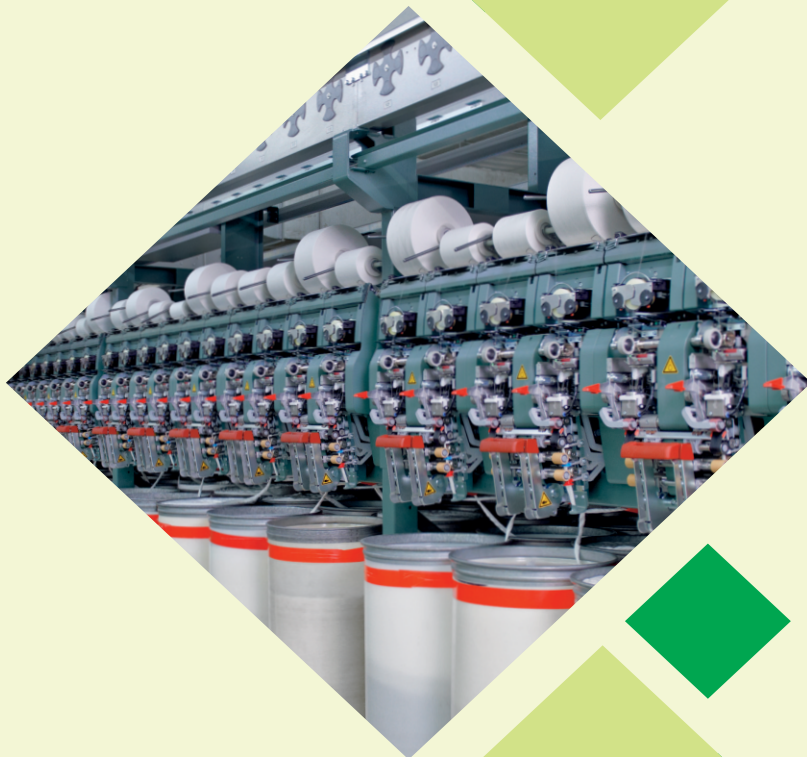




Fazal Cloth Mills Limited



**Interim
Financial Report
For The
Half Year Ended
December 31, 2018**

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Company Information

Board of Directors	Sh. Naseem Ahmad	Chairman
	Mr. Rehman Naseem	Chief Executive Officer
	Mr. Aamir Naseem Sheikh	
	Mr. Fazal Ahmed Sheikh	
	Mr. Faisal Ahmed	
Audit Committee	Mr. Fahd Mukhtar	
	Mr. Babar Ali	Independent Director
	Mr. Babar Ali	Chairman
	Mr. Rehman Naseem	Member
	Mr. Fahd Mukhtar	Member
Human Resource and Remuneration Committee	Mr. Babar Ali	Chairman
	Mr. Aamir Naseem Sheikh	Member
	Mr. Faisal Ahmed	Member
Company Secretary	Mr. Asad Mustafa	
Chief Financial Officer	Mr. Muhammad Azam	
Auditors	KPMG Taseer Hadi & Co., Chartered Accountants	
Bankers	Allied Bank Limited	Faysal Bank Limited
	National Bank of Pakistan	Askari Bank Limited
	MCB Bank Limited	The Bank of Punjab
	Meezan Bank Limited	The Bank of Khyber
	United Bank Limited	Pak Brunei Investment Company Limited
	Standard Chartered Bank Pakistan Limited	Pak Oman Investment Company Limited
	Habib Bank Limited	Summit Bank Limited
	Soneri Bank Limited	Habib Metropolitan Bank Limited
	Bank Islami Pakistan Limited	Dubai Islamic Bank (Pakistan) Limited
	Bank Al-Falah Limited	JS Bank Limited
	Bank Al-Habib Limited	
Head Office & Shares Department:	59/3, Abdali Road, Multan. Phone: (92) 61-4579001-7, 4781637 Fax: (92) 61-4541832 E-mail: corporate@fazalcloth.com; shares@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) 42-36312550	
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, 2018.

Your Company earned after tax profit of Rs. 840.60 million as compared to Rs. 250.10 million for the corresponding period last year after charging depreciation of Rs. 473.42 million (December 31, 2017: Rs. 399.58 million). EBITDA of Rs.2,261.86 million (December 31, 2017: Rs. 1,330.40 million) was generated.

Sales were recorded at Rs. 15,680.47 million during the half year of the current financial year compared to Rs. 14,705.69 million during the corresponding half year, registering an increase of 6.63%.

Earnings pershare of the Company for the half year ended December 31, 2018 is Rs.28.02 as compared to Rs. 8.34 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 repealed Companies Act, 1977.

During the half year the Group earned after tax profit of Rs. 938.91 million as compared to Rs.307.21 million earned in the same period of last year after charging depreciation of Rs. 556.70 million as compare to Rs. 474.90 million in the same period last year. EBITDA of Rs. 2,705.18 million (December 31, 2017: Rs. 1,622.12) was generated.

Earnings per share of the Group for the half year ended December 31, 2018 is Rs. 31.30 as compared to Rs. 10.24 for corresponding period in previous year.

Financial Highlights – Consolidated Financial Statements	Six Months Ended 31 December		Increase/ (Decrease) %
	2018	2017	
Net Sales (Rs. '000')	17,966,346	15,790,985	13.78
Gross Profit (Rs. '000')	2,249,027	1,393,039	61.45
Profit before tax (Rs. '000')	1,177,412	502,259	134.42
Profit after tax (Rs. '000')	938,917	307,210	205.63
Gross Profit (%)	12.52	8.82	
Profit after tax (%)	5.23	1.95	
Earnings per share-Rs.	31.30	10.24	

Future Outlook

Realizing the importance to keep exporters competitive, GOP has reduced price of Electricity to 7.5c/KwH and Gas to \$6.5/mmbtu for export oriented industry. Alhamdulillah, with this extremely welcome step and a competitive exchange rate, cost of manufacturing yarns, fabrics and made up textiles in Pakistan has become regionally competitive. Your management believes, textile business in Pakistan will recover its lost glory and grow sharply over the next few years if the present policies are continued.

Your management is happy to report that BMR of its existing projects as well as expansion plans have been completed on time and within budgeted cost. This has resulted in reduction of cost of production and increase involume of yarn. During the period under review, steam turbine of 1.5 MW running on steam generated from waste heat of gas fired generators installed in power house of the company also came on line reducing the cost of power supply for the company.

Your management expects financial performance of the company during the remaining period of the current financial year to be similar to the good results achieved during the first half year.

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



(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER

Dated: February 27, 2019

ڈائریکٹرز جائزہ رپورٹ

معزز شیئر ہولڈرز!

فصل کا تھوڑا لمبا ٹیڈ (کمپنی) کے ڈائریکٹرز ششماہی دسمبر 2018, 31 کی مالیاتی کارکردگی پر جائزہ رپورٹ پیش کرتے ہوئے مسرت کا اظہار کرتے ہیں۔

رواں سال ششماہی دسمبر 2018 میں فروختی 15,680 ملین روپے رہی جو پچھلے سال اسی ششماہی میں 14,706 ملین روپے تھی۔ لہذا اضافہ 6.63% فیصد رہا۔ جائزہ کے عرصے کے دوران کمپنی نے منافع بعد از ٹیکس 841 ملین روپے کمایا جبکہ عرصہ ششماہی دسمبر 2017, 31 قبل از ٹیکس منافع فروڈگی کا خرچہ 473 ملین روپے منہا کرنے کے بعد 250 ملین روپے تھا۔ آمدنی قبل از فروڈگی، منافع اور ٹیکس 2,262 ملین روپے رہی جو کہ پچھلی ششماہی دسمبر 2017 میں 1330 ملین روپے تھی۔ فی حصص آمدنی موجودہ ششماہی میں 28.02 روپے ہے جو کہ پچھلے سال اسی ششماہی میں 8.34 روپے تھی۔

ذیلی کمپنی اور یکجا مالیاتی سٹیٹمنٹس

یکجا عبوری مالیاتی حسابات کمپنی اور فضل و یونگ ملز لمیٹڈ پر مشتمل ہیں جو کہ کمپنی کی علیحدہ عبوری مالیاتی حسابات کے علاوہ ہیں اور عالمی اکاؤنٹنگ معیار 27 اور 34 اور کمپنیز ایکٹ 2017 کی متعلقہ قوانین کی روشنی میں تیار کیے گئے ہیں۔

رواں سال ششماہی دسمبر 2018 میں گروپ نے فروڈگی کا خرچہ 557 ملین روپے منہا کرنے کے بعد بعد از ٹیکس منافع 939 ملین روپے کمایا جبکہ پچھلے سال اسی ششماہی میں فروڈگی کا خرچہ 475 ملین روپے منہا کرنے کے بعد بعد از ٹیکس منافع 307 ملین تھا۔ آمدنی قبل از فروڈگی، منافع اور ٹیکس 2,705 ملین روپے رہی جو کہ پچھلی ششماہی دسمبر 2017 میں 1,622 ملین روپے تھی۔ رواں سال ششماہی دسمبر 2018 میں گروپ کی فی حصص آمدنی 31.30 روپے ہے جو پچھلی ششماہی دسمبر 2017, 31 میں 10.24 روپے تھی۔

مالی جھلکیاں	ششماہی اختتام برائے مالی سال		(کم) / اضافہ فیصد
	2017	2018	
خالص فروختگی	15,790,985	17,966,346	13.78
گراس منافع	1,393,039	2,249,027	61.45
منافع قبل از ٹیکس	502,259	1,177,412	134.42
منافع بعد از ٹیکس	307,210	938,917	205.63
گراس منافع - فیصد	8.82	12.52	
منافع بعد از ٹیکس - فیصد	1.95	5.23	
آمدنی فی حصص - روپے	10.24	31.30	

مستقبل کا نقطہ نظر

برآمدات کی اہمیت کو مد نظر رکھتے ہوئے بجلی اور گیس کی قیمت کو براآمدات کی صنعت کے لینے بالترتیب 7.5/KWH سینٹ اور 6.5/mmbtu ڈالر مقرر کیا ہے۔ اس اقدام کو خوش آمدید کہتے ہیں اور اسکی وجہ سے دھماکہ، کپڑا اور ٹیکسٹائل کی مصنوعات علاقائی طور پر تقابلی ہو چکی ہیں۔ اگر موجودہ پالیسی برقرار رہی تو پاکستان میں ٹیکسٹائل کی صنعت اگلے کچھ سالوں میں اپنی گشدہ شان و شوکت حاصل کرے گی۔

رواں پراجیکٹس میں جدید شیشیری کے استعمال میں اضافہ مقررہ وقت میں اور مقررہ لاگت میں کیا گیا ہے۔ اسکی وجہ سے پیداواری لاگت میں کمی اور دھماکہ کی پیداوار میں اضافہ ہوا ہے۔ رواں عرصہ میں بھاپ کی فراہمی 1.5 میگا واٹ بجلی پیدا کی گئی جس سے کمپنی کی بجلی کی لاگت میں کمی آئی۔ رواں ششماہی میں بہتر نتائج کی اگلی ششماہی میں بھی توقع کی جا رہی ہے۔

انتظامیہ اور لیبر طبقہ میں تعلقات

انتظامیہ اور لیبر طبقہ میں تعلقات پر جوش اور ہموار ہے۔ ڈائریکٹرز انتظامیہ اور تمام درجہ کی محنت اور کوشش کو سراہتے ہیں۔

یورڈ کی طرف سے

رحمان نسیم
(چیف ایگزیکٹو آفیسر)

تاریخ: فروری 27, 2019

Fazal Cloth Mills Limited

Condensed Interim Unconsolidated Financial Information
for the half year ended 31 December 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Fazal Cloth Mills Limited

Report on review of Condensed Interim Unconsolidated Financial Statements

Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of Fazal Cloth Mills Limited as at 31 December 2018 and the related condensed interim unconsolidated statement of profit or loss and other comprehensive income, condensed interim unconsolidated statement of changes in equity, and condensed interim unconsolidated statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements 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 interim financial statements 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 statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.


Other Matter

The figures for the three months period ended 31 December 2018, 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.

The engagement partner on the review resulting in this independent auditor's review report is Bilal Ali.

