



2023

For The
Six Months Ended
December 31

Fazal Cloth Mills Limited



Contents

Corporate

- 03 Company Information
- 04 Directors' Review
- 06 ڈائریکٹر جانزہ رپورٹ

Condensed Interim Financial Information

- 08 Independent Auditor's Review Report
- 10 Condensed Interim Statement of Financial Position (Un-Audited)
- 12 Condensed Interim Statement of Profit or Loss (Un-Audited)
- 13 Condensed Interim Statement of Comprehensive Income (Un-Audited)
- 14 Condensed Interim Statement of Changes in Equity (Un-Audited)
- 15 Condensed Interim Statement of Cash Flows (Un-Audited)
- 16 Notes to the Condensed Interim Financial Statements (Un-Audited)



**COMPANY PROFILE**

BOARD OF DIRECTORS	Sh. Naseem Ahmad Mr. Rehman Naseem Mr. Amir Naseem Sheikh Mr. Faisal Ahmed Mr. Muhammad Mukhtar Sheikh Mr. Abbas Mukhtar Mr. Babar Ali Mr. Masood Karim Shaikh Ms. Parveen Akhter Malik	Chairman/ Non – Executive Director Chief Executive Officer Non – Executive Director Non – Executive Director Executive Director Executive Director Independent Director Independent Director
AUDIT COMMITTEE	Ms. Parveen Akhter Malik Mr. Sheikh Naseem Ahmad Mr. Amir Naseem Sheikh Mr. Babar Ali	Independent Director/Chairperson Non – Executive Director Non – Executive Director Independent Director
HUMAN RESOURCE AND REMUNERATION COMMITTEE	Mr. Babar Ali Mr. Amir Naseem Sheikh Mr. Faisal Ahmad	Independent Director/Chairman Non – Executive Director Non – Executive Director
STRATEGIC PLANNING COMMITTEE	Mr. Rehman Naseem Mr. Masood Karim Shaikh Ms. Parveen Akhter Malik	CEO/Chairman Independent Director Independent Director
COMPANY SECRETARY	Mr. Azher Iqbal, ACA	
CHIEF FINANCIAL OFFICER	Mr. Muhammad Azam, FCA & FCMA	
AUDITORS	ShineWing Hameed Chaudhri & Co., Chartered Accountants	
BANKERS	Bank AL Habib Limited National Bank of Pakistan Meezan Bank Limited The Bank of Punjab Habib Metropolitan Bank Limited Bank Alfalah Limited Habib Bank Limited Faysal Bank Limited Allied Bank Limited Bank Islami Pakistan Limited Soneri Bank Limited Industrial and Commercial Bank of China Limited United Bank Limited	Askari Bank Limited MCB Bank Limited The Bank of Khyber JS Bank Limited Dubai Islamic Bank Pakistan Limited Standard Chartered Bank (Pakistan) Limited Bank Makramah Limited (Formerly Summit Bank Limited) Saudi Pak Industrial & Agricultural Inv. Company Limited Pak Oman Investment Company Limited Pak Brunei Investment Company Limited Pak Libya Holding Company (Pvt.) Limited Pakistan Kuwait Investment Company (Private) Limited PAIR Investment Company Limited
HEAD OFFICE & SHARES DEPARTMENT:	59/3, Abdali Road, Multan. Phone: (92) 4781637 Fax: (92) 61-4541832 E-mail: corporate@fazalcloth.com Shares@fazalcloth.com Website: www.fazalcloth.com	
SHARES REGISTRAR:	Vision Consulting Ltd. 5-C, LDA Flats, Lawrence Road, Lahore. shares@vcl.com.pk Phone: (92) 42-36283096, 36283097 Fax: (92) 42-36374839	
REGISTERED OFFICE:	69/7, Abid Majeed Road, Survey No. 248/7, Lahore Cantt, Lahore. Phone: (92) 42-36684909	
MILLS:	i)Fazal Nagar, Jhang Road, Muzaffargarh – Pakistan Ph. (92) 66-2422216.18 Fax: (92) 66-2422217 ii)Qadirpur Rawan Bypass, Khanewal Road, Multan – Pakistan Ph. (92)61-6740041-43, Fax: (92) 61-6740052 iii) 13-Km, Mian Wali Road, Khanpur Bagga Sher. PH.+92 (662) 490183	



DIRECTORS' REVIEW

On behalf of the Board of Directors of Fazal Cloth Mills Ltd. (the Company), we would like to present the un-audited financial information of the Company for the six months period ended December 31, 2023 duly reviewed by the statutory auditors of the Company who have issued a review report, which is annexed to the financial statements.

FINANCIAL PERFORMANCE

A comparison of the key financial results of the Company for the six months period ended December 31, 2023 with same period last year (SPLY), is as follows:

Financial Highlights	31-Dec-23	31-Dec-22	Increase / (Decrease) %
	Rupees in thousand		
Revenue from contracts with customers - net	47,112,352	36,491,835	29.10%
Cost of sales	40,697,362	31,264,102	30.17%
Gross Profit	6,414,990	5,227,733	22.71%
EBIDTA	7,194,044	4,770,117	50.81%
Depreciation	1,066,622	865,626	23.22%
Finance Cost	4,536,276	2,023,688	124.16%
Profit before taxation	1,591,145	1,880,802	(15.40%)
Profit after taxation	614,419	1,075,328	(42.86%)
Earnings per share – Rs.	20.48	35.84	(42.86%)

The sales revenue has increased by 29.10% during the period under review, the sales volume of yarn has improved while fabric has slightly declined in this period as compared to SPLY.

The finance cost during the period experienced a significant increase of 124.16%, totaling Rs. 4,536 million. This surge can be attributed to various factors, including higher policy rate of 22%, higher working capital requirements owing to inflationary impact / rupee devaluation and the non-availability of cheaper source of financing alternatives for investments in new machinery and expansion in the value-added sector.

