Bank of Pakistan
Askari 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
Habib Metropolitan Bank Limited	The Bank of Khyber
Pak Kuwait Investment Company (Pvt) Limited	Samba Bank Limited
Pak Oman Investment Company Limited	Pak Brunei Investment Company Limited
KASB Bank Limited	NIB Bank Limited
	Silk Bank Limited

Head Office &

Shares Department:

129/1 Old Bahawalpur Road, Multan.
Phone: (92) 61-4587632, 4781637 Fax: (92) 61-4541832, 4583425
e-mail: kanwar@fazalcloth.com
Website: www.fazalcloth.com

Shares Registrar:

Vision Consulting Ltd.
3-C, LDA Flats, Lawrence Road, Lahore
Phone: (92) 42-36375531, 36375339 Fax: (92) 42-36374839

Registered Office:

69/7, Abid Majeed Road, Survey No. 248/7, Lahore Cantt, Lahore.
Phone: (92) 42-36684909

Mills:

- i) Fazal Nagar, Jhang Road, Muzaffargarh - Pakistan
Ph. (92) 66-2422216-18 Fax: (92) 66-2422217
- ii) Qadirpur Rawan Bypass, Khanewal Road, Multan - Pakistan
Ph. (92) 61-6740041-43, Fax : (92) 61-6740052



Directors' Review

**Dear Shareholders,
Assalam-o-Alaikum,**

Directors of Fazal Cloth Mills Limited (“the Company”) are pleased to present the Directors’ Report for the quarter ended September 30, 2013. During the period under review the Company earned a pret ax profit of Rs. 500.365 million as compared to Rs. 455.774 million earned in the same period last year after charging depreciation of Rs. 141.846 million as compared to Rs. 128.805 million in the same period last year.

Earnings per share of the Company for this quarter is Rs. 14.96 as compared to Rs. 16.06 per share in the same period last year.

Subsidiary Companies and Consolidated Financial Statements

Fazal Weaving Mills Limited is 100% owned subsidiary of the Company. Therefore, the Company has annexed consolidated condensed interim financial information in addition to its separate condensed interim financial information, in accordance with the requirements of International Accounting Standard -27 (Consolidated and Separate Financial Statements) and International Accounting Standard-34 (Interim Financial Reporting)

Future Outlook

Manufacturing costs have increased sharply due to massive hike in electricity and gas tariffs and increase in minimum wage. Raw cotton prices have also increased compared to last year. Yarn/Fabric prices have not increased proportionately resulting in a reduction in operating margins. However, with increase in sales due to new capacities coming on line, your management hopes to achieve good results in spite of the tough operating environment.

Management and Labor Relations

The relations between the management and workers remained cordial throughout the period. Your Directors wish to thank all workers and staff members for their hard work.

For & on behalf of the Board

Sd/-

(Sh. Naseem Ahmad)

Chairman & Chief Executive Officer

Place: Multan

Dated: October 26, 2013



Condensed Interim Balance Sheet (Un-Audited)

		2013	
		30 September	30 June
		Audited	
Note	-----	(Rupees)-----	
ASSETS			
Non-current assets			
	Property, plant and equipment	12,470,265,081	12,271,377,241
	Intangible assets	2,675,892	2,258,439
	Long term investments	2,140,811,512	2,067,108,496
	Long term loans to subsidiary - un-secured	4 34,343,606	-
	Long term loans to employees - secured	190,762	-
	Long term deposits	20,228,306	20,228,306
	14,668,515,159	14,360,972,482	

Current assets

Stores, spares and loose tools	327,620,557	305,172,591
Stock-in-trade	4,760,539,293	5,928,618,601
Trade debts	2,314,058,484	1,995,627,804
Loans and advances	509,280,151	140,777,880
Trade deposits and short term prepayments	34,109,293	6,655,581
Other receivables	10,003,223	4,778,084
Short term investments	187,691,023	190,495,126
Tax refunds due from government	259,682,464	313,235,074
Cash and bank balances	120,278,412	156,000,176
	8,523,262,900	9,041,360,917