Lahore

Date: 27 Feb, 2019


KPMG Taseer Hadi & Co.
Chartered Accountants
(Bilal Ali)

Condensed Interim unconsolidated Statement of Financial Position (Un-Audited)

		(Un-audited) 31 December 2018 Rupees	(Audited) 30 June 2018 Rupees
EQUITY AND LIABILITIES	<i>Note</i>		
<u>Share capital and reserves</u>			
Authorized share capital		700,000,000	700,000,000
Issued, subscribed and paid-up capital		300,000,000	300,000,000
<i>Capital reserves</i>			
- Others capital reserves		1,781,826,654	1,525,440,947
- Revaluation surplus on property, plant and equipment		9,425,078,107	9,574,659,705
Unappropriated profits - revenue reserve		9,350,560,922	8,615,376,351
		20,857,465,683	20,015,477,003
<u>Non-current liabilities</u>			
Long term financing - <i>secured</i>	6	7,948,120,513	7,042,048,037
Long term musharika - <i>secured</i>	7	2,002,500,000	1,061,250,000
<i>Deferred liabilities:</i>			
- Staff retirement benefit		256,503,198	252,712,792
- Deferred taxation		2,396,151,643	2,267,972,077
		12,603,275,354	10,623,982,906
<u>Current liabilities</u>			
Current portion of non-current liabilities		1,842,395,159	1,828,059,070
Trade and other payables	8	2,897,256,712	2,419,520,544
Unclaimed dividend		12,593,562	8,971,945
Short term borrowings - <i>secured</i>		11,852,707,658	7,953,052,718
Accrued mark-up		370,201,990	275,093,224
		16,975,155,081	12,484,697,501
Contingencies and commitments	9	50,435,896,118	43,124,157,410

The annexed notes from 1 to 22 form integral part of these condensed interim unconsolidated financial statements.


(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER


(SHEIKH NASEEM AHMAD)
DIRECTOR

As at 31 December 2018

		(Un-audited) 31 December 2018 Rupees	(Audited) 30 June 2018 Rupees
ASSETS	Note		
<u>Non-current assets</u>			
Property, plant and equipment	10	23,657,714,136	22,331,867,219
Intangible assets		5,563,101	-
Long term investments	11	3,998,519,801	3,742,134,094
Long term loan and advances	12	2,236,826,351	1,636,826,351
Long term deposits		24,082,493	24,071,493
		29,922,705,882	27,734,899,157

Current assets

Stores, spares and loose tools		605,263,748	499,684,798
Stock-in-trade		13,735,857,144	8,124,450,558
Trade debts	13	3,934,740,969	4,842,378,886
Loans and advances		121,112,761	142,136,368
Trade deposits and short term prepayments		48,336,481	27,326,699
Other receivables		491,609,049	511,080,697
Mark-up accrued		235,463,580	139,636,009
Short term investment	14	223,196,400	198,288,000
Tax refunds due from the Government - net		960,714,098	836,318,659
Cash and bank balances	15	156,896,006	67,957,579
		20,513,190,236	15,389,258,253

50,435,896,118	43,124,157,410
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(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER

Condensed Interim unconsolidated Statement of Profit or Loss (Un-Audited)
For the half year and quarter ended 31 December 2018

	<i>Note</i>	Half year ended		Quarter ended	
		31 December 2018 Rupees	31 December 2017 Rupees	31 December 2018 Rupees	31 December 2017 Rupees
Sales - net	16	15,680,465,051	14,705,692,680	8,265,325,634	7,183,363,497
Cost of sales	17	(13,803,015,170)	(13,566,518,238)	(7,210,387,565)	(6,645,117,734)
Gross profit		1,877,449,881	1,139,174,442	1,054,938,069	538,245,763
Selling and distribution expenses		(113,487,409)	(128,950,233)	(52,791,246)	(69,136,342)
Administrative expenses		(149,304,760)	(154,647,401)	(77,054,612)	(83,037,417)
Other expenses		(71,894,749)	(49,947,641)	(30,550,357)	(35,444,196)
		(334,686,918)	(333,545,275)	(160,396,215)	(187,617,955)
Other income		245,669,087	125,192,641	73,007,598	92,636,606
Profit from operations		1,788,432,050	930,821,808	967,549,452	443,264,414
Finance cost		(778,921,356)	(533,228,593)	(471,007,586)	(280,592,801)
Profit before taxation		1,009,510,694	397,593,215	496,541,866	162,671,613
Taxation		(168,907,721)	(147,489,788)	(33,134,226)	(62,379,247)
Profit after taxation		840,602,973	250,103,427	463,407,640	100,292,366
Earnings per share - basic and diluted		28.02	8.34	15.45	3.34

The annexed notes from 1 to 22 form integral part of these condensed interim unconsolidated financial statements.


(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER


(SHEIKH NASEEM AHMAD)
DIRECTOR


(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER

Condensed Interim Un-Consolidated Statement of Comprehensive Income (Un-Audited)
For the half year and quarter ended 31 December 2018

	Half year ended		Quarter ended	
	31 December 2018 Rupees	31 December 2017 Rupees	31 December 2018 Rupees	31 December 2017 Rupees
Profit after taxation	840,602,973	250,103,427	463,407,640	100,292,366
<u>Other comprehensive income - net of tax</u>				
<i>Items that are or may be reclassified subsequently to statement of profit or loss:</i>				
- Net change in fair value of available-for-sale financial assets	256,385,707	(177,013,227)	(59,214,389)	(199,691,079)
Total comprehensive income/ (loss) for the period	1,096,988,680	73,090,200	404,193,251	(99,398,713)

The annexed notes from 1 to 22 form integral part of these condensed interim unconsolidated financial statements.


(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER



(SHEIKH NASEEM AHMAD)
DIRECTOR

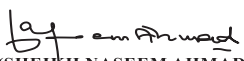

(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER


Condensed Interim unconsolidated Statement of Changes in Equity (Un-Audited)
For the half year ended 31 December 2018

	Capital reserves				Revenue reserve		
Share capital	Share premium	Capital redemption reserve	Fair value reserve	Revaluation surplus on property, plant and equipment	Un-appropriated profits	Total	
Rupees							
Balance as at 30 June 2017	300,000,000	77,616,000	175,000,000	1,354,087,247	6,306,367,002	7,296,152,237	15,509,222,486
Total comprehensive income for the period :							
Profit for six months ended 31 December 2017	-	-	-	-	250,103,427		250,103,427
Other comprehensive loss for six months ended 31 December 2017	-	-	-	(177,013,227)	-		(177,013,227)
	-	-	-	(177,013,227)	-	250,103,427	73,090,200
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the period - net of tax	-	-	-	-	(137,660,004)	137,660,004	
Transfer from revaluation surplus on property, plant and equipment on disposal - net of tax	-	-	-	-	(3,002,170)	3,002,170	-
Transactions with the owners of the Company :							
Final cash dividend @ Rs. 5.25 per ordinary share for the year ended 30 June 2017	-	-	-	-	-	(157,500,000)	(157,500,000)
Balance as at 31 December 2017	300,000,000	77,616,000	175,000,000	1,177,074,020	6,165,704,828	7,529,417,838	15,424,812,686
Total comprehensive income for the year :							
Profit for six months ended 30 June 2018	-	-	-	-	-	963,401,643	963,401,643
Other comprehensive income/ (loss) for six months ended 30 June 2018	-	-	-	95,750,927	3,424,191,808	(10,733,823)	3,509,208,912
	-	-	-	95,750,927	3,424,191,808	952,667,820	4,472,610,555
Effect on deferred tax due to change in tax rate and proportion rate	-	-	-	-	118,053,762	-	118,053,762
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the period - net of tax	-	-	-	-	(118,960,525)	118,960,525	-
Transfer from revaluation surplus on property, plant and equipment on disposal - net of tax	-	-	-	-	(14,330,168)	14,330,168	-
Balance as at 30 June 2018	300,000,000	77,616,000	175,000,000	1,272,824,947	9,574,659,705	8,615,376,351	20,015,477,003
Total comprehensive income for the period :							
Profit for six months ended 31 December 2018	-	-	-	-	-	840,602,973	840,602,973
Other comprehensive income for six months ended 31 December 2018	-	-	-	256,385,707	-	-	256,385,707
	-	-	-	256,385,707	-	840,602,973	1,096,988,680
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the period - net of tax	-	-	-	-	(149,581,598)	149,581,598	-
Transactions with the owners of the Company :							
Final cash dividend @ Rs. 8.50 per ordinary share for the year ended 30 June 2018	-	-	-	-	-	(255,000,000)	(255,000,000)
Balance as at 31 December 2018	300,000,000	77,616,000	175,000,000	1,529,210,654	9,425,078,107	9,350,560,922	20,857,465,683

The annexed notes from 1 to 22 form integral part of these condensed interim unconsolidated financial statements.


(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER


(SHEIKH NASEEM AHMAD)
DIRECTOR


(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER

Condensed Interim unconsolidated Statement of Cash Flows (Un-Audited)

For the half year ended 31 December 2018

	Half year ended	
	31 December 2018	31 December 2017
	Rupees	Rupees
<u>Cash flows from operating activities</u>		
Profit before taxation	1,009,510,694	397,593,215
Adjustments for:		
Depreciation on property, plant and equipment	472,311,758	399,582,719
Amortization on intangible assets	1,112,620	-
Unrealized (gain)/ loss on re-measurement of short term investment	(24,908,400)	18,321,200
Provision for gratuity	55,312,224	47,784,599
(Gain)/ loss on disposal of property, plant and equipment	(197,034)	6,448,622
Finance cost	778,921,356	533,228,593
Markup accrued	(95,827,571)	(37,971,217)
Cash generated from operations before working capital changes	2,196,235,647	1,364,987,731
<u>Effect on cash flows due to working capital changes</u>		
<i>(Increase)/ decrease in current assets:</i>		
Stores, spares and loose tools	(105,578,950)	38,123,216
Stock-in-trade	(5,611,406,586)	(2,925,472,822)
Trade debts	907,637,917	1,507,157,861
Loans and advances	21,023,607	599,131,844
Trade deposits and short term prepayments	(21,009,782)	(38,559,765)
Other receivables	19,471,648	(81,153,698)
	(4,789,862,146)	(900,773,364)
<i>Increase in current liabilities:</i>		
Trade and other payables	477,736,168	521,436,468
Cash (used in)/ generated from operations	(2,115,890,331)	985,650,835
Gratuity paid to employees	(51,521,817)	(38,203,993)
Taxes paid - net	(165,123,594)	(149,678,839)
Net cash (used in)/ generated from operating activities	(2,332,535,742)	797,768,003
<u>Cash flows from investing activities</u>		
Fixed capital expenditure	(1,805,322,863)	(1,062,164,323)
Proceeds from sale of property, plant and equipment	685,500	9,493,128
Long term loan and advances	(600,000,000)	(349,946,352)
Long term deposits	(11,000)	375,000
Net cash used in investing activities	(2,404,648,363)	(1,402,242,547)
<u>Cash flows from financing activities</u>		
Long term financing obtained	1,728,298,347	1,427,845,929
Long term financing repaid	(807,889,782)	(713,172,369)
Long term musharika obtained	1,100,000,000	500,000,000
Long term musharika repaid	(158,750,000)	(183,750,000)
Short term borrowings - net	3,899,654,940	273,572,134
Finance cost paid - net	(683,812,590)	(521,567,055)
Dividend paid	(251,378,383)	(155,069,790)
Net cash generated from financing activities	4,826,122,532	627,858,849
Net increase in cash and cash equivalents	88,938,427	23,384,305
Cash and cash equivalents at beginning of the period	67,957,579	116,327,278
Cash and cash equivalents at end of the period	156,896,006	139,711,583

The annexed notes from 1 to 22 form integral part of these condensed interim unconsolidated financial statements.


(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER


(SHEIKH NASEEM AHMAD)
DIRECTOR


(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER

Notes to the Condensed Interim unconsolidated Financial Information (Un-audited)

*For the half year ended 31 December 2018***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 Act, 2017). The shares of the Company are quoted on Pakistan Stock Exchange ("PSX"). The registered office of the Company is situated at 69/7, Abid Majeed Road, Survey No. 248/7, Lahore Cantt, Lahore. The Company is principally engaged in manufacture and sale of yarn and fabric. The manufacturing facilities and ware houses are located at Fazal Nagar, Jhang Road, Muzaffargarh and Qadirpur Rawan Bypass, Khanewal Road, Multan in the province of Punjab.