FUTURE OUTLOOK

The global growth outlook remains uncertain as the world faces a multitude of interconnected crises including slowing growth in China, inflationary pressures in the west and geopolitical conflicts around the globe. Though headline inflation has started to decline but the risk of volatility in commodity prices will persist.

Exchange rate parity witnessed some improvement as a result of the regulator's administrative actions, but ongoing efforts are necessary to improve the confidence of investors and businesses. The strategy of curtailing imports through demand control to maintain a steady current account surplus is expected to continue, as the country is unlikely to pursue external debt relief. It is anticipated that the new government will provide more predictable environment which is necessary to attract much-needed Foreign Direct Investment (FDI).

In first half of FY2024, macroeconomic conditions have gradually improved, leading to a revival in overall economic activity compared to the challenging FY2023. This persistent up tick in economic indicators has resulted in improved GDP growth of 2.13% in the first quarter of FY2024, with expectations for continued growth in the second quarter. Business confidence and the investment climate are gradually improving, as reflected in the exceptional performance of the Pakistan Stock Exchange (PSX) and a steep surge in FDI. The continual rise in these indicators is a testament to the strengthening health of the economy and suggests a positive economic outlook for the latter half of FY2024.

A significant development for the Country's Textile Industries cotton production in Pakistan which has seen an impressive increase in the 2023-24 season, with a total of 8.378 million bales by February 15, 2024 offering relief to the nation's foreign exchange reserves which have been under significant pressure due to the need for cotton imports.



The management expects the sales revenue to grow during the year ending June 30, 2024 and the liquidity position will further strengthen to run the operations of the Company in a sustainable manner. Going forward, we remain committed to improve our operations, to be more innovative, efficient and profitable to deliver sustainable returns to our shareholders.

THANKS AND APPRECIATION

We would like to place on record deep appreciation for the efforts of the executives, officers and other staff members and workers for their hard work, co-operation and sincerity to the Company in achieving the best possible results. The Board also wishes to place on record the appreciations to all banks, customers and suppliers for continued support to the Company with zeal and dedication. The Management is quite confident that these relations and co-operation will continue in the years to come.

For & on behalf of the Board

(Amir Naseem Sheikh)
Director

Dated: February 28, 2024

(Rehman Naseem)
Chief Executive Officer



ڈائریکٹرز جائزہ رپورٹ

فضل کا تھ ملز لمیٹڈ (کمپنی) کے بورڈ آف ڈائریکٹرز کی جانب سے، ہم 31 دسمبر 2023 کو ختم ہونے والی چھ ماہ کی مدت کے لیے کمپنی کی غیر آڈٹ شدہ مالیاتی معلومات پیش کرنا چاہتے ہیں جس کا قانونی آڈیٹرز کے ذریعے جائزہ لیا گیا تھا جس نے ایک جائزہ رپورٹ جاری کی ہے، جو مالیاتی بیانات سے منسلک ہے۔

مالیاتی کارکردگی

31 دسمبر 2023 کو ختم ہونے والی چھ ماہ کی مدت کے لیے کمپنی کے اہم مالیاتی نتائج کا گزشتہ سال کی اسی مدت (SPLY) کے ساتھ موازنہ حسب ذیل ہے:

مالی شرح/ریٹ	ششماہی اہتمام، اے ماہی سال	ششماہی اہتمام، اے ماہی سال	(کمی) / اضافہ %
	2022 (000)	2023 (000)	
گاہکوں کے ساتھ معاہدوں سے آمدنی - منہ	36,491,835	47,112,352	29.10%
فروخت کی قیمت	31,264,102	40,697,362	30.17%
کل منافع	5,227,733	6,414,990	22.71%
EBIDTA	4,770,117	7,194,044	50.81%
فروڈنگ	865,626	1,066,622	23.22%
مالیاتی لاگت	2,023,688	4,536,276	124.16%
لٹیکس سے سپلا منافع	1,880,802	1,591,145	(15.40%)
لٹیکس کے بعد منافع	1,075,328	614,419	(42.86%)
نیٹ شیئر آمدنی - روپے	35.84	20.48	(42.86%)

زیر جائزہ مدت کے دوران سبزر یونیٹس میں 29.10 فیصد کا اضافہ ہوا ہے، یارن کی فروخت کے حجم میں بہتری آئی ہے جبکہ SPLY کے مقابلے اس عرصے میں فیہرک میں قدرے کمی آئی ہے۔

اس مدت کے دوران مالیاتی لاگت میں 124.16 فیصد کا نمایاں اضافہ ہوا، جو کہ کل 4,536 ملین روپے ہے۔ اس اضافے کو مختلف عوامل سے منسوب کیا جاسکتا ہے، بشمول 22 فیصد کی اعلیٰ پالیسی کی شرح، افراط زر کے اثرات/روپے کی قدر میں کمی کی وجہ سے زیادہ کام کرنے والے سرمائے کی ضروریات اور نی مشینری میں سرمایہ کاری کے لیے مالیاتی متبادل کے سستے ذرائع کی عدم دستیابی اور قدر میں توسیع شامل ہے۔

مستقبل کا جائزہ

عالمی ترقی کا نقطہ نظر غیر یقینی رہتا ہے کیونکہ دنیا کو بہت سے ایک دوسرے سے جڑے ہوئے بحرانوں کا سامنا ہے جن میں چین میں ترقی کی رفتار میں کمی، مغرب میں افراط زر کا دباؤ اور دنیا بھر میں جغرافیائی سیاسی تنازعات شامل ہیں۔ اگرچہ ہیڈ لائن افراط زر میں کمی آنا شروع ہوگئی ہے لیکن اشیاء کی قیمتوں میں اتار چڑھاؤ کا خطرہ برقرار رہے گا۔