23,191,778,059

23,402,333,399

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

Sd/-
(SH. NASEEM AHMAD)
Chief Executive Officer

Sd/-
(REHMAN NASEEM)
Director



As at 30 September 2013

	2013	
	30 September	30 June
		Audited
Note	----- (Rupees) -----	
EQUITY AND LIABILITIES		
Share capital and reserves		
Authorized share capital	<u>700,000,000</u>	<u>700,000,000</u>
Issued, subscribed and paid-up capital - Ordinary Shares	250,000,000	250,000,000
Reserves	252,616,000	252,616,000
Fair value reserve - available for sale financial assets	869,663,149	795,960,133
Unappropriated profits	<u>5,232,869,579</u>	<u>4,826,925,335</u>
	6,605,148,728	6,125,501,468
Surplus on revaluation of property, plant and equipment	3,610,643,634	3,695,889,962
Non-current liabilities		
Long term financing	5 <u>4,619,689,266</u>	4,392,121,833
Long term musharika	<u>325,000,000</u>	325,000,000
Deferred liabilities	<u>1,909,454,484</u>	1,787,295,452
	6,854,143,750	6,504,417,285
Current liabilities		
Trade and other payables	<u>1,696,865,410</u>	1,602,138,962
Accrued profit / interest / mark-up	<u>259,443,997</u>	249,516,726
Short term borrowings	<u>3,244,374,834</u>	4,337,180,633
Current portion of non-current liabilities	<u>921,157,706</u>	887,688,363
	6,121,841,947	7,076,524,684
Contingencies and commitments	<u>23,191,778,059</u>	<u>23,402,333,399</u>

Sd/-

(FAIZAN-UL-HAQ)
Chief Financial Officer



Condensed Interim Profit And Loss Account (Un-Audited)

For the three months ended 30 September 2013

	Three months ended	
	30 September 2013	30 September 2012
	------(Rupees)-----	
Sales - net	6,200,754,634	5,377,621,340
Cost of sales	(5,269,110,714)	(4,575,764,999)
Gross profit	931,643,920	801,856,341
Distribution cost	(55,400,298)	(66,197,978)
Administrative expenses	(55,912,598)	(44,878,555)
Other operating expenses	(41,974,287)	(42,152,727)
	(153,287,183)	(153,229,260)
Other operating income	290,957	-
Profit from operations	778,647,694	648,627,081
Finance cost	(278,282,991)	(192,853,525)
Profit before taxation	500,364,703	455,773,556
Taxation	(126,258,191)	(54,176,603)
Profit for the period	374,106,512	401,596,953
Earnings per share		
Basic	14.96	16.06

The annexed notes from 1 to 8 form an integral part of this condensed interim financial information.

Sd/-
(SH. NASEEM AHMAD)
Chief Executive Officer

Sd/-
(REHMAN NASEEM)
Director

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



Condensed Interim Statement Of Comprehensive Income (Un-Audited)
For the three months ended 30 September 2013

	Three months ended	
	30 September 2013	30 September 2012
	----- (Rupees) -----	
Profit after taxation	374,106,512	401,596,953
Other comprehensive income for the period		
Net change on remeasurement of available for sale financial assets to fair value	73,703,016	-
Total comprehensive income for the period	<u>447,809,528</u>	<u>401,596,953</u>

The annexed notes from 1 to 8 form an integral part of this condensed interim financial information.

Sd/-
(SH. NASEEM AHMAD)
Chief Executive Officer

Sd/-
(REHMAN NASEEM)
Director

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



Condensed Interim Cash Flow Statement (Un-Audited)