2 Summary of significant events and transactions in the current reporting period

The Company's financial position and performance was particularly affected by the following events during the reporting period:

- The Company incurred significant capital expenditure amounting to Rs. 1.81 billion as detailed in note 10 of these financial statements.
- The Company disbursed Rs. 600 million to Fatima Energy Limited ('FEL'), an associated undertaking to finance capital expenditure and to meet the working capital needs as detailed in note 12 of these financial statements.
- The Company adopted new accounting standards which became applicable in the current year. The adoption of these new standards has been accounted for as change in accounting policy as explained in note 5.2 of these condensed interim unconsolidated financial information.

3 Basis of preparation**3.1 Statement of Compliance**

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34 or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 Basis of Accounting

3.2.1 This condensed interim unconsolidated financial information comprises the condensed interim unconsolidated statement of financial position of the Company as at 31 December 2018 and the related condensed interim unconsolidated statement of profit or loss, statement of comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof.

3.2.2 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 30 June 2018.

- 3.2.3** Comparative unconsolidated statement of financial position numbers are extracted from the annual audited unconsolidated financial statements of the Company for the year ended 30 June 2018, whereas comparative condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, statement of cash flows and statement of changes in equity are stated from unaudited condensed interim financial information of the Company for the six months period ended 31 December 2017.
- 3.2.4** This condensed interim unconsolidated financial information is unaudited and being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 ("the Act") and is un-audited but subject to limited scope review by external auditors as required by the Act and Code of Corporate Governance.
- 3.2.5** These condensed interim unconsolidated 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 and presented separately.

The Company has following major investment:

Name of the company	Shareholding	Nature
<u>Subsidiary</u>		
- Fazal Weaving Mills Limited ("the Subsidiary")	100%	Spinning
Name of the company	Shareholding	Nature
<u>Associates</u>		
- Fatima Energy Limited ("FEL")	24.11%	Power Generation
- Fatima Transmission Company Limited ("FTCL")	24.00%	Transmission of Energy
- Fatima Electric Company Limited	20.00%	Power Generation

4 Estimates and judgments

- 4.1** The preparation of condensed interim unconsolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.
- 4.2** Estimates and judgments made by the management in the preparation of this condensed interim unconsolidated financial information are the same as those that were applied to the unconsolidated annual financial statements of the Company for the year ended 30 June 2018.

5 Statement of consistency in accounting policies

- 5.1** 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 annual financial statements for the year ended 30 June 2018 except for the adoption of new standards effective from 01 July 2018 as stated below:

5.2 Change in significant accounting policy

The Company has adopted IFRS 15 'Revenue from Contracts with Customers' from 01 July 2018 which is effective from the annual periods beginning on or after 01 July 2018. There are other new standards which are effective from 01 July 2018 but they do not have a material effect on the Company's condensed interim unconsolidated financial statements.

The details of new significant accounting policy adopted and the nature and effect of the changes from previous accounting policy are set out below:

5.2.1 IFRS 15 - Revenue from Contracts with Customers

The Company manufactures yarn, fabric and allied products and contracts with customers for the sale of goods. Management has concluded that revenue from sale of goods be recognised at the point in time when control of the asset is transferred to the customer, which is when the goods are dispatched to the customer or when the goods are handed over to the carrier arranged by the Company on behalf of the customer. Adoption of IFRS 15 which replaces IAS 18 revenue recognition, IAS 11 Construction contracts and related interpretations at 01 July 2018, did not have material effect on the condensed interim unconsolidated financial statement except for reclassification of freight and forwarding cost from selling and distribution to sales and cost of sales. The corresponding figures have been represented to reflect this change on adoption of IFRS 15. Accordingly, selling and distribution expense of Rs. 80.99 million and Rs. 13.45 million have been reclassified to sales and cost of sales respectively. This reclassification has no impact on the reported Earning per Share (EPS) of the corresponding period.

5.2.2 IFRS 9 - Financial instruments

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting and was effective for annual periods beginning on or after 01 July 2018. The Securities and Exchange Commission of Pakistan (SECP), vide its S.R.O. 229(I)/2019 dated 14 February 2019 has deferred the applicability of IFRS 9 (Financial Instruments) for reporting period ended on 31 December 2018. IFRS 9 will now be applicable for reporting periods / year ending on or after 30 June 2019.

5.3 New standards and amendments to the approved accounting standards which became effective during the period

Other than those disclosed above in note 5.2.1 and 5.2.2, there were certain 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.

- IFRIC 23 - Uncertainty over Income Tax Treatments	01 January 2019
- Amendment to IFRS 9 - Financial Instrument	01 January 2019
- IFRS 16 - Leases	01 January 2019
- Amendment to IAS 28 - Investments in associates and joint ventures - Long Term Interests in Associates and Joint Ventures	01 January 2019
- Amendment to IAS 19 - Employee benefits - Plan Amendment, Curtailment or Settlement	01 January 2019
- Amendment to IFRS 3 - Business Combinations – Definition of a Business	01 January 2020
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	01 January 2020
Annual Improvements to IFRS Standards 2015–2017 Cycle	
- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement	01 January 2019
- IAS 12 Income Taxes	01 January 2019
- IAS 23 Borrowing Costs	01 January 2019

		(Un-audited) 31 December 2018 Rupees	(Audited) 30 June 2018 Rupees
6 Long term financing - secured	<i>Note</i>		
Opening balance		8,552,607,107	7,475,659,120
Loan obtained during the period/ year	6.1	1,728,298,347	2,483,887,998
Repayments made during the period/ year		(807,889,782)	(1,406,940,011)
Closing balance		9,473,015,672	8,552,607,107
Less: current portion grouped under current liabilities		(1,524,895,159)	(1,510,559,070)
		<u>7,948,120,513</u>	<u>7,042,048,037</u>

		(Un-audited) 31 December 2018 Rupees	(Audited) 30 June 2018 Rupees
6.1 Markup bearing finances from conventional banks:			
Soneri Bank Limited - Term Finance ("TF")	6.1.1	278,614,895	32,473,454
Allied Bank Limited - Term Loan ("TL-VI") under LTFF Scheme	6.1.2	-	355,040,698
Allied Bank Limited - Term Loan ("TL-VIII")		673,725,244	16,269,082
		673,725,244	371,309,780
Habib Bank Limited - Demand Finance ("DF") under LTFF Scheme		-	224,569,573
United Bank Limited - Demand Finance ("DF-II") under LTFF Scheme		-	126,576,000
The Bank of Punjab - Term Finance	6.1.3	-	600,000,000
The Bank of Punjab - Term Finance under LTFF Scheme		-	5,004,134
The Bank of Punjab - Term Finance/ LTFF Scheme		175,958,208	85,323,448
The Bank of Punjab - Term Finance		-	238,631,609
		175,958,208	928,959,191
Pak Oman Investment Company Limited - Term Finance ("TF")		-	500,000,000
JS Bank - Term Finance ("TF")		-	300,000,000
The Bank of Khyber - Demand Finance ("DF") under LTFF Scheme	6.1.4	350,000,000	-
Askari Bank Limited - Term Finance	6.1.5	250,000,000	-
		1,728,298,347	2,483,887,998

6.1.1 Soneri Bank Limited - Term Loan

During the period, a term loan of Rs. 278.61 million has been obtained. Out of total term loan, Rs. 248.08 million has been refinanced from State Bank of Pakistan ("SBP") under its Long Term Financing Facility ("LTFF") Scheme. The principal loan amount is repayable within a period of ten years, including a grace period of two years, in thirty two equal quarterly installments. It carries mark up at the rate of three months KIBOR + 1.10% per annum on its own source loan and SBP's applicable rate for loan under LTFF scheme at SBP rate + 1.10% per annum. This loan is secured against joint pari passu ("JPP") charge/ mortgage of Rs. 1,182 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.

6.1.2 Allied Bank Limited - Term Loan - 8

During the period, term loan of Rs. 673.73 million has been obtained. Out of the total term loan, Rs. 295.08 million has been refinanced under its SBP's LTFF Scheme. The principal loan amount is repayable within a period of ten years including grace period of two years, in sixteen equal half yearly installments. It carries mark up at the rate of six months KIBOR + 0.50% per annum on its own source loan and SBP's applicable rate for loan under LTFF scheme at the rate of SBP rate + 0.50% per annum. This loan is secured against JPP charge/ mortgage of Rs. 2,902 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.

6.1.3 The Bank of Punjab

During the period, term loan of Rs. 175.96 million has been obtained. Out of the total term loan, Rs. 201.75 million has been refinanced under its SBP's LTFF Scheme. The principal loan amount is repayable within a period of ten years including grace period of two years, in sixteen equal half yearly installments. It carries mark up at the rate of six months KIBOR + 0.75% per annum on its own source loan and SBP's applicable rate for loan under LTFF scheme at the rate of SBP rate + 0.75% per annum. This loan is secured against JPP charge/ mortgage of Rs. 2,358 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.

6.1.4 The Bank of Khyber

During the period an amount of Rs. 350 million has been obtained. Out of the total term loan, Rs. 159.69 million has been refinanced under its SBP's LTFF scheme. This finance is repayable within the period of seven years including grace period of two years in ten equal half yearly installments of principal amount. It carries mark up at the rate of 6 months KIBOR + 1.00% per annum on its own source loan and SBP's applicable rate for loan under LTFF scheme at the rate of SBP rate + 0.60% per annum. It is secured against first JPP charge/ mortgage of Rs. 951 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.

6.1.5 Askari Bank Limited – Term Finance

During the period, a term finance of Rs. 250 million has been obtained. The principal amount of loan is repayable within period of eight years including grace period of two years, in twelve equal half yearly installments. It carries mark up at the rate of six months KIBOR + 1.00% per annum in arrears and payable in arrears on quarterly basis. This loan is secured against JPP charge/ mortgage of Rs. 576.50 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.

		(Un-audited) 31 December 2018 Rupees	(Audited) 30 June 2018 Rupees
7 Long term musharika - secured	<i>Note</i>		
Opening balance		1,378,750,000	1,221,250,000
Loan obtained during the period/ year	7.1	1,100,000,000	500,000,000
Repayments made during the period/ year		(158,750,000)	(342,500,000)
Closing balance		2,320,000,000	1,378,750,000
Less: current portion grouped under current liabilities		(317,500,000)	(317,500,000)
		<u>2,002,500,000</u>	<u>1,061,250,000</u>
7.1 Islamic finances from conventional banks:			
Faysal Bank Limited - Diminishing Musharika		-	500,000,000
Dubai Islamic Bank Pakistan Limited - Diminishing Musharika	7.1.1	600,000,000	-
Meezan Bank Limited - Diminishing Musharika	7.1.2	500,000,000	-
		<u>1,100,000,000</u>	<u>500,000,000</u>

7.1.1 Dubai Islamic Bank Pakistan Limited – Diminishing Musharika

During the period, a Diminishing Musharika facility of Rs. 600 million has been obtained. It is repayable within the period of five years including grace period of one year in eight equal half yearly installments of principal amount. It carries mark up at the rate of six months KIBOR + 2.00% per annum. It is secured against ranking charge/ mortgage of Rs. 800 million over fixed assets of the Company which will be upgraded to first JPP charge within deferral period and personal guarantees of the sponsoring directors.

7.1.2 Meezan Bank Limited – Diminishing Musharika

During the period, a Diminishing Musharika facility of Rs. 500 million has been obtained. It is repayable within the period of six years including grace period of two years in eight equal half yearly installments of principal amount. It carries mark up at the rate of six months KIBOR + 1.25% per annum. It is secured against ranking charge/ mortgage of Rs. 667 million over fixed assets of the Company which will be upgraded to first JPP charge within deferral period and personal guarantees of the sponsoring directors.