ریگولیشن کے انتظامی اقدامات کے نتیجے میں شرح مبادلہ کی برابری میں کچھ بہتری دیکھنے میں آئی، لیکن سرمایہ کاروں اور کاروباری اداروں کے اعتماد کو بہتر بنانے کے لیے جاری کوششیں ضروری ہیں۔ ایک مستحکم کرنٹ اکاؤنٹ پلس کو برقرار رکھنے کے لیے ڈیہانڈ کنٹرول کے ذریعے درآمدات کو کم کرنے کی حکمت عملی جاری رہنے کی توقع ہے، کیونکہ ملک کے بیرونی قرضوں میں ریلیف حاصل کرنے کا امکان نہیں ہے۔ یہ توقع ہے کہ نئی حکومت زیادہ سوچے ماحول فراہم کرے گی جو انتہائی ضروری غیر ملکی براہ راست سرمایہ کاری کو راغب کرنے کے لیے ضروری ہے۔



مالی سال 2024 کی پہلی ششماہی میں، معاشی حالات میں بتدریج بہتری آئی ہے، جس کی وجہ سے مالی سال 2023 کے چیلنجنگ کے مقابلے میں مجموعی اقتصادی سرگرمیوں میں بحالی ہوئی ہے۔ معاشی اشاریوں میں اس مسلسل اضافے کے نتیجے میں مالی سال 2024 کی پہلی سہ ماہی میں جی ڈی پی کی شرح نمو 2.13 فیصد بہتر ہوئی ہے، دوسری سہ ماہی میں مسلسل ترقی کی توقعات کے ساتھ۔ کاروباری اعتماد اور سرمایہ کاری کا ماحول بتدریج بہتر ہو رہا ہے، جیسا کہ پاکستان اسٹاک ایکسچینج (PSX) کی غیر معمولی کارکردگی اور FDI میں زبردست اضافے سے ظاہر ہوتا ہے۔ ان اشاریوں میں مسلسل اضافہ معیشت کی مضبوطی کا ثبوت ہے اور مالی سال 2024 کے آخری نصف کے لیے ایک مثبت اقتصادی نقطہ نظر کی تجویز کرتا ہے۔

ملک کی ٹیکسٹائل انڈسٹری کے لیے ایک اہم پیشرفت پاکستان میں کپاس کی پیداوار ہے جس میں 2023-24 کے سیزن میں متاثر کن اضافہ دیکھنے میں آیا ہے، جس میں 15 فروری 2024 تک مجموعی طور پر 8.3780 ملین کپاس کی گانٹھیں تھیں جس سے ملک کے زرمبادلہ کے ذخائر کو ریلیف دیا گیا ہے۔ انتظامیہ کو توقع ہے کہ 30 جون 2024 کو ختم ہونے والے سال کے دوران بیلز روٹیوں میں اضافہ ہوگا اور کپاس کی آپریشنز کو پائیدار طریقے سے چلانے کے لیے لیکویڈیٹی کی پوزیشن مزید مضبوط ہوگی۔ آگے بڑھتے ہوئے، ہم اپنی آپریشنز کو بہتر بنانے کے لئے ملوث رہیں گے، تاکہ ہم زیادہ نوآور، موثر اور منافع بخش بنیادوں پر کام کریں، اور ہمارے شیئرز ہولڈرز کو مستقل منافع فراہم کر سکیں۔

شکریہ اور تعریف

ہم بہترین ممکنہ نتائج حاصل کرنے میں کپاسی کے ساتھ محنت، تعاون اور خلوص کے لیے ایگزیکٹوز، افسران اور دیگر عملے کے اراکین اور کارکنوں کی کاوشوں کو ریکارڈ پر خراج تحسین پیش کرنا چاہتے ہیں۔ بورڈ تمام بینکوں، صارفین اور سپلائرز کے لیے جوش اور لگن کے ساتھ کپاسی کی مسلسل حمایت کے لیے تعریفیں ریکارڈ پر رکھنا چاہتا ہے۔ انتظامیہ کو یورٹینین ہے کہ یہ تعلقات اور تعاون آنے والے سالوں میں بھی جاری رہے گا۔

بورڈ کی طرف سے

عامر نسیم شیخ

(ڈائریکٹر)

رحمان نسیم

(چیف ایگزیکٹو آفیسر)

تاریخ: 28 فروری، 2024



INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Fazal Cloth Mills Limited

Report on Review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Fazal Cloth Mills Limited (the Company) as at December 31, 2023 and the related condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these 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 interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of other comprehensive income for the quarters ended December 31, 2023 and 2022 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2023.

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 interim financial statements are 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 interim financial statements for the six months period ended December 31, 2022 and the annual financial statements for the Company for the year ended June 30, 2023 were reviewed and audited, by another firm of chartered accountants who expressed unmodified conclusion and opinion on those interim and annual financial statements on February 28, 2023 and October 05 2023, respectively.

The engagement partner on the review resulting in this independent auditors' review report is Osman Hameed Chaudhri.

Lahore

Date: February 28, 2024

UDIN: RR202310104MYaOBQApH

Shinewing Hameed Chaudhri & Co.

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS



Fazal Cloth Mills Limited

Condensed Interim Financial Statements (Un-audited)