For the three months ended 30 September 2013

	Three months ended	
	30 September 2013	30 September 2012
	------(Rupees)-----	
Cash flow from operating activities		
Profit before taxation	500,364,703	455,773,556
Adjustments for:		
Depreciation of property, plant and equipment	141,846,426	128,804,630
Amortization of intangible assets	1,708,645	285,011
Loss / (gain) on re-measurement of short term investment	2,804,103	-
Provision for gratuity	9,498,453	9,318,009
Provision for infrastructure cess	6,431,536	5,615,775
Finance cost	278,282,991	192,853,525
Cash generated from operations before working capital changes	940,936,857	792,650,506
(Increase) / decrease in current assets		
Stores, spares and loose tools	(22,447,966)	24,404,986
Stock in trade	1,168,079,308	470,181,468
Trade debts	(318,430,680)	18,584,026
Loans and advances	(368,502,271)	(286,000,002)
Trade deposits and short term prepayments	(27,453,712)	(120,942,183)
Tax refunds due from the government	29,846,210	9,598,718
Other receivables	(5,225,139)	50,493,174
Increase in trade and other payables	88,294,912	230,553,214
	544,160,662	396,873,401
Cash used in operations	1,485,097,519	1,189,523,907
Gratuity paid	(4,678,244)	(2,619,110)
Income tax paid	(38,621,558)	(49,340,397)
Cash used in operating activities	1,441,797,717	1,137,564,400
Long term loans to employees	(190,762)	30,000
Long term loans to subsidiary - un-secured	(34,343,606)	-
Net cash used in operating activities	1,407,263,349	1,137,594,400
Cash flow from investing activities		
Purchase of property, plant and equipment	(340,734,267)	(92,821,085)
Purchase of intangible assets	(2,126,098)	-
Long term investment	-	(111,000,000)
Other financial assets	-	5,507,071
Net cash used in investing activities	(342,860,365)	(198,314,014)
Cash flow from financing activities		
Long term financing obtained	389,111,567	585,258,744
Long term financing repaid	(128,074,790)	(103,627,894)
Long term musharika repaid	-	(11,877,729)
Short term borrowings - net	(1,092,805,798)	(1,053,817,976)
Finance cost paid	(268,355,727)	(175,403,295)
Net cash generated from financing activities	(1,100,124,748)	(759,468,150)
Net increase in cash and cash equivalents	(35,721,764)	179,812,236
Cash and cash equivalents at the beginning of the period	156,000,176	71,988,354
Cash and cash equivalents at the end of the period	120,278,412	251,800,590

The annexed notes from 1 to 8 form an integral part of this condensed interim financial information.

Sd/-
(SH. NASEEM AHMAD)
Chief Executive Officer

Sd/-
(REHMAN NASEEM)
Director

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

Condensed Interim Statement Of Changes In Equity (Un-Audited)

For the three months ended 30 September 2013

	Capital reserves				Fair value reserve - available for sale financial assets	Un-appropriated profits	Total
	Share capital	Share premium	Capital redemption reserve				
Balance as at 01 July 2012	401,000,000	77,616,000	175,000,000	-	4,150,734,634	4,804,350,634	
Total comprehensive income	-	-	-	-	401,596,953	401,596,953	
Profit for the period	-	-	-	-	401,596,953	401,596,953	
Other comprehensive income	-	-	-	-	-	-	
Incremental depreciation arising due to surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	33,337,732	33,337,732	
Balance as at 30 September 2012	401,000,000	77,616,000	175,000,000	-	4,585,669,319	5,239,285,319	
Balance as at 01 July 2013	250,000,000	77,616,000	175,000,000	795,960,133	4,826,925,335	6,125,501,468	
Total comprehensive income	-	-	-	-	374,106,512	374,106,512	
Profit for the period	-	-	-	-	374,106,512	374,106,512	
Other comprehensive income	-	-	-	-	-	-	
Incremental depreciation arising due to surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	73,703,016	73,703,016	
	-	-	-	-	73,703,016	73,703,016	
	-	-	-	-	374,106,512	374,106,512	
	-	-	-	-	31,837,756	31,837,756	
Balance as at 30 September 2013	250,000,000	77,616,000	175,000,000	869,663,149	5,232,869,579	6,605,148,728	

The annexed notes from 1 to 8 form an integral part of this condensed interim financial information.

Sd/-

(SH. NASEEM AHMAD)
Chief Executive Officer

Sd/-

(REHMAN NASEEM)
Director

Sd/-

(FAIZAN-UL-HAQ)
Chief Financial Officer





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

For the three months ended 30 September 2013

1 Legal status and nature of business

The Company was incorporated in Pakistan in 1966 as a public limited company under the Companies Act 1913 (now the Companies Ordinance, 1984) and its shares are quoted on Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at 69/7, Abid Majeed Road, Survey # 248/7, Lahore Cantt, Lahore. The Company is engaged in manufacture and sale of yarn and fabric. The manufacturing facilities are located at Fazal Nagar, Jhang Road, Muzaffargarh and Qadirpur Rawan Bypass, Khanewal Road, Multan in the province of Punjab.