		(Un-audited) 31 December 2018 Rupees	(Audited) 30 June 2018 Rupees
8 Trade and other payables	<i>Note</i>		
Trade creditors		428,011,496	252,893,932
Accrued liabilities		1,168,566,543	1,280,391,723
Advance from customers		82,810,927	45,148,951
Due to associated undertakings	8.1	31,237,998	93,920,098
Bills payable		677,521,900	341,730,921
Tax deducted at source		8,587,686	7,955,729
Infrastructure cess		349,471,960	309,876,742
Workers' profit participation fund		130,088,043	76,440,221
Workers' welfare fund		20,960,159	11,162,227
		2,897,256,712	2,419,520,544

8.1 Due to associated undertakings

Ahmed Fine Textile Mills Limited	10,769,752	67,438,934
Hussain Gineries Limited	12,900,240	12,313,865
Fatima Energy Limited	2,598,693	6,537,521
Fatima Fertilizer Company Limited	4,706,963	4,706,963
Fazal Rehman Foundation	221,849	-
Fazal Rehman Fabrics Limited	-	2,877,479
Fatima Sugar Mills Limited	-	4,835
Pak Arab Fertilizer Limited	40,501	40,501
	31,237,998	93,920,098

9 Contingencies and commitments

9.1 Contingencies

9.1.1 There has been no change in the status of contingencies since the annual audited financial statements as at June 30, 2018.

9.1.2 Export documents negotiated with banks under Foreign bill purchase ("FBP") facility aggregating to \$ 0.894 million (June 30, 2018: Nil).

	(Un-audited) 31 December 2018 Rupees	(Audited) 30 June 2018 Rupees
9.2 Commitments		
9.2.1 Guarantees issued by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies.	787,880,000	700,113,115

9.2.2 Commitments against irrevocable letters of credit:

- capital expenditure	1,056,051,165	1,458,875,182
- raw material and stores and spares	1,935,886,092	1,010,522,465
- others	-	600,000,000
	2,991,937,257	3,069,397,647

		(Un-audited) 31 December 2018 Rupees	(Audited) 30 June 2018 Rupees
10 Property, plant and equipment	<i>Note</i>		
Operating assets	10.1	23,285,053,319	22,022,207,606
Capital work in progress	10.2	372,660,817	309,659,613
		<u>23,657,714,136</u>	<u>22,331,867,219</u>
10.1 Operating Assets			
Opening net book value		22,022,207,607	17,553,135,722
<i>Additions during the period/ year:</i>			
Freehold land		-	2,467,750
Factory building		184,260,597	278,777,991
Non - factory building		7,199,450	96,111,027
Non - factory building on lease hold land		513,365	81,960,081
Plant and machinery		1,522,337,969	1,130,441,136
Electric fittings and installations		12,821,104	6,475,544
Tools, laboratory equipment and arms		464,137	45,522,491
Office equipment		1,417,500	6,416,628
Furniture and fixtures		135,834	1,385,165
Vehicles		6,495,980	14,509,460
		1,735,645,936	1,664,067,273
Surplus on revaluation of assets - net book value		-	3,713,139,051
Net book value of assets disposed of during the period/ year		(488,466)	(44,950,992)
Depreciation charge for the period/ year		(472,311,758)	(863,183,447)
Closing net book value		<u>23,285,053,319</u>	<u>22,022,207,607</u>
10.2 Capital work in progress			
Break - up of capital work in progress is as follows:			
<i>Factory building</i>			
Material and expenses		27,700,965	77,655,965
Advance payments		36,921,676	40,045,175
		64,622,641	117,701,140
<i>Non - factory building</i>			
Material and expenses		9,447,294	9,461,290
Advance payments		1,618,487	-
		11,065,781	9,461,290
<i>Plant and machinery</i>			
Cost and expenses		15,359,331	15,162,668
Advance payments		8,451,932	12,137,783
Letters of credit		193,531,374	142,155,361
		217,342,637	169,455,812
<i>Electrical fittings and installation</i>			
Material and expenses		61,881,800	-
Advance payments		-	7,287,730
		61,881,800	7,287,730
<i>Tools, Lab. Equipment & Arms</i>			
Material and expenses		385,780	-
Advance payments		-	-
		385,780	-
Non - factory buildings Admin - material and expenses		2,271,229	-
Office equipment - Advance payments		316,759	-
Furniture and fixtures - Advance payments		-	-
Vehicles - Advance payments		14,774,190	4,017,285
Intangible - Cost and expenses		-	1,736,356
		<u>372,660,817</u>	<u>309,659,613</u>

11 Long term investments*Investment in related parties:*

Available for sale - at fair value

Associated companies - at cost

Subsidiary company - at cost

Others

Others

Note

(Un-audited) 31 December 2018	(Audited) 30 June 2018	Rupees
-------------------------------------	------------------------------	--------

11.1	2,297,392,311	2,041,006,604
11.2	1,429,483,490	1,429,483,490
11.3	250,000,000	250,000,000
	3,976,875,801	3,720,490,094
11.4	21,644,000	21,644,000
	3,998,519,801	3,742,134,094

	Shares	Market value	Market value per share	Percentage of holding
	31 December 2018	31 December 2018	31 December 2018	31 December 2018
11.1 Available for sale - at fair value				
	62,994,031	2,297,392,311	36.47	3.00%

Fatima Fertilizer Company Limited - quoted

11.1.1 The Company does not have significant influence on Fatima Fertilizer Company Limited.

Shares	Carrying value	Percentage of holding
31 December 2018	31 December 2018	31 December 2018

11.2 Associated companies - at cost

Fatima Energy Limited - unquoted

Fatima Transmission Company Limited - unquoted

Fatima Electric Company Limited - unquoted

137,421,349	137,421,349	1,374,213,490	24.11%	24.11%
5,520,000	5,520,000	55,200,000	24.00%	24.00%
7,000	7,000	70,000	20.00%	20.00%
		1,429,483,490		

11.3 This represent investment in Fazal Weaving Mills Limited ("FWML") set up to carry business of textile spinning. The Company being sponsor of FWML holds 100% of equity share of FWML, which commenced its commercial operations on 01 April 2014.

11.4 This represents 0.21 million (30 June 2018: 0.21 million) ordinary shares of Mullan Real Estate (Private) Limited.

		(Un-audited) 31 December 2018 Rupees	(Audited) 30 June 2018 Rupees
12 Long term loan and advances	<i>Note</i>		
<u>Long term loan to subsidiary</u>			
Fazal Weaving Mills Limited		530,000,000	530,000,000
<u>Long term advance to associates</u>			
Pak Arab Energy Limited		25,904,160	25,904,160
Fatima Transmission Company Limited		23,320,790	23,320,790
Fatima Energy Limited		1,657,601,401	1,057,601,401
		1,706,826,351	1,106,826,351
	12.1	2,236,826,351	1,636,826,351
12.1	These represent amounts disbursed to finance capital expenditure and to meet the working capital needs thereof. It carries mark-up at weighted average borrowing cost of the Company. During the period mark up charged at the rates ranging from 8.53% to 10.92% per annum (2018: 7.26% to 7.86% per annum).		
		(Un-audited) 31 December 2018 Rupees	(Audited) 30 June 2018 Rupees
13 Trade debts	<i>Note</i>		
<i>Export debtors - secured against letters of credit:</i>			
Considered good		1,043,133,831	3,338,335,649
<i>Local debtors - unsecured</i>			
Related parties - considered good	13.1	731,570,242	86,935,471
Others - considered good		2,160,036,896	1,417,107,766
Others - considered doubtful		18,808,019	8,856,467
		2,910,415,157	1,512,899,704
Provision for doubtful balances		(18,808,019)	(8,856,467)
		2,891,607,138	1,504,043,237
		3,934,740,969	4,842,378,886
13.1	These include due from following associated undertakings on account of trading activities.		
		(Un-audited) 31 December 2018 Rupees	(Audited) 30 June 2018 Rupees
Fazal Weaving Mills Limited		601,491,015	79,377,591
Reliance Weaving Mills Limited		12,749,237	3,143,326
Fazal Rehman Fabrics Limited		112,915,436	-
Ahmad Fine Textile Mills Limited		-	-
Fatimafert Limited		4,414,554	4,414,554
		731,570,242	86,935,471

Investment at fair value through profit and loss
Fatima Fertilizer Company Limited - quoted
 6,120,000 (June 30, 2018: 6,120,000) fully paid
 ordinary shares of Rs. 10 each, market value
 Rs. 36.47 (June 30, 2018: 32.4) per share
 Equity held 0.29% (June 30, 2018: 0.29%)

<u>223,196,400</u>	<u>198,288,000</u>
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Cash in hand	42,450,799	10,432,101
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113,994,459	57,072,810
450,748	452,668
114,445,207	57,525,478
156,896,006	67,957,579

Half year ended		Quarter ended	
(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
31 December	31 December	31 December	31 December
2018	2017	2018	2017
Rupees	Rupees	Rupees	Rupees

Sea freight

2,942,384,348	5,639,994,072	1,592,732,015	1,316,639,814
(57,089,172)	(87,595,513)	(36,689,087)	(52,557,308)
2,885,295,176	5,552,398,559	1,556,042,928	1,264,082,506

Frei

12,336,195,723	8,789,196,504	6,385,458,290	5,645,025,464
(19,846,330)	(14,751,790)	(10,915,482)	(8,113,485)
12,316,349,393	8,774,444,714	6,374,542,808	5,636,911,979

478,820,482	378,849,407	334,739,898	282,369,012
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15,680,465,051	14,705,692,680	8,265,325,634	7,183,363,497
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Manufacturing costs

10,638,687,298	8,713,464,671	5,466,503,643	4,472,573,039
3,163,295,999	3,014,608,133	1,596,716,111	1,623,264,249
<u>13,801,983,297</u>	<u>11,728,072,804</u>	<u>7,063,219,754</u>	<u>6,095,837,288</u>

1

315,152,028	276,835,823	307,125,346	281,941,506
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Cost of goo

(348,378,277) (289,536,457) (348,378,277) (289,536,457)

13,768,757,048	11,715,372,170	7,021,966,823	6,088,242,337
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goods

1,757,373,131	1,809,881,306	2,390,346,770	1,687,498,965
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1,056,286,829	2,162,338,458	585,445,152	1,004,999,234
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1,056,286,829	2,162,338,458	585,445,152	1,004,999,234
16,582,417,008	15,687,591,934	9,997,758,745	8,780,740,536

goods

(2,792,255,908)	(1,926,834,207)	(2,792,255,908)	(1,926,834,207)
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12,854,070	15,977,899	4,884,728	1,428,793
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12,854,070	15,977,899	4,884,728	1,428,793
13,803,015,170	13,776,735,626	7,210,387,565	6,855,335,122

- (210,217,388) - (210,217,388)

-	(210,217,388)	-	(210,217,388)
13,803,015,170	13,566,518,238	7,210,387,565	6,645,117,734

18 Fair value measurement of financial instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Fair Value through profit or loss	Loans and receivables and amortised costs	Fair Value through other comprehensive income	Carrying amount	Financial liabilities at amortized cost	Total	Level1	Level 2	Level 3	Total

	Carrying amount			Fair value		
	Loans and receivables at amortised costs	Fair Value through other comprehensive income	Financial liabilities at amortized cost	Level 1	Level 2	Level 3
Note ----- Rupees -----						
Fair value through profit or loss			Total			Total
As at 30 June 2018						
Financial assets - measured at fair value						
Long term investment	-	2,041,006,604	2,041,006,604	2,041,006,604	-	2,041,006,604
Short term investment	198,288,000	-	198,288,000	198,288,000	-	198,288,000
Financial assets - not measured at fair value						
Long term investments	-	-	-	-	-	-
Long term advances to associates	-	271,644,000	-	271,644,000	-	-
Trade debts	-	1,636,826,351	-	1,636,826,351	-	-
Loans and advances	-	4,842,378,886	-	4,842,378,886	-	-
Trade deposits	-	142,136,368	-	142,136,368	-	-
Other receivables	-	14,176,544	-	14,176,544	-	-
Mark-up accrued	-	511,080,697	-	511,080,697	-	-
Bank balances	-	139,636,009	-	139,636,009	-	-
	-	57,525,478	-	57,525,478	-	-
18.1	198,288,000	7,615,404,333	2,041,006,604	2,239,294,604	-	2,239,294,604
Financial liabilities - not measured at fair value						
Long term financing - secured	-	-	7,042,048,037	-	-	-
Long term musharka - secured	-	-	1,061,250,000	-	-	-
Current portion of non-current liabilities	-	-	1,828,059,070	-	-	-
Trade and other payables	-	-	1,968,936,674	-	-	-
Unclaimed dividend	-	-	8,971,945	-	-	-
Short term borrowings - secured	-	-	7,953,052,718	-	-	-
Accrued mark-up	-	-	275,093,224	-	-	-
18.1	-	-	20,137,411,668	-	-	-

18.1 The Company has not disclosed the fair values of these financial assets and liabilities as these are for short term or reprice over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

18.2 Fair value of property, plant and equipment except furniture fixtures, office equipment and vehicles is determined by professional valuers (level 3 measurement) based on their assessment of the market values. The valuations are conducted by the valuation expert appointed by the Company. The valuation expert used a market based approach to arrive at the fair value of the Company's property, plant and equipment. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.