For the Half Year Ended 31 December 2023



**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023**

		Un-audited December 31, 2023	Audited June 30, 2023
EQUITY AND LIABILITIES	Note	----- Rupees -----	
Share capital and reserves			
Authorized share capital		<u>1,700,000,000</u>	<u>1,700,000,000</u>
Issued, subscribed and paid-up capital		<u>300,000,000</u>	<u>300,000,000</u>
Capital reserves			
- Other capital reserves		1,433,551,253	1,075,745,157
- Revaluation surplus on property, plant and equipment		21,604,862,353	22,130,639,044
Unappropriated profits - revenue reserve		<u>22,124,076,129</u>	<u>21,140,136,577</u>
		<u>45,462,489,735</u>	<u>44,646,520,778</u>
Liabilities			
Non-current liabilities			
Long term financing - secured	4	13,168,312,087	13,425,948,722
Long term musharika - secured	5	2,889,497,181	3,329,112,748
Lease liability - unsecured		71,939,758	73,111,588
Deferred liabilities:			
- Staff retirement benefit		507,903,032	445,220,674
- Deferred taxation		7,140,064,934	6,682,468,862
		<u>23,777,716,992</u>	<u>23,955,862,594</u>
Current liabilities			
Trade and other payables	6	5,999,244,282	8,279,059,663
Contract liabilities		441,578,158	760,038,983
Current portion of non-current liabilities	7	3,719,826,948	3,239,132,851
Unclaimed dividend		22,016,990	22,551,264
Short term borrowings - secured		31,551,793,948	25,569,248,195
Accrued mark-up		1,781,843,182	1,274,680,630
Provision for taxation - net		370,524,659	26,837,826
		<u>43,886,828,167</u>	<u>39,171,549,412</u>
Total liabilities		<u>67,664,545,159</u>	<u>63,127,412,006</u>
Contingencies and commitments	8		
Total equity and liabilities		<u>113,127,034,894</u>	<u>107,773,932,784</u>

The annexed notes form an integral part of these condensed interim financial statements.


(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER


(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER


(AMIR NASEEM SHEIKH)
DIRECTOR



**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023**

	Note	Un-audited December 31, 2023	Audited June 30, 2023
ASSETS		----- Rupees -----	
Non-current assets			
Property, plant and equipment	9	52,728,998,394	52,832,730,189
Long term investments	10	6,356,957,382	5,999,151,286
Long term advances and markup accrued	11	-	-
Long term deposits		110,640,293	25,540,293
		<u>59,196,596,069</u>	<u>58,857,421,768</u>
Current assets			
Stores, spares and loose tools		1,746,956,523	1,429,900,637
Stock-in-trade	12	37,444,167,224	31,318,157,974
Trade debts	13	10,388,646,848	11,368,620,770
Advances and other receivables		251,117,003	218,351,459
Deposits, prepayments and other receivables		406,125,768	601,492,755
Mark-up accrued	14	2,681,815	1,198,384
Short term investment		217,198,800	182,437,200
Sales tax refundable and adjustable		2,708,719,010	3,267,710,019
Cash and bank balances	15	764,825,834	528,641,818
		<u>53,930,438,825</u>	<u>48,916,511,016</u>
		<u>113,127,034,894</u>	<u>107,773,932,784</u>

The annexed notes form an integral part of these condensed interim financial statements.

(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER

(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER

(AMIR NASEEM SHEIKH)
DIRECTOR



**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE SIX MONTHS AND QUARTER PERIOD ENDED DECEMBER 31, 2023**

	Note	Six months period ended		Quarter ended	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
		----- Rupees -----			
Revenue from contracts with customers - net	16	47,112,351,806	36,491,835,151	23,822,565,214	18,023,326,745
Cost of sales	17	(40,697,362,358)	(31,264,102,390)	(20,768,470,277)	(15,420,399,043)
Gross profit		6,414,989,448	5,227,732,761	3,054,094,937	2,602,927,702
Selling and distribution expenses		(292,857,997)	(224,063,557)	(141,392,877)	(78,066,656)
Administrative expenses		(375,820,541)	(283,137,721)	(197,319,668)	(142,045,008)
Other expenses		(155,311,791)	(841,683,951)	(58,549,008)	(210,255,963)
		(823,990,329)	(1,348,885,229)	(397,261,553)	(430,367,627)
Other income		536,422,442	25,643,126	184,429,639	17,075,075
Profit from operations		6,127,421,561	3,904,490,658	2,841,263,023	2,189,635,150
Finance cost	18	(4,536,276,226)	(2,023,688,312)	(2,291,328,152)	(1,045,520,131)
Profit before taxation		1,591,145,335	1,880,802,346	549,934,871	1,144,115,019
Taxation		(976,726,236)	(805,474,028)	(495,159,756)	(594,360,127)
Profit after taxation		614,419,099	1,075,328,318	54,775,115	549,754,892
Earnings per share - basic and diluted	19	20.48	35.84	1.83	18.33

The annexed notes form an integral part of these condensed interim financial statements.

(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER

(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER

(AMIR NASEEM SHEIKH)
DIRECTOR



**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS AND QUARTER PERIOD ENDED DECEMBER 31, 2023**

	Six months period ended		Quarter ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	----- Rupees -----			
Profit after taxation	614,419,099	1,075,328,318	54,775,115	549,754,892
Other comprehensive income / (loss) - net of tax				
Items that will never be reclassified to statement of profit or loss:				
Net change in fair value of investments classified at fair value through other comprehensive income	357,806,096	(387,936,746)	415,130,664	(421,323,582)
Total comprehensive income period	972,225,195	687,391,572	469,905,779	128,431,310

The annexed notes form an integral part of these condensed interim financial statements.