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

2 Basis of presentation

This condensed interim financial information has been prepared in condensed form in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting and is being submitted to shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984. This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the represented financial statements as at and for the year ended 30 June 2013.

3 Significant accounting policies

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended 30 June 2013.

4 Long term loans to subsidiary - unsecured

The Company, Fazal Cloth Mills Limited and the subsidiary Company, Fazal Weaving Mills Limited have entered into a joint subordination agreement with various banks subsequent to last balance sheet date (i.e. July 22, 2013). This agreement subordinates the Company's loan of Rs.430 million.

5 Long term financing

5.1 Term Finance from The Bank of Punjab

During the period a term finance of Rs.249.602 Million has been obtained from The Bank of Punjab to finance the retirement of LCs opened for import of textile weaving machinery required for expansion in weaving unit of the Company. 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 10.10 % per annum. This finance is secured against 1st Joint Pari Passu charge/mortgage with 25% margin on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.

5.2 Term Loan from Allied Bank Limited

During the period a term finance of Rs.74.392 Million has been obtained from Allied Bank Limited to finance the retirement of LCs opened for import of textile weaving machinery required for expansion in weaving unit of the Company. Total limit of this finance is Rs.500 Million. 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 + 1.05% per annum. During the period mark up was charged at the rate of 10.14 % per annum. This finance is secured against 1st Joint Pari Passu charge/mortgage with 25% margin on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.



5.3 Demand Finance from The Bank of Khyber

During the period a demand finance of Rs.25.049 Million has been obtained from The Bank of Khyber to finance the retirement of LCs opened for import of textile machinery. Total limit of this finance is Rs.350 Million. It is repayable within the period of seven years inclusive of two years grace period in ten half yearly equal installments of principal amount. It carries mark up at the rate of 6 Months KIBOR + 1.10% per annum. During the period mark up was charged at the rate of 10.17 % per annum. This finance is secured against 1st Joint Pari Passu charge/mortgage with 25% margin on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.

5.4 Demand Finance from United Bank Limited

During the period a demand finance of Rs.40.068 Million has been obtained from United Bank Limited to finance the Capex/BMR in the mills/ for retirement of local LCs opened for purchase of local plant, machinery, equipments/expansion/BMR. Total limit of this finance is Rs.200 Million. 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 mark up at the rate of 3 Months KIBOR + 1.00% per annum. During the period mark up was charged at the rate of 10.06 % per annum. This finance is secured against 1st Joint Pari Passu charge/mortgage with 25% margin on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.

6 Taxation

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

7 Date of authorization for issue

This condensed interim financial information was authorized for issue by the Board of Directors on October 26, 2013.

8 General

Figures have been rounded off to the nearest rupee.

Sd/-
(SH. NASEEM AHMAD)
Chief Executive Officer

Sd/-
(REHMAN NASEEM)
Director

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



Consolidated Condensed Interim Balance Sheet (Un-Audited)

	2013	
	30 September	30 June Audited
Note	------(Rupees)-----	
ASSETS		
Non-current assets		
Property, plant and equipment	12,755,974,479	12,450,991,731
Intangible assets	4,000,430	3,628,464
Long term investments	1,890,811,512	1,817,108,496
Long term loans to employees - secured	190,762	-
Long term deposits	28,149,696	28,149,696
	<u>14,679,126,879</u>	<u>14,299,878,387</u>
Current assets		
Stores, spares and loose tools	333,208,969	305,172,591
Stock-in-trade	4,760,539,293	5,928,618,601
Trade debts	2,314,058,484	1,995,627,804
Loans and advances	509,280,151	140,777,880
Trade deposits and short term prepayments	34,109,293	6,655,581
Other receivables	10,003,223	4,778,084
Short term investments	187,691,023	190,495,126
Tax refunds due from government	259,682,464	313,235,074
Cash and bank balances	123,505,918	217,397,994
	<u>8,532,078,818</u>	<u>9,102,758,735</u>
	<u>23,211,205,697</u>	<u>23,402,637,122</u>

The annexed notes from 1 to 7 form an integral part of this consolidated condensed interim financial information.