19 Reconciliation of movement of liabilities to cash flows arising from financing activities

	2018					
	Equity		Liabilities			
	Issued, subscribed and paid-up capital	Share premium	Dividend payable	Long term financing	Long term musharika	Short term borrowing
	----- (Rupees) -----					
As at 30 June 2018	300,000,000	77,616,000	8,971,945	8,552,607,107	1,378,750,000	7,953,052,718
						275,093,224
						18,546,090,994
Changes from financing cash flows						
Dividend paid	-	-	(251,378,383)	-	-	-
Short term finances obtained	-	-	-	-	3,899,654,940	-
Financial charges paid - net	-	-	-	-	-	(683,812,590)
Long term finances paid	-	-	-	(807,889,782)	(158,750,000)	-
Proceeds from long term financing	-	-	-	1,728,298,347	1,100,000,000	-
				920,408,565	941,250,000	(683,812,590)
Total changes from financing cash flows	-	-	(251,378,383)	920,408,565	941,250,000	4,826,122,532
Other changes						
Final cash dividend	-	-	255,000,000	-	-	-
Interest expense - net	-	-	-	-	-	778,921,356
Total liability related other changes	-	-	255,000,000	-	-	778,921,356
						1,033,921,356
As at 31 December 2018	300,000,000	77,616,000	12,593,562	9,473,015,672	2,320,000,000	11,852,707,658
						370,201,990
						24,406,134,882

20 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:

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

	Half year ended	
	(Un-audited)	(Un-audited)
	31 December	31 December
	2018	2017
	Rupees	Rupees
<u>Subsidiary Company</u>		
Sale of goods and services	1,174,803,457	104,583,281
Purchase of goods and services	705,758,238	1,895,308,372
Payments against purchase of goods and services-net	53,068,205	1,259,824,125
Mark-up on loan	24,785,703	19,410,489
<u>Associated undertakings</u>		
Sale of goods	1,227,057,274	885,998,862
Purchase of goods	239,350,470	511,430,608
Mark-up charged	71,041,868	18,560,729
Receipts from Associated undertakings	1,088,081,829	991,181,585
Payments made to Associated undertakings	287,995,386	238,313,569
Reimbursable expenses	1,586,375	-
Long term advances made	600,000,000	349,946,352
<u>Post retirement benefits</u>		
Provision for staff retirement benefits	55,312,224	47,784,599

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 to key management personnel for the six months period ended 31 December 2018 amounted to Rs. 35.21 million (31 December 2017: Rs. 37.80 million) out of which Rs. 5.03 (31 December 2017: Rs. 6.26 million) relates to post employment benefits.**

21 Date of authorization for issue

This condensed interim unconsolidated financial information was authorized for issue by the Board of Directors on 27 Feb, 2019.

22 General

Figures in the condensed interim unconsolidated financial information have been rounded-off to the nearest rupee except stated otherwise.


(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER


(SHEIKH NASEEM AHMAD)
DIRECTOR


(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER

Fazal Cloth Mills Limited

Condensed Interim Consolidated Financial Information
for the half year ended 31 December 2018

Condensed Interim Consolidated Statement of Financial Position (Un-Audited)

		(Un-audited) 31 December 2018 Rupees	(Audited) 30 June 2018 Rupees
	Note		
EQUITY AND LIABILITIES			
<u>Share capital and reserves</u>			
Authorized share capital		700,000,000	700,000,000
Issued, subscribed and paid-up capital		300,000,000	300,000,000
Capital reserves			
- Others capital reserves		1,781,826,654	1,525,440,947
- Revaluation surplus on property, plant and equipment		9,976,943,718	10,139,599,548
Unappropriated profits - revenue reserve		9,664,619,839	8,818,046,544
		21,723,390,211	20,783,087,039
<u>Non-current liabilities</u>			
Long term financing - secured	6	8,883,769,850	8,139,468,219
Long term musharika - secured	7	2,008,745,294	1,069,056,619
Deferred liabilities:			
- Staff retirement benefit		275,548,881	268,709,476
- Deferred taxation		2,353,233,319	2,201,316,664
		13,521,297,344	11,678,550,978
<u>Current liabilities</u>			
Current portion of non-current liabilities		2,169,059,497	2,200,556,658
Trade and other payables	8	3,738,492,799	2,859,337,711
Unclaimed dividend		12,593,564	8,971,945
Short term borrowings - secured		16,290,746,372	10,728,556,612
Accrued mark-up		445,733,320	322,880,239
		22,656,625,552	16,120,303,165
Contingencies and commitments	9	57,901,313,107	48,581,941,182

The annexed notes from 1 to 23 form an integral part of these unconsolidated financial statements.


(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER


(SHEIKH NASEEM AHMAD)
DIRECTOR

As at 31 December 2018

		(Un-audited) 31 December 2018 Rupees	(Audited) 30 June 2018 Rupees
	Note		
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	10	26,955,752,158	25,705,532,152
Intangible assets		5,563,101	-
Long term investments	11	3,635,830,031	3,394,186,400
Long term advances	12	1,706,826,351	1,106,826,351
Long term deposits		24,082,493	24,071,493
		32,328,054,134	30,230,616,396

Current assets

Stores, spares and loose tools		675,185,110	542,244,220
Stock-in-trade		17,688,360,645	10,357,337,703
Trade debts	13	4,782,022,960	5,237,758,287
Loans and advances		130,888,058	164,567,405
Trade deposits and short term prepayments		52,316,149	38,773,500
Other receivables		522,844,783	550,729,623
Mark-up accrued		152,380,926	81,339,057
Short term investment	14	223,196,400	198,288,000
Tax refunds due from the Government - net		1,155,300,265	1,045,989,499
Cash and bank balances	15	190,763,677	134,297,492
		25,573,258,973	18,351,324,786

57,901,313,107	48,581,941,182
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(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER

Condensed Interim Consolidated Statement of Profit or Loss (Un-Audited)
For the half year and quarter ended 31 December 2018

	Note	Half year ended		Quarter ended	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
		Rupees	Rupees	Rupees	Rupees
Sales - net	16	17,966,345,758	15,790,984,868	9,607,912,532	7,664,526,405
Cost of sales	17	(15,717,318,822)	(14,397,945,468)	(8,407,926,170)	(7,017,482,497)
Gross profit		2,249,026,936	1,393,039,400	1,199,986,362	647,043,908
Selling and distribution expenses		(130,270,198)	(140,267,784)	(66,281,132)	(72,465,331)
Administrative expenses		(164,152,475)	(159,972,441)	(84,410,713)	(85,787,161)
Other expenses		(84,646,197)	(56,385,458)	(33,912,672)	(37,632,194)
		(379,068,870)	(356,625,683)	(184,604,517)	(195,884,686)
Other income		278,518,700	110,803,082	106,349,393	85,751,108
Profit from operations		2,148,476,766	1,147,216,799	1,121,731,238	536,910,330
Share of loss from associates-net		(14,742,076)	(16,716,812)	(1,134,789)	(10,686,560)
Finance cost		(956,322,458)	(628,240,823)	(576,934,019)	(333,602,524)
Profit before taxation		1,177,412,232	502,259,164	543,662,430	192,621,246
Taxation		(238,494,767)	(195,049,431)	(78,845,103)	(84,846,907)
Profit after taxation		938,917,465	307,209,733	464,817,327	107,774,339
Earnings per share - basic and diluted		31.30	10.24	15.49	3.59

The annexed notes from 1 to 23 form an integral part of these unconsolidated financial statements.


(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER


(SHEIKH NASEEM AHMAD)
DIRECTOR


(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER

Condensed Interim Consolidated Statement of Comprehensive Income (Un-Audited)
For the half year and quarter ended 31 December 2018

	Half year ended		Quarter ended	
	31 December 2018 Rupees	31 December 2017 Rupees	31 December 2018 Rupees	31 December 2017 Rupees
Profit after taxation	938,917,465	307,209,733	464,817,327	107,774,339
<u>Other comprehensive income - net of tax</u>				
<i>Items that are or may be reclassified subsequently to statement of profit or loss:</i>				
Net change in fair value of available-for-sale financial assets	256,385,707	(177,013,227)	(59,214,389)	(199,691,079)
Total comprehensive income for the year	<u>1,195,303,172</u>	<u>130,196,506</u>	<u>405,602,938</u>	<u>(91,916,740)</u>

The annexed notes from 1 to 23 form an integral part of these unconsolidated financial statements.


(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER


(SHEIKH NASEEM AHMAD)
DIRECTOR


(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER

Condensed Interim Consolidated Statement of Changes in Equity (Un-Audited)

For the half year ended 31 December 2018

	Capital reserves			Revenue reserve		Total
	Share capital	Share premium	Capital redemption reserve	Fair value reserve	Revaluation surplus on property, plant and equipment	Un-appropriated profits
	Rupees					
Balance as at 30 June 2017	300,000,000	77,616,000	175,000,000	1,354,087,247	6,507,472,663	7,420,558,491
Total comprehensive income for the period :						
Profit for six months ended 31 December 2017	-	-	-	-	-	307,209,733
Other comprehensive (loss)/ income for six months ended 31 December 2017	-	-	-	(177,013,227)	-	(177,013,227)
	-	-	-	(177,013,227)	-	307,209,733
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the period - <i>net of tax</i>					(143,486,936)	143,486,936
Transfer from surplus on revaluation of fixed assets on disposal - <i>net of tax</i>					(3,002,170)	3,002,170
Transactions with the owners of the Group :						
Cash dividend @ Rs. 5.25 per ordinary share for the year ended 30 June 2017					-	(157,500,000)
Balance as at 31 December 2017	300,000,000	77,616,000	175,000,000	1,177,074,020	6,360,983,557	7,716,757,330
Total comprehensive income for the year :						
Profit for six months ended 30 June 2018	-	-	-	-	-	969,317,480
Other comprehensive (loss)/ income for six months ended 30 June 2018	-	-	-	95,750,927	3,798,265,276	(10,738,112)
	-	-	-	95,750,927	3,798,265,276	958,579,368
Effect on deferred tax due to change in tax rate and proportion rate	-	-	-	-	123,060,561	-
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the period - <i>net of tax</i>	-	-	-	-	(128,379,678)	128,379,678
Transfer from surplus on revaluation of fixed assets on disposal - <i>net of tax</i>	-	-	-	-	(14,330,168)	14,330,168
Balance as at 30 June 2018	300,000,000	77,616,000	175,000,000	1,272,824,947	10,139,599,548	8,818,046,544
Total comprehensive income for the period :						
Profit for six months ended 31 December 2018	-	-	-	-	-	938,917,465
Other comprehensive (loss)/ income for six months ended 31 December 2018	-	-	-	256,385,707	-	-
	-	-	-	256,385,707	-	938,917,465
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the period - <i>net of tax</i>					(162,655,830)	162,655,830
Transfer from surplus on revaluation of fixed assets on disposal - <i>net of tax</i>					-	-
Transactions with the owners of the Group :						
Cash dividend @ Rs. 8.50 per ordinary share for the year ended 30 June 2018						(255,000,000)
Balance as at 31 December 2018	300,000,000	77,616,000	175,000,000	1,529,210,654	9,976,943,718	9,664,619,839

The annexed notes from 1 to 23 form an integral part of these unconsolidated financial statements.