(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER

(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER

(AMIR NASEEM SHEIKH)
DIRECTOR



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023**

	Capital reserves					Revenue reserve		Total
	Share capital	Share premium	Capital redemption reserve	Fair value reserve	Revaluation surplus on property plant and equipment - net of tax	Un-appropriated profits		
	----- Rupees -----							
Balance as at June 30, 2022 (Audited)	300,000,000	77,616,000	175,000,000	2,457,736,637	17,150,488,830	20,368,453,281		40,529,294,748
Total comprehensive income for the six months period ended December 31, 2022	-	-	-	(387,936,746)	-	1,075,328,318		1,075,328,318
Profit for the period	-	-	-	(387,936,746)	-	1,075,328,318		(387,936,746)
Other comprehensive loss - net of tax	-	-	-	-	-	-		687,391,572
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the period - net of tax	-	-	-	-	(268,128,080)	268,128,080		-
Effect of change in tax rate	-	-	-	-	(193,426,949)	-		(193,426,949)
Transactions with the owners of the Company:								
Final dividend related to the year ended June 30, 2022 at the rate of Rs.10 per share	-	-	-	-	-	(300,000,000)		(300,000,000)
Balance as at December 31, 2022 (Un-audited)	300,000,000	77,616,000	175,000,000	2,069,799,891	16,688,933,801	21,411,909,679		40,723,259,371
Balance as at June 30, 2023 (Audited)	300,000,000	77,616,000	175,000,000	823,129,157	22,130,639,044	21,140,136,577		44,646,520,778
Total comprehensive income for the six months period ended December 31, 2023	-	-	-	357,806,096	-	614,419,099		614,419,099
Profit for the period	-	-	-	357,806,096	-	614,419,099		357,806,096
Other comprehensive income - net of tax	-	-	-	357,806,096	-	-		972,225,195
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the period - net of tax	-	-	-	-	(365,808,340)	365,808,340		-
Transfer from surplus on revaluation of fixed assets on disposal - net of tax	-	-	-	-	(3,712,113)	3,712,113		-
Effect of change in tax rate	-	-	-	-	(156,256,238)	-		(156,256,238)
Balance as at December 31, 2023 (Un-audited)	300,000,000	77,616,000	175,000,000	1,180,935,253	21,604,862,353	22,124,076,129		45,462,489,735

The annexed notes form an integral part of these condensed interim financial statements.


(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER


(REHAM NASEEM)
CHIEF EXECUTIVE OFFICER



(AMIR NASEEM SHEIKH)
DIRECTOR



CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

	Six months period ended	
	December 31, 2023	December 31, 2022
Cash flows from operating activities	----- Rupees -----	
Profit before taxation	1,591,145,335	1,880,802,346
Adjustments for:		
Depreciation on property, plant and equipment	1,063,750,580	865,626,325
Depreciation on right of use assets	2,871,790	-
Unrealized (gain) / loss on re-measurement of short term investments	(34,761,600)	25,704,000
Loss allowance against trade debts	33,813,856	27,834,701
Net realizable value of stock in trade	-	991,139,233
Provision for gratuity	152,662,578	107,528,790
Provision for infrastructure cess	193,040,394	199,746,042
Provision for workers' profit participation fund	84,504,848	101,118,406
Provision for workers' welfare fund	13,366,781	40,447,362
(Loss) / gain on disposal of property, plant and equipment and assets held for sale	6,740,460	(8,569,414)
Finance income	(6,276,485)	(1,954,089)
Dividend income received from associates	(120,949,554)	-
Finance cost	4,536,276,226	2,023,688,312
Cash generated from operations before working capital changes	7,516,185,209	6,253,112,014
Effect on cash flows due to working capital changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(317,055,886)	(479,063,066)
Stock-in-trade	(6,126,009,250)	(181,931,578)
Trade debts	946,160,066	(1,705,895,915)
Advances and other receivables	(32,765,544)	128,309,261
Deposits, prepayments and other receivables	195,366,987	(297,178,299)
	(5,334,303,627)	(2,535,759,597)
Increase / (decrease) in current liabilities:		
Trade and other payables	(2,570,727,402)	(250,552,017)
Contract liabilities	(318,460,825)	91,699,463
Cash (used in) / generated from operations	(707,306,645)	3,558,499,863
Gratuity paid to employees	(89,980,220)	(92,769,329)
Taxes paid - net	227,291,438	(338,678,507)
	137,311,218	(431,447,836)
Net cash (used in) / generated from operating activities	(569,995,427)	3,127,052,027
Cash flows from investing activities		
Fixed capital expenditure	(973,191,035)	(2,653,178,208)
Proceeds from sale of property, plant and equipment	3,560,000	147,200
Long term deposits	(85,100,000)	-
Dividend income received from associated company	120,949,554	-
Finance income received	4,793,054	1,954,089
Net cash used in investing activities	(928,988,427)	(2,651,076,919)
Cash flows from financing activities		
Long term financing obtained	1,208,085,551	2,163,643,306
Long term financing repaid	(1,132,244,597)	(1,289,028,919)
Long term musharika obtained	77,739,800	997,912,055
Long term musharika repaid	(370,833,335)	(372,394,652)
Short term borrowings - net	7,506,898,967	(225,276,942)
Lease rentals paid	(5,846,152)	(5,314,683)
Finance cost paid - net	(4,023,744,876)	(1,855,182,063)
Dividend paid	(534,274)	(298,567,566)
Net cash generated from / (used in) financing activities	3,259,521,084	(884,209,464)
Net increase / (decrease) in cash and cash equivalents	1,760,537,230	(408,234,356)
Cash and cash equivalents at beginning of the period	(3,222,085,274)	(672,692,951)
Cash and cash equivalents at end of the period	(1,461,548,044)	(1,080,927,307)
Cash and cash equivalents at period end comprises of:		
Cash and bank balances	764,825,834	505,671,778
Running finance / running musharika	(2,226,373,878)	(1,586,599,085)
	(1,461,548,044)	(1,080,927,307)

The annexed notes form an integral part of these condensed interim financial statements.


(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER


(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER


(AMIR NASEEM SHEIKH)
DIRECTOR



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023**

1 Legal status and nature of business

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 Company is principally engaged in manufacture and sale of yarn and fabric.

Geographical location and addresses of major business units including mills / plant of the Company are as under:

Lahore	Purpose
69/7, Abid Majeed Road, Survey No. 248/7 Cantt.	Registered office
Multan	
59/3, Abdali Road.	Head office
Qadirpur Rawan Bypass, Khanewal Road.	Production plant
Muzaffargarh	
Fazal Nagar, Jhang Road.	Production plant
13-KM, Mianwali Road, Khanpur Bagga Sher.	Production plant

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

2.1.1 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 International Accounting Standards Board ('IASB') as notified under the Companies Act, 2017 (the Act),
- Provisions of and directives issued under the Act, and
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Act.

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

2.1.2 These condensed interim financial statements does not include all the information and disclosures as required in an annual audited financial statements, and these should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2023. These condensed interim financial statements are being submitted to the shareholders as required by the section 237 of the Companies Act, 2017.