Sd/-
(SH. NASEEM AHMAD)
Chief Executive Officer

Sd/-
(REHMAN NASEEM)
Director



As at 30 September 2013

	2013	
	30 September	30 June Audited
Note	------(Rupees)-----	
EQUITY AND LIABILITIES		
Share capital and reserves		
Authorized share capital	<u>700,000,000</u>	<u>700,000,000</u>
Issued, subscribed and paid-up capital	250,000,000	250,000,000
Reserves	252,616,000	252,616,000
Fair value reserve - available for sale financial assets	869,663,149	795,960,133
Unappropriated profits	<u>5,234,774,315</u>	<u>4,831,573,116</u>
	6,607,053,464	6,130,149,249
Surplus on revaluation of property, plant and equipment	3,610,643,634	3,695,889,962
Non-current liabilities		
Long term financing	4	4,392,121,833
Long term musharika	4,627,416,316	325,000,000
Deferred liabilities	329,772,250	1,787,295,452
Director's loan	1,909,454,484	299,693
	299,693	6,504,716,978
	6,866,942,743	
Current liabilities		
Trade and other payables	1,707,453,891	1,603,359,783
Accrued profit / interest / mark-up	253,579,425	243,652,154
Short term borrowings	3,244,374,834	4,337,180,633
Current portion of non-current liabilities	921,157,706	887,688,363
	6,126,565,856	7,071,880,933
Contingencies and commitments	<u>23,211,205,697</u>	<u>23,402,637,122</u>

Sd/-

(FAIZAN-UL-HAQ)
Chief Financial Officer



Consolidated Condensed Interim Profit And Loss Account (Un-Audited)

For the three months ended 30 September 2013

	Three months ended	
	30 September 2013	30 September 2012
	------(Rupees)-----	
Sales - net	6,200,754,634	5,377,621,340
Cost of sales	(5,269,110,714)	(4,575,764,999)
Gross profit	931,643,920	801,856,341
Distribution cost	(55,400,298)	(66,197,978)
Administrative expenses	(58,697,063)	(44,878,555)
Other operating expenses	(41,974,287)	(42,152,727)
	(156,071,648)	(153,229,260)
Other operating income	332,377	-
Profit from operations	775,904,649	648,627,081
Finance cost	(278,282,991)	(192,853,525)
Profit before taxation	497,621,658	455,773,556
Taxation	(126,258,191)	(54,176,603)
Profit for the period	371,363,467	401,596,953
Share of profit attributable to:		
Equity Holders of Holding Company	371,363,467	401,596,953
Earnings per share		
Basic	14.85	16.06

The annexed notes from 1 to 7 form an integral part of this consolidated condensed interim financial information.

Sd/-
(SH. NASEEM AHMAD)
Chief Executive Officer

Sd/-
(REHMAN NASEEM)
Director

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



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

For the three months ended 30 September 2013

	Three months ended	
	30 September 2013	30 September 2012
	------(Rupees)-----	
Profit after taxation	371,363,467	401,596,953
Other comprehensive income for the period		
Net change on remeasurement of available for sale financial assets to fair value	73,703,016	-
Total comprehensive income for the period	445,066,483	401,596,953
Share of profit attributable to:		
Equity Holders of Holding Company	445,066,483	401,596,953

The annexed notes from 1 to 7 form an integral part of this consolidated condensed interim financial information.

Sd/-
(SH. NASEEM AHMAD)
Chief Executive Officer

Sd/-
(REHMAN NASEEM)
Director

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



Consolidated Condensed Interim Cash Flow Statement (Un-Audited)