(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER


(SHEIKH NASEEM AHMAD)
DIRECTOR


(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER

Condensed Interim Consolidated Statement of Cash Flows (Un-Audited)

For the half year ended 31 December 2018

	Half year ended	
	31 December 2018	31 December 2017
	Rupees	Rupees
<u>Cash flows from operating activities</u>		
Profit before taxation	1,177,412,232	502,259,164
<i>Adjustments for:</i>		
Depreciation on property, plant and equipment	555,587,462	474,815,050
Amortization on intangible assets	1,112,620	90,975
Unrealized gain on re-measurement of short term investment	(24,908,400)	18,321,200
Provision for gratuity	64,376,857	51,484,512
Provision for infrastructure cess	45,305,626	22,323,391
Gain on disposal of property, plant and equipment	(197,034)	6,448,622
Share of loss of associate	14,742,076	16,716,812
Markup accrued	(71,041,868)	(18,560,728)
Finance cost	956,322,458	628,240,823
Cash generated from operations before working capital changes	2,718,712,029	1,702,139,821
<u>Effect on cash flows due to working capital changes</u>		
<i>(Increase) / decrease in current assets:</i>		
Stores, spares and loose tools	(132,940,890)	46,862,474
Stock-in-trade	(7,331,022,942)	(3,581,517,453)
Trade debts	455,735,327	1,686,168,231
Loans and advances	33,679,347	74,879,932
Trade deposits and short term prepayments	(13,542,649)	(43,276,837)
Other receivables	27,884,840	(69,405,287)
	(6,960,206,967)	(1,886,288,940)
<i>Increase in current liabilities:</i>		
Trade and other payables	833,849,462	690,912,784
Cash (used in) / generated from operations	(3,407,645,476)	506,763,665
Gratuity paid	(57,537,451)	(43,929,547)
Taxes paid - net	(195,888,881)	(188,682,971)
	(253,426,332)	(232,612,518)
Net cash (used in) / generated from operating activities	(3,661,071,808)	274,151,147
<u>Cash flows from investing activities</u>		
Fixed capital expenditure	(1,812,971,655)	(1,095,465,367)
Proceeds from sale of property, plant and equipment	685,500	9,493,128
Long term advances to associate	(600,000,000)	(349,946,359)
Long term deposits	(11,000)	375,000
Net cash used in investing activities	(2,412,297,155)	(1,435,543,598)
<u>Cash flows from financing activities</u>		
Long term financing obtained	1,728,298,347	1,447,744,049
Long term financing repaid	(1,015,493,876)	(833,276,548)
Long term musharika obtained	1,100,000,000	500,000,000
Long term musharika repaid	(160,311,325)	(185,311,325)
Short term borrowings - net	5,562,189,760	1,060,351,003
Finance cost paid - net	(833,469,377)	(612,133,333)
Dividend paid	(251,378,381)	(155,069,789)
Net cash generated from financing activities	6,129,835,148	1,222,304,057
Net increase in cash and cash equivalents	56,466,185	60,911,605
Cash and cash equivalents at beginning of the period	134,297,492	143,354,044
Cash and cash equivalents at end of the period	190,763,677	204,265,649

The annexed notes from 1 to 23 form an integral part of these unconsolidated financial statements.


(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER


(SHEIKH NASEEM AHMAD)
DIRECTOR


(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER

Notes to the Condensed Interim consolidated Financial Information (Un-audited)

*For the half year ended 31 December 2018***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
- Fatima Electric Company Limited

1.1 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 Act, 2017). The shares of the Company are quoted on Pakistan Stock Exchange ("PSX"). The registered office of the Company is situated at 69/7, Abid Majeed Road, Survey No. 248/7, Lahore Cantt, Lahore. The Company is principally engaged in manufacture and sale of yarn and fabric. The manufacturing facilities and ware houses 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 Repealed 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 Summary of significant events and transactions in the current reporting period

The Group's financial position and performance was particularly affected by the following events during the reporting period:

- The Group incurred significant capital expenditure amounting to Rs. 1.81 billion as detailed in note 10 of these financial statements.
- The Group disbursed Rs. 600 million to Fatima Energy Limited ('FEL'), an associated undertaking to finance capital expenditure and to meet the working capital needs as detailed in note 12 of these financial statements.
- The Group adopted new accounting standards which became applicable in the current year. The adoption of these new standards has been accounted for as change in accounting policy as explained in note 5.2 of these condensed interim unconsolidated financial information.

3 Basis of preparation**3.1 Statement of Compliance**

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34 or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 Basis of Accounting

3.2.1 This condensed interim consolidated financial information comprises the condensed interim consolidated statement of financial position of the Group as at 31 December 2018 and the related condensed interim consolidated statement of profit or loss, statement of comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof.

3.2.2 This condensed interim consolidated financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended 30 June 2018.

3.2.3 Comparative consolidated statement of financial position numbers are extracted from the annual audited consolidated financial position of the Group for the year ended 30 June 2018, whereas comparative condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of cash flows and condensed interim consolidated statement of changes in equity are stated from unaudited condensed interim financial information of the Group for the six months period ended 31 December 2017.

3.2.4 This condensed interim consolidated financial information is unaudited and being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 ("the Act") and is un-audited but subject to limited scope review by external auditors as required by the Act and Code of Corporate Governance.

- 3.2.5 These condensed interim financial information are the consolidated 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.

4 Estimates and judgments

- 4.1 The preparation of condensed interim consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.
- 4.2 Estimates and judgments made by the management in the preparation of this condensed interim consolidated financial information are the same as those that were applied to the consolidated annual financial statements of the Group for the year ended 30 June 2018.

5 Statement of consistency in accounting policies

- 5.1 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 annual financial statements for the year ended 30 June 2018 except for the adoption of new standards effective from 01 July 2018 as stated below:

5.2 Change in significant accounting policy

The Group has adopted IFRS 15 'Revenue from Contracts with Customers' from 01 July 2018 which is effective from the annual periods beginning on or after 01 July 2018. There are other new standards which are effective from 01 July 2018 but they do not have a material effect on the Group's condensed interim consolidated financial statements.

The details of new significant accounting policy adopted and the nature and effect of the changes from previous accounting policy are set out below:

5.2.1 IFRS 15 - Revenue from Contracts with Customers

The Group manufactures yarn, fabric and allied products and contracts with customers for the sale of goods. Management has concluded that revenue from sale of goods be recognised at the point in time when control of the asset is transferred to the customer, which is when the goods are dispatched to the customer or when the goods are handed over to the carrier arranged by the Group on behalf of the customer. Adoption of IFRS 15 which replaces IAS 18 revenue recognition, IAS 11 Construction contracts and related interpretations at 01 July 2018, did not have material effect on the condensed interim consolidated financial statement except for reclassification of freight and forwarding cost from selling and distribution to sales and cost of sales. The corresponding figures have been represented to reflect this change on adoption of IFRS 15. Accordingly, selling and distribution expense of Rs. 93.94 million and Rs. 17.51 million have been reclassified to sales and cost of sales respectively. This reclassification has no impact on the reported Earning per Share (EPS) of the corresponding period.

5.2.2 IFRS 9 - Financial instruments

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting and was effective for annual periods beginning on or after 01 July 2018. The Securities and Exchange Commission of Pakistan (SECP), vide its S.R.O. 229(I)/2019 dated 14 February 2019 has deferred the applicability of IFRS 9 (Financial Instruments) for reporting period ended on 31 December 2018. IFRS 9 will now be applicable for reporting periods / year ending on or after 30 June 2019.

5.3 New standards and amendments to the approved accounting standards which became effective during the period

Other than those disclosed above in note 5.2.1 and 5.2.2, there were certain 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.

- IFRIC 23 - Uncertainty over Income Tax Treatments	01 January 2019
- Amendment to IFRS 9 - Financial Instrument	01 January 2019
- IFRS 16 - Leases	01 January 2019
- Amendment to IAS 28 - Investments in associates and joint ventures - Long Term Interests in Associates and Joint Ventures	01 January 2019
- Amendment to IAS 19 - Employee benefits - Plan Amendment, Curtailment or Settlement	01 January 2019
- Amendment to IFRS 3 - Business Combinations - Definition of a Business	01 January 2020
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors Annual Improvements to IFRS Standards 2015-2017 Cycle	01 January 2020
- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement	01 January 2019
- IAS 12 Income Taxes	01 January 2019
- IAS 23 Borrowing Costs	01 January 2019

		(Un-audited) 31 December 2018 Rupees	(Audited) 30 June 2018 Rupees
	Note		
6 Long term financing - secured			
Opening balance		10,019,402,227	9,088,017,648
Loan obtained during the period / year	6.1	1,728,298,347	2,533,887,998
Repayments made during the period / year		(1,015,493,876)	(1,602,503,419)
Closing balance		10,732,206,698	10,019,402,227
Less: current portion grouped under current liabilities		(1,848,436,847)	(1,879,934,008)
		<u>8,883,769,851</u>	<u>8,139,468,219</u>

6.1 Markup bearing finances from conventional banks:

Soneri Bank Limited - Term finance ("TF")	6.1.1	278,614,895	32,473,454
Allied Bank Limited - Term loan ("TL-VI") under LTFF Scheme		-	355,040,698
Allied Bank Limited - Term loan ("TL-III") under LTFF Scheme		-	28,648,620
Allied Bank Limited - Term loan ("TL-III")		-	21,351,380
Allied Bank Limited - Term loan ("TL-VIII")	6.1.2	673,725,244	16,269,082
		673,725,244	421,309,780
Habib Bank Limited - Demand finance ("DF") under LTFF Scheme		-	224,569,573
United Bank Limited- Demand Finance ("DF-II") under LTFF Scheme		-	126,576,000
The Bank of Punjab -Term finance		-	600,000,000
The Bank of Punjab -Term finance under LTFF Scheme		-	5,004,134
The Bank of Punjab -Term finance / LTFF	6.1.3	175,958,208	85,323,448
The Bank of Punjab - Term finance		-	238,631,609
		175,958,208	928,959,191
Pak Oman Investment Company Limited - Term finance ("TF")		-	500,000,000
JS Bank - Term Finance ("TF")		-	300,000,000
The Bank of Khyber - Demand finance ("DF") under LTFF Scheme	6.1.4	350,000,000	-
Askari Bank Limited - Term Finance	6.1.5	250,000,000	-
		<u>1,728,298,347</u>	<u>2,533,887,998</u>

6.1.1 Soneri Bank Limited – Term Loan

During the period, a term loan of Rs. 278.61 million has been obtained. Out of total term loan, Rs. 248.08 million has been refinanced from State Bank of Pakistan ("SBP") under its Long Term Financing Facility("LTFF") Scheme. The principal loan amount is repayable within a period of ten years, including a grace period of two years, in thirty two equal quarterly installments. It carries mark up at the rate of three months KIBOR + 1.10% per annum on its own source loan and SBP's applicable rate for loan under LTFF scheme at SBP rate + 1.10% per annum. This loan is secured against joint pari passu ("JPP") charge/ mortgage of Rs. 1,182 million on all present and future fixed assets of the Holding Company and personal guarantees of the sponsoring directors.

6.1.2 Allied Bank Ltd Limited – Term Loan - 8

During the period, term loan of Rs. 673.73 million has been obtained. Out of the total term loan, Rs. 295.08 million has been refinanced under SBP's LTFF Scheme. The principal loan amount is repayable within a period of ten years including grace period of two years, in sixteen equal half yearly installments. It carries mark up at the rate of six months KIBOR +0.50% per annum on its own source loan and SBP's applicable rate for loan under LTFF scheme at the rate of SBP rate + 0.50% per annum. This loan is secured against JPP charge/ mortgage of Rs. 2,902 million on all present and future fixed assets of the Holding Company and personal guarantees of the sponsoring directors.

6.1.3 The Bank of Punjab - Term Finance / LTFF

During the period, term loan of Rs. 175.96 million has been obtained. Out of the total term loan, Rs. 201.75 million has been refinanced under SBP's LTFF Scheme. The principal loan amount is repayable within a period of ten years including grace period of two years, in sixteen equal half yearly installments. It carries mark up at the rate of six months KIBOR +0.75% per annum on its own source loan and SBP's applicable rate for loan under LTFF scheme at the rate of SBP rate + 0.75% per annum. This loan is secured against JPP charge/ mortgage of Rs. 2,358 million on all present and future fixed assets of the Holding Company and personal guarantees of the sponsoring directors.