2.2 Standards, amendments to approved accounting standards effective in current period and are relevant

Certain standards, amendments and interpretations to IFRSs are effective for accounting periods beginning on July 01, 2023 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.



2.3 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the accounting standards and interpretations that are effective for accounting periods beginning on July 01, 2024 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

2.4 Accounting policies

All the accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of audited annual financial statements for the year ended June 30, 2023.

3 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial statements require management to make judgements, 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.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the audited annual financial statements for the year ended June 30, 2023.

4 LONG TERM FINANCING - SECURED

		Un-audited December 31, 2023	Audited June 30, 2023
	Note	----- Rupees -----	
Long term finances	4.1	16,031,597,738	15,955,756,784
Less: current portion grouped under current liabilities		(2,863,285,651)	(2,529,808,062)
		<u>13,168,312,087</u>	<u>13,425,948,722</u>

4.1 Long term finances - secured

Balance at beginning of the period / year		15,955,756,784	15,256,170,060
Add: disbursements during the period / year	4.1.1	1,208,085,551	2,988,820,348
Repayments made during the period / year		(1,132,244,597)	(2,289,233,624)
Balance at end of the period / year		<u>16,031,597,738</u>	<u>15,955,756,784</u>



4.1.1 Markup bearing finances availed during the period:

Lender	Amount -- Rupees --	Rate of mark-up per annum	Security, tenure and basis of principal repayments
Allied Bank Limited			
- Term Loan -	500,000,000	6 months KIBOR + 1.50%	1st joint pari passu charge/ mortgage of Rs. 2,489 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company. Principal amount is payable in ten equal half yearly installments ending on July 10, 2028.
Habib Bank Limited			
- Demand Finance -	500,000,000	3 months KIBOR + 0.75%	1st joint pari passu charge/ mortgage of Rs. 1,583 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company. Principal amount is payable in twelve equal half yearly installments ending on September 13, 2030.
National Bank of Pakistan			
- Demand Finance -	8,085,551	6 months KIBOR + 1.00%	1st joint pari passu charge/ mortgage of Rs. 4,784 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company. Principal amount is payable in twelve equal half yearly installments ending on February 24, 2030.
Pak Brunei Investment Company Limited			
- Term Finance -	200,000,000	3 months KIBOR + 2.00%	1st joint pari passu charge/ mortgage of Rs. 400 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company. Principal amount is payable in twenty equal quarterly installments ending on November 27, 2030.
	<u>1,208,085,551</u>		

5 LONG TERM MUSHARIKA - SECURED

	Note	Un-audited December 31, 2023	Audited June 30, 2023
----- Rupees -----			
Long term finances	5.1	3,744,352,548	4,037,446,083
Less: current portion grouped under current liabilities		(854,855,367)	(708,333,335)
		<u>2,889,497,181</u>	<u>3,329,112,748</u>
5.1 Long term musharika - secured			
Balance at beginning of the period / year		4,037,446,083	3,376,467,767
Add: disbursements during the period / year	5.1.1	77,739,800	1,454,206,302
Less: - repayments made during the period / year		(370,833,335)	(793,227,986)
Balance at end of the period / year		<u>3,744,352,548</u>	<u>4,037,446,083</u>

5.1.1 Profit bearing finances availed during the period:

Lender	Amount -- Rupees --	Rate of Profit Per Annum	Security, Tenure and basis of principal repayments
Faysal Bank Limited			
- Diminishing Musharika / SBP's ILTF	<u>77,739,800</u>	3 months KIBOR + 0.75% / SBP Rate + 0.75%	1st joint pari passu charge/ mortgage of Rs. 1,488 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company. Principal amount is payable in sixteen equal half yearly installments ending on June 30, 2032.

**6 TRADE AND OTHER PAYABLES**

		Un-audited December 31, 2023	Audited June 30, 2023
	Note	----- Rupees -----	
Trade creditors		1,364,793,883	929,765,542
Accrued liabilities	6.1	1,520,969,625	1,664,430,988
Due to associated undertakings	6.2	182,360,296	45,845,843
Bills payable		850,663,608	3,583,591,783
Tax deducted at source		34,024,740	11,496,578
Infrastructure cess		1,814,597,905	1,621,557,511
Workers' profit participation fund		166,400,182	81,895,334
Workers' welfare fund		44,567,496	155,865,153
Loan from Director		299,693	299,693
Others		20,566,854	184,311,238
		5,999,244,282	8,279,059,663

- 6.1** The Honourable Supreme Court of Pakistan (SCP) vide its judgement dated August 13, 2020 decided the appeal against the Company and declared the GIDC Act, 2015 to be constitutional and recoverable from the gas consumer. A review petition was filed against the judgment which was also dismissed. SCP in its detailed judgment stated that the cess under GIDC Act, 2015 is applicable only to those consumers of natural gas who have passed on GIDC burden to their end customers for their business activities.

The Company has filed a civil suit before the Honourable Lahore High Court (LHC) on the grounds that the Company has not passed on the impact of GIDC to end consumers. SHC has granted stay order and has restrained SNGPL from taking any coercive action against the Company. The case is pending for adjudication. The Company has recognized the liability of GIDC under the GIDC Act, 2015 in these financial statements.

6.2 Due to associated undertakings

		Un-audited December 31, 2023	Audited June 30, 2023
		----- Rupees -----	
Hussain Gineries Limited		-	13,250,970
Fatima Energy Limited		182,139,795	32,409,271
Fatima Fertilizer Company Limited		40,501	5,602
Fazal-ur-Rehman Foundation		180,000	180,000
		182,360,296	45,845,843

7 CURRENT PORTION OF NON-CURRENT LIABILITIES

Long term financing - secured		2,863,285,651	2,529,808,062
Long term musharika - secured		854,855,367	708,333,335
Current portion of lease liability		1,685,930	991,454
		3,719,826,948	3,239,132,851

8 CONTINGENCIES AND COMMITMENTS

- 8.1** Guarantees aggregating Rs. 2,848.369 million (June 30, 2023: Rs. 2,583.002 million) have been issued by banks of the Company to various institutions and corporate bodies.