For the three months ended 30 September 2013

	Three months ended	
	30 September 2013	30 September 2012
	------(Rupees)-----	
Cash flow from operating activities		
Profit before taxation	497,621,658	455,773,556
Adjustments for:		
Depreciation of property, plant and equipment	141,857,947	128,804,630
Amortization of intangible assets	1,754,132	285,011
Loss / (gain) on re-measurement of short term investment	2,804,103	-
Provision for gratuity	9,498,453	9,318,009
Provision for infrastructure cess	6,431,536	5,615,775
Finance cost	278,282,991	192,853,525
Cash generated from operations before working capital changes	938,250,820	792,650,506
(Increase) / decrease in current assets		
Stores, spares and loose tools	(28,036,378)	24,404,986
Stock in trade	1,168,079,308	470,181,468
Trade debts	(318,430,680)	18,584,026
Loans and advances	(368,502,271)	(286,000,002)
Trade deposits and short term prepayments	(27,453,712)	(120,942,183)
Tax refunds due from the government	29,846,210	9,598,718
Other receivables	(5,225,139)	50,493,174
Increase in trade and other payables	97,662,572	230,553,214
	547,939,910	396,873,401
Cash used in operations	1,486,190,730	1,189,523,907
Gratuity paid	(4,678,244)	(2,619,110)
Income tax paid	(38,621,558)	(49,340,397)
Cash used in operating activities	1,442,890,928	1,137,564,400
Long term loans to employees	(190,762)	30,000
Net cash used in operating activities	1,442,700,166	1,137,594,400
Cash flow from investing activities		
Purchase of property, plant and equipment	(446,840,696)	(92,821,085)
Purchase of intangible assets	(2,126,098)	-
Long term investment	-	(111,000,000)
Other financial assets	-	5,507,071
Net cash used in investing activities	(448,966,794)	(198,314,014)
Cash flow from financing activities		
Long term financing obtained	401,610,867	585,258,744
Long term financing repaid	(128,074,790)	(103,627,894)
Long term musharika repaid	-	(11,877,729)
Short term borrowings - net	(1,092,805,798)	(1,053,817,976)
Finance cost paid	(268,355,727)	(175,403,295)
Net cash generated from financing activities	(1,087,625,448)	(759,468,150)
Net increase in cash and cash equivalents	(93,892,076)	179,812,236
Cash and cash equivalents at the beginning of the period	217,397,994	71,988,354
Cash and cash equivalents at the end of the period	123,505,918	251,800,590

The annexed notes from 1 to 7 form an integral part of this consolidated condensed interim financial information.

Sd/-

(SH. NASEEM AHMAD)
Chief Executive Officer

Sd/-

(REHMAN NASEEM)
Director

Sd/-

(FAIZAN-UL-HAQ)
Chief Financial Officer

Consolidated Condensed Interim Statement Of Changes In Equity (Un-Audited)

For the three months ended 30 September 2013



	Capital reserves				Fair value reserve - available for sale financial assets	Un-appropriated profits	Total
	Share capital	Share premium	Capital redemption reserve				
Balance as at 01 July 2012	401,000,000	77,616,000	175,000,000	-	-	4,150,734,634	4,804,350,634
Total comprehensive income	-	-	-	-	-	401,596,953	401,596,953
Profit for the period	-	-	-	-	-	401,596,953	401,596,953
Other comprehensive income	-	-	-	-	-	-	-
Incremental depreciation arising due to surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	-	33,337,732	33,337,732
Balance as at 30 September 2012	401,000,000	77,616,000	175,000,000	-	-	4,585,669,319	5,239,285,319
Balance as at 01 July 2013	250,000,000	77,616,000	175,000,000	795,960,133	4,831,573,116	6,130,149,249	-
Total comprehensive income	-	-	-	-	-	371,363,467	371,363,467
Profit for the period	-	-	-	-	73,703,016	-	73,703,016
Other comprehensive income	-	-	-	-	73,703,016	371,363,467	445,066,483
Incremental depreciation arising due to surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	-	31,837,756	31,837,756
Balance as at 30 September 2013	250,000,000	77,616,000	175,000,000	869,663,149	5,234,774,315	6,607,053,464	-

The annexed notes from 1 to 7 form an integral part of this consolidated condensed interim financial information.

Sd/-

(SH. NASEEM AHMAD)
Chief Executive Officer

Sd/-

(REHMAN NASEEM)
Director

Sd/-

(FAIZAN-UL-HAQ)
Chief Financial Officer



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

For the three months ended 30 September 2013

1. THE GROUP AND ITS OPERATIONS

The Group consists of:

Holding Company

- Fazal Cloth Mills Limited

Subsidiary Company

- Fazal Weaving Mills Limited

FAZAL CLOTH MILLS LIMITED

Fazal Cloth Mills Limited was incorporated in Pakistan in 1966 as a public limited company under the Companies Act, 1913 (now the Companies Ordinance, 1984) and its shares are quoted on Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at 69/7, Abid Majeed Road, Survey # 248/7, Lahore Cantt, Lahore. The Company is engaged in manufacture and sale of yarn and fabric. The manufacturing facilities are located at Fazal Nagar, Jhang Road, Muzaffargarh and Qadirpur Rawan Bypass, Khanewal Road, Multan in the province of Punjab.