6.1.4 The Bank of Khyber - Demand Finance Under LTFF

During the period an amount of Rs. 350 million has been obtained. Out of the total term loan, Rs. 159.69 million has been refinanced under SBP's LTFF scheme. This finance is repayable within the period of seven years including grace period of two years in ten equal half yearly installments of principal amount. It carries mark up at the rate of 6 months KIBOR + 1.00% per annum on its own source loan and SBP's applicable rate for loan under LTFF scheme at the rate of SBP rate + 0.60% per annum. It is secured against first JPP charge/ mortgage of Rs. 951 million on all present and future fixed assets of the Holding Company and personal guarantees of the sponsoring directors.

6.1.5 Askari Bank Limited – Term Finance

During the period, a term finance of Rs. 250 million has been obtained. The principal amount of loan is repayable within period of eight years including grace period of two years, in twelve equal half yearly installments. It carries mark up at the rate of six months KIBOR + 1.00% per annum in arrears and payable in arrears on quarterly basis. This loan is secured against JPP charge/ mortgage of Rs. 576.50 million on all present and future fixed assets of the Holding Company and personal guarantees of the sponsoring directors.

		(Un-audited) 31 December 2018	(Audited) 30 June 2018
	Note	Rupees	Rupees
7 Long term musharika - secured			
Opening balance		1,389,679,269	1,235,301,919
Loan obtained during the period / year	7.1	1,100,000,000	500,000,000
Repayments made during the period / year		(160,311,325)	(345,622,650)
Closing balance		2,329,367,944	1,389,679,269
Less: current portion grouped under current liabilities		(320,622,650)	(320,622,650)
		<u>2,008,745,294</u>	<u>1,069,056,619</u>
7.1 Islamic finances from conventional banks:			
Faysal Bank Limited - Demand Musharika		-	500,000,000
Dubai Islamic Bank Pakistan Limited - Demand Musharika	7.1.1	600,000,000	-
Meezan Bank Limited - Demand Musharika	7.1.2	500,000,000	-
		<u>1,100,000,000</u>	<u>500,000,000</u>

7.1.1 Dubai Islamic Bank Pakistan Limited – Diminishing Musharaka

During the period, a Diminishing Musharika facility of Rs. 600 million has been obtained. It is repayable within the period of five years including grace period of one year in eight equal half yearly installments of principal amount. It carries mark up at the rate of six months KIBOR + 2.00% per annum. It is secured against ranking charge/ mortgage of Rs. 800 million over fixed assets of the Holding Company which will be upgraded to first JPP charge / mortgage within deferral period and personal guarantees of the sponsoring directors.

7.1.2 Meezan Bank Limited – Diminishing Musharaka

During the period, a Diminishing Musharika facility of Rs. 500 million has been obtained. It is repayable within the period of six years including grace period of two years in eight equal half yearly installments of principal amount. It carries mark up at the rate of six months KIBOR + 1.25% per annum. It is secured against ranking charge/ mortgage of Rs. 667 million over fixed assets of the Holding Company which will be upgraded to first JPP charge / mortgage within deferral period and personal guarantees of the sponsoring directors.

	(Un-audited) 31 December 2018 Rupees	(Audited) 30 June 2018 Rupees
8 Trade and other payables		
Trade creditors	645,427,189	293,169,107
Accrued liabilities	1,356,310,631	1,454,930,528
Advance from customers	89,716,753	49,542,240
Due to associated undertakings	8.1 31,238,424	91,042,619
Bills payable	1,034,616,012	510,704,292
Tax deducted at source	9,693,514	8,841,049
Infrastructure cess	395,375,802	350,070,176
Workers' profit participation fund	149,219,482	85,835,267
Workers' welfare fund	26,595,299	14,449,516
Payable to employees	-	453,223
Loan from Director	299,693	299,693
	3,738,492,799	2,859,337,711

8.1 Due to associated undertakings

Ahmed Fine Textile Mills Limited	10,769,752	67,438,934
Hussain Gineries Limited	12,900,240	12,313,865
Fatima Energy Limited	2,598,693	6,537,521
Fatima Fertilizer Company Limited	4,706,963	4,706,963
Fazal Rehman Foundation	222,275	-
Fatima Sugar Mills Limited	-	4,835
Pakarab Fertilizer Limited	40,501	40,501
	31,238,424	91,042,619

9 Contingencies and commitments

9.1 Contingencies

9.1.1 There has been no change in the status of contingencies since the annual audited financial statements as at June 30, 2018.

9.1.2 Export documents negotiated with banks under Foreign bill purchase ("FBP") facility aggregating to \$ 2.08 million (June 30, 2018: Nil).

9.2 Commitments

9.2.1 Guarantees issued by various commercial banks, in respect of financial and operational obligations of the Group, to various institutions and corporate bodies.

	(Un-audited) 31 December 2018 Rupees	(Audited) 30 June 2018 Rupees
- The Holding Company	787,880,000	700,113,115
- The Subsidiary Company	97,853,000	87,853,000

9.2.2 Commitments against irrevocable letters of credit:

The Holding Company

- capital expenditure	1,056,051,165	1,458,875,182
- raw material and stores and spares	1,935,886,092	1,010,522,465
- others	-	600,000,000
	2,991,937,257	3,069,397,647

The Subsidiary Company

- capital expenditure	14,364,530	-
- raw material and stores and spares	126,717,351	4,688,045
	141,081,881	4,688,045

10	Property, plant and equipment	Note	(Un-audited) 31 December 2018 Rupees	(Audited) 30 June 2018 Rupees
	Operating assets	10.1	26,575,240,163	25,382,180,278
	Capital work in progress	10.2	380,511,995	323,351,874
			<u>26,955,752,158</u>	<u>25,705,532,152</u>
10.1	Operating Assets			
	Opening net book value		25,382,180,278	20,567,185,772
	<i>Additions during the period / year:</i>			
	Freehold land		-	2,467,750
	Factory building		196,307,110	282,988,821
	Non-factory building		7,199,450	96,166,967
	Non-factory building on lease hold land		513,365	81,960,081
	Plant and machinery		1,522,862,969	1,188,734,361
	Electric fittings and installations		13,209,468	9,465,141
	Tools, laboratory equipment and arms		464,137	45,936,272
	Office equipment		1,417,500	6,572,629
	Furniture and fixtures		665,834	1,385,165
	Vehicles		6,495,980	14,509,460
	Surplus on revaluation of assets-net book value		-	4,151,158,550
			1,749,135,813	5,881,345,197
	Net book value of assets disposed of during the period / year		(488,466)	(44,950,992)
	Depreciation charge for the period / year		(555,587,462)	(1,021,399,699)
	Closing net book value		<u>26,575,240,163</u>	<u>25,382,180,278</u>
10.2	Capital work in progress			
	Break-up of capital work in progress is as follows:			
	Freehold land		-	-
	<i>Factory building</i>			
	Material and expenses		30,001,985	77,655,965
	Advance payments		36,921,676	41,702,783
			66,923,661	119,358,748
	<i>Non-factory building</i>			
	Material and expenses		10,889,063	21,495,943
	Advance payments		1,618,487	-
			12,507,550	21,495,943
	<i>Plant and machinery</i>			
	Cost and expenses		15,535,904	15,162,668
	Advance payments		8,451,932	12,137,783
	Letters of credit		193,531,374	142,155,361
			217,519,210	169,455,812
	<i>Electrical fittings and installation</i>			
	Material and expenses		62,693,616	-
	Advance payments		-	7,287,730
			62,693,616	7,287,730
	Tools, Lab. Equipment & Arms - Cost and expenses		385,780	-
	Non-factory buildings Admin - material and expenses		2,271,229	-
	Office equipment-Advance payments		316,759	-
	Vehicles-Advance payments		17,894,190	4,017,285
	Intangible - Cost and expenses		-	1,736,356
			<u>380,511,995</u>	<u>323,351,874</u>

11 Long term investments

Investments in related parties:

Available for sale - at fair value	11.1	2,297,392,311	2,041,006,004
Associated companies - at cost	11.2	1,331,679,5720	1,331,553,796
		3,614,186,031	3,372,542,400
Others			
Others - at cost	11.3	21,644,000	21,644,000
		3,635,830,031	3,394,186,400

Others

Others - at cost	11.3	21,644,000	21,644,000
		<u>3,635,830,031</u>	<u>3,394,186,400</u>

	Shares		Market value		Market value per share		Percentage of holding	
	31 December 2018	30 June 2018	31 December 2018	30 June 2018	31 December 2018	30 June 2018	31 December 2018	30 June 2018
	Number		Rupees		Rupees			
Associated Company - at fair value								
Fatima Fertilizer Company Limited - quoted	62,994,031	62,994,031	2,297,392,311	2,041,006,604	36.47	32.40	3.00%	3.00%

11.1.1 The Group doesn't have significant influence on Fatima Fertilizer Company Limited.

	Shares		Carrying value		Percentage of holding	
	31 December 2018	30 June 2018	31 December 2018	30 June 2018	31 December 2018	30 June 2018
	Number		Rupees			
Associated companies - at cost						
Fatima Energy Limited - <i>unquoted</i>	137,421,349		1,275,071,241	1,289,813,317	24.11%	24.11%
Fatima Transmission Company Limited - <i>unquoted</i>	5,520,000	5,520,000	41,692,867	41,692,867	24.00%	24.00%
Fatima Electric Company Limited - <i>unquoted</i>	7,000	7,000	29,612	29,612	20.00%	20.00%
			<u>1,316,793,720</u>	<u>1,331,535,796</u>		

11.3 This represents 0.21 million (30 June 2018: 0.21 million) ordinary shares of Multan Real Estate (Private) Limited.

		(Un-audited) 31 December 2018 Rupees	(Audited) 30 June 2018 Rupees
12 Long term advances	<i>Note</i>		
<u>Long term advance to associates</u>			
Pak Arab Energy Limited		25,904,160	25,904,160
Fatima Transmission Company Limited		23,320,790	23,320,790
Fatima Energy Limited		1,657,601,401	1,057,601,401
	12.1	<u>1,706,826,351</u>	<u>1,106,826,351</u>

12.1 These represent amounts disbursed to finance capital expenditure and to meet the working capital needs thereof. It carries mark-up at weighted average borrowing cost of the Holding Company. During the period mark up charged at the rates ranging from 8.53% to 10.92% per annum (2018: 7.26% to 7.86% per annum).

		(Un-audited) 31 December 2018 Rupees	(Audited) 30 June 2018 Rupees
13 Trade debts	<i>Note</i>		
<i>Export debtors - secured against letters of credit:</i>			
Considered good		2,302,019,530	3,630,040,600
<i>Local debtors - unsecured</i>			
Related Parties - considered good	13.1	173,554,686	23,764,191
Others - considered good		2,306,448,744	1,583,953,496
Others - considered doubtful		18,808,019	8,856,467
		<u>2,498,811,449</u>	<u>1,616,574,154</u>
Provision for doubtful balances		<u>(18,808,019)</u>	<u>(8,856,467)</u>
		<u>2,480,003,430</u>	<u>1,607,717,687</u>
		<u>4,782,022,960</u>	<u>5,237,758,287</u>

13.1 These include due from following associated undertakings on account of trading activities.

	(Un-audited) 31 December 2018 Rupees	(Audited) 30 June 2018 Rupees
Reliance Weaving Mills Limited	12,814,379	3,208,468
Fazal Rehman Fabrics Limited	156,325,753	16,141,169
Fatimafert Limited	4,414,554	4,414,554
	<u>173,554,686</u>	<u>23,764,191</u>

14 Short term investment

At fair value through profit and loss account

Fatima Fertilizer Company Limited - quoted

6,120,000 (30 June 2018 : 6,120,000) fully paid ordinary shares of Rs. 10 each, market value of Rs. 36.47 per share (30 June 2018 : Rs. 32.40 per share). Equity held 0.29% (June 30, 2018: 0.29%)

223,196,400	198,288,000
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15 Cash and bank balances

Cash in hand	49,393,276	17,095,239
<i>Cash at banks</i>		
- Current accounts	140,919,653	116,749,585
- Saving accounts	450,748	452,668
	<u>141,370,401</u>	<u>117,202,253</u>
	<u>190,763,677</u>	<u>134,297,491</u>