- 8.2** There has been no material change in the status of other contingencies as disclosed in the audited annual financial statements of the Company for the year ended June 30, 2023.



	Un-audited December 31, 2023	Audited June 30, 2023
	----- Rupees -----	
8.3 Commitments in respect of :		
• letters of credit for purchase of raw materials and stores & spare parts	<u>4,435,636,848</u>	<u>4,928,257,464</u>
• foreign bills discounted	<u>2,964,056,463</u>	<u>-</u>

8.4 Commitments in respect of Fatima Energy limited (FEL):

The Company through sponsors support agreement commits to lenders of FEL, in case of default by FEL, to pay amount outstanding up to Rs 6,000 million (June 30, 2023: Rs 6,000 million), This commitment was already approved by the shareholders under section 199 of the Companies Act, 2017 in annual general meeting dated November 26, 2020.

8.5 Commitments in respect of Fatima Transmission Company Limited (FTCL):

The Company through sponsors support agreement commits to MCB Bank Limited, in case of default by FTCL, to pay amount outstanding up to Rs 250 million (June 30, 2023: Rs. 250 million). This commitment was already approved by the shareholders under section 199 of the Companies

9 PROPERTY, PLANT AND EQUIPMENT

		Un-audited December 31, 2023	Audited June 30, 2023
		----- Rupees -----	
	Note		
Operating fixed assets	9.1	51,748,050,559	47,865,805,154
Right of use asset	9.2	43,076,855	45,948,645
Capital work-in-progress	9.3	937,870,980	4,920,976,390
		<u>52,728,998,394</u>	<u>52,832,730,189</u>

9.1 Operating fixed assets

Net book value at beginning of the period / year		47,865,805,154	40,194,533,834
Additions during the period / year	9.1.1	4,956,296,445	1,718,340,072
Revaluation surplus period / year		-	7,700,479,505
Disposals costing Rs.18,029,766 (June 30, 2023: Rs.543,810) - at net book value		(10,300,460)	(289,619)
Depreciation charge for the period / year		(1,063,750,580)	(1,747,258,638)
Net book value at end of the period / year		<u>51,748,050,559</u>	<u>47,865,805,154</u>



9.1.1 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year:	Note	Un-audited December 31, 2023	Audited June 30, 2023
----- Rupees -----			
Freehold land		518,680	354,324,398
Factory building on freehold land		683,992,453	60,612,108
Non-factory building on freehold land		42,432,805	97,505,124
Non-factory building on lease hold land		8,759,469	55,392,289
Plant and machinery		3,810,667,647	952,489,264
Electric fittings and installations		290,174,557	18,468,949
Sui gas installations		-	40,000
Tools, laboratory equipment and arms		8,830,177	2,601,357
Fire extinguishing equipment and scales		9,297,423	80,000
Office equipments		15,575,192	33,140,803
Furniture and fixtures		5,455,193	670,013
Vehicles		80,592,849	143,015,767
		4,956,296,445	1,718,340,072
9.2 Right of use Asset			
Opening net book value		45,948,645	51,692,225
Depreciation charge for the period / year		(2,871,790)	(5,743,580)
Closing net book value		43,076,855	45,948,645
9.3 Capital work-in-progress			
Building on free hold land		61,187,977	585,547,931
Non-factory building on free hold land		121,102,690	124,081,106
Plant and machinery		640,867,696	3,863,667,131
Electric fittings and installations		222,610	236,278,701
Fire fighting equipment & weigh scales		2,071,661	2,864,083
Tools, lab equipment and arms		10,677,551	-
Furniture and fixtures		1,200,000	5,162,393
Office equipment		5,940,603	2,189,855
Advances to suppliers - unsecured, considered good	9.3.1	94,600,192	101,185,190
	9.3.2	937,870,980	4,920,976,390
9.3.1 These mainly includes advances against civil works, plant and machinery and vehicles and are in the normal course of business.			
9.3.2 This mainly includes expenditure relating to construction, development and installation of new spinning unit. This also includes borrowing cost capitalized amounting to Rs.533 million (June 30, 2023: 243 million) incurred on bank borrowings at an effective rate of 22.21% to 25.01% (June 30, 2023: 16.49% to 24.91%).			
10 LONG TERM INVESTMENTS			
	Note	Un-audited December 31, 2023	Audited June 30, 2023
----- Rupees -----			
Equity instruments	10.1	6,316,957,382	5,959,151,286
Debt instruments	10.2	40,000,000	40,000,000
		6,356,957,382	5,999,151,286



10.1 Equity Instruments - <i>at FVTOCI</i>	Un-audited December 31, 2023	Audited June 30, 2023
	----- Rupees -----	
Quoted		
Fatima Fertilizer Company Limited (a related party)		
62,994,031 ordinary shares of Rs.10 each - at market value	1,877,852,064	2,381,174,372
Adjustment arising from re-measurement to fair value	357,806,096	(503,322,308)
	2,235,658,160	1,877,852,064
Un-quoted		
Fatima Energy Limited (a related party)		
442,507,711 ordinary shares and preference shares	3,663,963,847	3,663,963,847
Fatima Transmission Company Limited		
12,795,653 preference shares	101,213,615	101,213,615
Multan Real Estate (Private) Limited	316,121,760	316,121,760
	4,081,299,222	4,081,299,222
	6,316,957,382	5,959,151,286
10.2 Debt Instruments - <i>at FVTOPL</i>		
Bank Al Habib Limited		
term finance certificates (TFCs)		
5,000 term finance certificates of Rs.5,000 each - cost	25,000,000	25,000,000
Bank of Punjab		
term finance certificates (TFCs)		
150 term finance certificates of Rs.100,000 each - cost	15,000,000	15,000,000
	40,000,000	40,000,000
11 LONG TERM ADVANCES AND MARKUP ACCRUED		
A related companies:		
Fatima Energy Limited	307,129,396	307,129,396
An associated company		
Fatima Transmission Company Limited	13,748,696	13,748,696
Pak Arab Energy Limited	25,904,160	25,904,160
	39,652,856	39,652,856
	346,782,252	346,782,252
Less: Loss allowance	(346,782,252)	(346,782,252)
	-	-
12 STOCK-IN-TRADE		
Raw material		
[Including in-transit: Rs. 1,893.82 million (Jun 30, 2023: Rs. 6,504.06 million)]	22,919,070,089	19,782,907,185
Work-in-process	1,227,317,792	855,950,907
Finished goods		
[Including in-transit: Rs. 38.20 million (Jun 30, 2023: Rs. 60.38 million)]:		
- Yarn	11,325,725,793	8,751,475,267
- Fabric	1,302,042,674	1,343,506,985
- Waste	670,010,876	584,317,630
	13,297,779,343	10,679,299,882
	37,444,167,224	31,318,157,974