FAZAL WEAVING MILLS LIMITED

Fazal Weaving Mills Limited (the Company) was incorporated in Pakistan as a public limited company under the Companies Ordinance, 1984 in 1989, is a wholly owned subsidiary of Fazal Cloth Mills Limited. The registered office of the Company is situated at 69/7, Abid Majeed Road, Survey # 248/7, Lahore Cantt, Lahore. The principal activity of the Company is to carry business of textile spinning and weaving. During the period, the Company has started installation of textile machinery and plans to commence its commercial operations by the month of February, 2014.

2. Basis of presentation

This consolidated condensed interim financial information is un-audited and is being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984 and the listing regulations of Islamabad, Karachi and Lahore stock exchanges. This consolidated condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard - 34 (Interim Financial Reporting) and International Accounting Standard - 27 (Consolidated and Separate Financial Statements) and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed. This consolidated 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 preceeded audited annual published consolidated financial statements of the Group for the year ended 30 June 2013.

3. Accounting policies

The accounting policies and the methods of computation adopted for the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of preceeding audited annual published consolidated financial statements of the Group for the year ended 30 June 2013.

4. Long term financing

4.1 Term Finance from The Bank of Punjab

During the period a term finance of Rs.249.602 Million has been obtained from The Bank of Punjab to finance the retirement of LCs opened for import of textile weaving machinery required for expansion in weaving unit of the Group. 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 10.10 % per annum. This finance is secured against 1st Joint Pari Passu charge/mortgage with 25% margin on all present and future fixed assets of the Group and personal guarantees of the sponsoring directors.



4.2 Term Loan from Allied Bank Limited

During the period a term finance of Rs.74.392 Million has been obtained from Allied Bank Limited to finance the retirement of LCs opened for import of textile weaving machinery required for expansion in weaving unit of the Group. Total limit of this finance is Rs.500 Million. 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 + 1.05% per annum. During the period mark up was charged at the rate of 10.14 % per annum. This finance is secured against 1st Joint Pari Passu charge/mortgage with 25% margin on all present and future fixed assets of the Group and personal guarantees of the sponsoring directors.

4.3 Demand Finance from The Bank of Khyber

During the period a demand finance of Rs.25,049 Million has been obtained from The Bank of Khyber to finance the retirement of LCs opened for import of textile machinery. Total limit of this finance is Rs.350 Million. It is repayable within the period of seven years inclusive of two years grace period in ten half yearly equal installments of principal amount. It carries mark up at the rate of 6 Months KIBOR + 1.10% per annum. During the period mark up was charged at the rate of 10.17 % per annum. This finance is secured against 1st Joint Pari Passu charge/mortgage with 25% margin on all present and future fixed assets of the Group and personal guarantees of the sponsoring directors.

4.4 Demand Finance from United Bank Limited

During the period a demand finance of Rs.40.068 Million has been obtained from United Bank Limited to finance the Capex/BMR in the mills/ for retirement of local LCs opened for purchase of local plant, machinery, equipments/expansion/BMR. Total limit of this finance is Rs.200 Million. 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 mark up at the rate of 3 Months KIBOR + 1.00% per annum. During the period mark up was charged at the rate of 10.06 % per annum. This finance is secured against 1st Joint Pari Passu charge/mortgage with 25% margin on all present and future fixed assets of the Group and personal guarantees of the sponsoring directors.

5 Taxation

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

6 Date of authorization for issue

This consolidated condensed interim financial information was authorized for issue by the Board of Directors on October 26, 2013.

7 General

Figures have been rounded off to the nearest rupee.

Sd/-
(SH. NASEEM AHMAD)
Chief Executive Officer

Sd/-
(REHMAN NASEEM)
Director

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



Fazal Cloth Mills Ltd.
Head Office / Shares Department
129/1, Old Bahawalpur Road, Multan.
Phone: (92) 61-4579001-7, 4587632, 4781637

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Lahore Cantt, Lahore.
Phone: (92) 300-8631543