16 Sales - net

	<i>Half year ended</i>		<i>Quarter ended</i>	
	<i>(Un-audited)</i>	<i>(Un-audited)</i>	<i>(Un-audited)</i>	<i>(Un-audited)</i>
	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Export	5,299,551,122	6,016,895,885	3,217,388,639	2,531,638,880
Less:				
Sea freight	(74,097,108)	(91,963,905)	(48,819,304)	(53,883,826)
	5,225,454,014	5,924,931,980	3,168,569,335	2,477,755,054
Local	12,188,714,773	9,422,519,791	6,138,737,124	4,981,621,468
Less:				
Freight	(19,846,330)	(15,954,473)	(10,915,482)	(8,672,765)
	12,168,868,443	9,406,565,318	6,127,821,642	4,972,948,703
Waste	572,023,301	459,487,569	311,521,556	213,822,648
	17,966,345,758	15,790,984,868	9,607,912,532	7,664,526,405

Note

17 Cost of sales

	<i>Half year ended</i>		<i>Quarter ended</i>	
	<i>(Un-audited)</i>	<i>(Un-audited)</i>	<i>(Un-audited)</i>	<i>(Un-audited)</i>
	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Raw and packing materials consumed	12,634,387,427	10,401,063,946	6,554,274,958	5,352,192,131
Manufacturing costs	3,641,582,971	3,472,672,283	1,834,917,521	1,857,422,231
	16,275,970,398	13,873,736,229	8,389,192,478	7,209,614,362
Opening stock of work-in-process	359,035,028	310,982,823	357,291,346	313,894,506
Closing stock of work-in-process	(402,846,277)	(332,959,457)	(402,846,277)	(332,959,457)
Cost of goods manufactured	16,232,159,149	13,851,759,595	8,343,637,547	7,190,549,411
Opening stock of finished goods	1,945,763,131	2,105,211,306	3,006,510,934	1,800,833,965
Finished goods purchased	894,511,278	670,111,174	420,861,766	269,784,889
	19,072,433,557	16,627,082,075	11,771,010,248	9,261,168,266
Closing stock of finished goods	(3,367,968,805)	(2,030,452,207)	(3,367,968,805)	(2,030,452,207)
Cost of raw material sold	12,854,070	15,977,955	4,884,728	1,428,793
	15,717,318,822	14,612,607,823	8,407,926,170	7,232,144,852
Duty drawback on exports		(214,662,355)		(214,662,355)
	15,717,318,822	14,397,945,468	8,407,926,170	7,017,482,497

18 Fair value measurement of financial instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Held-for trading	Loans and receivables	Carrying amount		Total	Fair value		
			Available for-sale	Other financial liabilities		Level 1	Level 2	Level 3
Note ----- Rupees -----								
As at 31 December 2018								
Financial assets - measured at fair value								
	-	-	2,297,392,311	-	2,297,392,311	-	-	2,297,392,311
Short term investment	223,196,400	-	-	-	223,196,400	223,196,400	-	223,196,400
Financial assets - not measured at fair value								
	-	21,644,000	-	-	21,644,000	-	-	-
Long term investments	-	1,706,826,351	-	-	1,706,826,351	-	-	-
Long term advances to associates	-	4,782,022,960	-	-	4,782,022,960	-	-	-
Trade debts	-	130,888,058	-	-	130,888,058	-	-	-
Loans and advances	-	10,025,414	-	-	10,025,414	-	-	-
Trade deposits	-	522,844,783	-	-	522,844,783	-	-	-
Other receivables	-	152,380,926	-	-	152,380,926	-	-	-
Mark-up accrued	-	141,370,401	-	-	141,370,401	-	-	-
Bank balances	-	-	-	-	-	-	-	-
18.1						2,520,588,711	-	2,520,588,711
Financial liabilities - not measured at fair value								
	-	-	-	8,883,769,850	8,883,769,850	-	-	-
Long term financing - secured	-	-	-	2,008,745,294	2,008,745,294	-	-	-
Long term mushanka - secured	-	-	-	2,169,059,497	2,169,059,497	-	-	-
Current portion of non-current liabilities	-	-	-	3,067,891,949	3,067,891,949	-	-	-
Trade and other payables	-	-	-	12,593,564	12,593,564	-	-	-
Unclaimed dividend	-	-	-	16,290,746,372	16,290,746,372	-	-	-
Short term borrowings - secured	-	-	-	445,733,320	445,733,320	-	-	-
Accrued mark-up	-	-	-	-	-	-	-	-
18.1						32,878,539,846	-	32,878,539,846

As at 30 June 2018**Financial assets - measured at fair value**

Long term investment	-	-	2,041,006,604	-	2,041,006,604	-	-	2,041,006,604
Short term investment	198,288,000	-	-	-	198,288,000	-	-	198,288,000

Financial assets - not measured at fair value

Long term investments	-	21,644,000	-	-	21,644,000	-	-	-
Long term advances to associates	-	1,106,826,351	-	-	1,106,826,351	-	-	-
Trade debts	-	5,237,758,287	-	-	5,237,758,287	-	-	-
Loans and advances	-	164,567,405	-	-	164,567,405	-	-	-
Trade deposits	-	6,807,588	-	-	6,807,588	-	-	-
Other receivables	-	550,729,623	-	-	550,729,623	-	-	-
Mark-up accrued	-	81,339,057	-	-	81,339,057	-	-	-
Bank balances	-	117,202,253	-	-	117,202,253	-	-	-
18.1	198,288,000	7,286,874,564	2,041,006,604	-	9,526,169,168	2,239,294,604	-	2,239,294,604

Financial liabilities - not measured at fair value

Long term financing - secured	-	-	8,139,468,219	-	8,139,468,219	-	-	-
Long term musharika - secured	-	-	1,069,056,619	-	1,069,056,619	-	-	-
Current portion of non-current liabilities	-	-	2,200,556,658	-	2,200,556,658	-	-	-
Trade and other payables	-	-	2,350,599,463	-	2,350,599,463	-	-	-
Unclaimed dividend	-	-	8,971,945	-	8,971,945	-	-	-
Short term borrowings - secured	-	-	10,728,556,612	-	10,728,556,612	-	-	-
Accrued mark-up	-	-	322,880,239	-	322,880,239	-	-	-
18.1	-	-	24,820,089,755	-	24,820,089,755	-	-	-

18.1 The Group has not disclosed the fair values of these financial assets and liabilities as these are for short term or reprice over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

18.2 Fair value of property, plant and equipment except furniture fixtures, office equipment and vehicles is determined by professional valuers (level 3 measurement) based on their assessment of the market values. The valuations are conducted by the valuation expert appointed by the Group. The valuation expert used a market based approach to arrive at the fair value of the Group's property, plant and equipment. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.

19 Segment information

19.1 Segment revenue and results

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

	Spinning		Weaving		Total	
	(Un-audited) 31 December 2018	(Un-audited) 31 December 2017	(Un-audited) 31 December 2018	(Un-audited) 31 December 2017	(Un-audited) 31 December 2018	(Un-audited) 31 December 2017
	----- Rupees -----					
External revenues	13,058,410,596	11,838,519,216	3,215,137,221	2,738,905,733	17,966,345,758	15,790,984,868
Intersegment revenues	1,684,216,856	1,194,182,543	8,581,086	19,377,375	(1,692,797,942)	(1,213,559,918)
Cost of sales	(12,744,586,970)	(11,761,135,031)	(1,279,933,910)	(1,423,250,519)	(15,717,318,822)	(14,397,945,468)
Intersegment cost of sales	(8,581,086)	(19,377,375)	(1,684,216,856)	(1,194,182,543)	1,692,797,942	1,213,559,918
Distribution and marketing expense	(81,766,354)	(96,377,276)	(48,503,844)	(43,890,508)	(130,270,198)	(140,267,784)
Administrative expenses	(144,079,858)	(144,162,096)	(20,072,617)	(15,810,345)	(164,152,475)	(159,972,441)
Other operating expense	(78,324,728)	(54,821,055)	(6,321,469)	(1,564,403)	(84,646,197)	(56,385,458)
Finance cost	(864,122,034)	(571,566,414)	(92,200,424)	(56,674,409)	(956,322,458)	(628,240,823)
Other operating income	250,879,984	104,076,935	27,638,716	6,726,147	278,518,700	110,803,082
Share of loss of associate	-	-	-	-	(14,742,076)	(16,716,812)
Profit before tax	1,072,046,405	489,339,447	120,107,903	29,636,528	1,177,412,232	502,259,164

19.1.1 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 2018.

19.2 Segment assets and liabilities

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

	Spinning		Weaving		Total
	(Un-audited) 31 December 2018	(Audited) 30 June 2018	(Un-audited) 31 December 2018	(Audited) 30 June 2018	(Un-audited) 31 December 2018 (Audited) 30 June 2018
----- Rupees -----					
<u>Segment assets</u>					
Segment assets for reportable segments	41,066,961,733	32,222,468,285	3,871,824,184	4,059,293,915	44,938,785,918 36,281,762,201
Un-allocated corporate assets	-	-	-	-	12,962,527,189 12,300,178,981
Total assets as per balance sheet	41,066,961,733	32,222,468,285	3,871,824,184	4,059,293,915	57,901,313,107 48,581,941,182
<u>Segment liabilities</u>					
Un-allocated corporate liabilities	-	-	-	-	36,177,922,896 27,798,854,143
Total liabilities as per balance sheet	-	-	-	-	36,177,922,896 27,798,854,143

20 Reconciliation of movement of liabilities to cash flows arising from financing activities

	2018							
	Issued, subscribed and paid-up capital	Share premium	Dividend payable	Long term financing	Long term musharika	Short term borrowing	Accrued mark-up net	Total
	----- (Rupees) -----							
As at 30 June 2018	300,000,000	77,616,000	8,971,945	10,019,402,227	1,389,679,269	10,728,556,612	322,880,239	22,847,106,292
<u>Changes from financing cash flows</u>								
Dividend paid	-	-	(251,378,381)	-	-	-	-	(251,378,381)
Short term finances obtained	-	-	-	-	-	5,562,189,760	-	5,562,189,760
Financial charges paid-Net	-	-	-	-	-	-	(833,469,377)	(833,469,377)
Long term finances paid	-	-	-	(1,015,493,876)	(160,311,325)	-	-	(1,175,805,201)
Proceeds from long term financing	-	-	-	1,728,298,347	1,100,000,000	-	-	2,828,298,347
Total changes from financing cash flows	300,000,000	77,616,000	(242,406,436)	10,732,206,698	2,329,367,944	16,290,746,372	(510,589,138)	28,976,941,440
<u>Other changes</u>								
Final cash dividend	-	-	255,000,000	-	-	-	-	255,000,000
Interest expense-Net	-	-	-	-	-	-	956,322,458	956,322,458
Total liability related other changes	-	-	255,000,000	-	-	-	956,322,458	1,211,322,458
As at 31 December 2018	300,000,000	77,616,000	12,593,564	10,732,206,698	2,329,367,944	16,290,746,372	445,733,320	30,188,263,898

21 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:

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

	Half year ended	
	(Un-audited)	(Un-audited)
	31 December	31 December
	2018	2017
	Rupees	Rupees
<u>Associated undertakings</u>		
Sale of goods	1,415,909,742	1,027,936,599
Purchase of goods	239,350,470	511,430,608
Receipts from Associated undertakings	1,252,542,629	1,100,350,323
Payments made to Associated undertakings	287,995,386	238,313,569
Reimbursable expenses	1,586,375	-
Mark-up charged	71,041,868	18,560,729
Advances to associated undertakings	600,000,000	349,946,352
<u>Post retirement benefits</u>		
Provision for staff retirement benefits	64,376,856	51,484,512

21.2 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.

21.3 Salaries and benefits to key management personnel for the six months period ended 31 December 2018 amounted to Rs. 37.97 million (31 December 2017: Rs. 39.10 million) out of which Rs. 5.42 million (31 December 2017: Rs. 6.39 million) relates to post employment benefits.

22 Date of authorization for issue

This condensed interim consolidated financial information was authorized for issue by the Board of Directors on 27 Feb, 2019.

23 General

Figures in the condensed interim consolidated financial information have been rounded-off to the nearest rupees except stated otherwise.


(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER


(SHEIKH NASEEM AHMAD)
DIRECTOR


(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER



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