	Note	Un-audited December 31, 2023	Audited June 30, 2023
13 TRADE DEBTS			
Export debtors - secured against letters of credit:		----- Rupees -----	
Considered good		2,781,934,576	4,562,862,554
Local debtors - unsecured considered good			
- related parties	13.1	1,506,992,345	1,406,000,009
- others		6,099,719,927	5,399,758,207
- others - considered doubtful		86,118,773	52,304,917
		7,692,831,045	6,858,063,133
Allowance for impairment of trade debts		(86,118,773)	(52,304,917)
		10,388,646,848	11,368,620,770
13.1 Trade debts due from following related parties on account of trading activities:			
Ahmad Fine Textile Mills Limited		1,391,168,362	1,290,652,180
Reliance Weaving Mills Limited		115,823,983	115,347,829
		1,506,992,345	1,406,000,009
14 MARK-UP ACCRUED			
Mark-up accrued on:			
Advance to associated company (Pak Arab Energy Limited)		22,276,237	19,152,918
Less: loss allowance on markup accrued		(22,276,237)	(19,152,918)
		-	-
Term finance certificates		1,215,034	1,198,384
Term deposit receipts		1,466,781	-
		2,681,815	1,198,384
15 CASH AND BANK BALANCES			
Cash in hand		33,114,980	46,610,665
Cash at banks			
Current accounts		638,942,054	419,191,326
Saving accounts	15.1	66,518,800	62,839,827
Term deposit receipts	15.2	26,250,000	-
		764,825,834	528,641,818

15.1 These carry mark-up at the rate of 20.50% (June 30, 2023: 0.15% to 19.81%) per annum.

15.2 These carry mark-up at the rate ranging from 16.25% to 20% (June 30, 2023: nil) per annum.



16 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET

Note	----- Un-audited -----			
	Six months period ended		Quarter ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	----- Rupees -----			
Gross sales:				
Local sales	35,368,864,629	31,667,709,776	16,865,624,957	16,988,846,992
Direct exports	10,760,942,042	8,287,206,811	5,928,783,012	2,584,476,398
Indirect exports 16.1	6,634,712,216	1,377,340,174	3,720,351,250	1,138,233,886
	52,764,518,887	41,332,256,761	26,514,759,219	20,711,557,276
Sales tax - local sales	(5,423,580,767)	(4,642,308,777)	(2,545,979,004)	(2,490,117,698)
Sales return	(228,586,314)	(198,112,833)	(146,215,001)	(198,112,833)
	47,112,351,806	36,491,835,151	23,822,565,214	18,023,326,745

16.1 This includes sales made to direct exporters against Export facilitation Scheme (EFS) to related parties under S.R.O 957(1)/ 2021 dated July 30, 2021, amounting to Rs. 2,652.52 million (December 31, 2022: Rs. 1,377 million).

17 COST OF SALES

	----- Un-audited -----			
	Six months period ended		Quarter ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	----- Rupees -----			
Raw material consumed	32,610,049,786	23,716,362,655	16,402,235,351	10,416,016,332
Packing material consumed	554,046,256	417,427,428	289,074,309	223,960,003
Salaries, wages and benefits	1,911,430,233	1,837,282,189	928,643,991	920,055,274
Freight outward charges	255,524,081	526,131,748	129,417,529	227,641,301
Travelling and conveyance	11,939,021	8,543,775	7,373,750	4,531,252
Vehicle running and maintenance	42,428,041	22,103,095	20,570,084	7,513,279
Power and fuel	4,487,903,865	3,272,064,585	2,638,212,007	1,524,462,334
Stores and spares consumed	1,045,069,653	604,866,076	490,990,662	331,010,719
Processing charges	388,752,423	307,618,275	309,817,466	23,408,050
Repair and maintenance	49,436,002	28,758,055	26,380,775	15,272,005
Insurance	82,136,370	68,933,091	43,092,334	34,882,023
Depreciation on property, plant and equipment	1,014,444,542	835,761,023	523,284,894	418,752,752
Others	14,426,871	4,322,125	8,109,583	2,801,855
	42,467,587,144	31,650,174,120	21,817,202,735	14,150,307,179
Work-in-process:				
Opening balance	855,950,907	774,506,142	1,038,461,697	713,038,084
Closing balance	(1,227,317,792)	(827,536,374)	(1,227,317,792)	(827,536,374)
	(371,366,885)	(53,030,232)	(188,856,095)	(114,498,290)
Cost of goods manufactured	42,096,220,259	31,597,143,888	21,628,346,640	14,035,808,889
Finished goods:				
Opening balance	10,679,299,882	8,690,090,690	12,080,356,548	11,382,194,098
Finished goods purchased	1,170,212,257	1,056,613,328	330,557,779	209,584,862
Closing balance	(13,297,779,343)	(10,227,371,590)	(13,297,779,343)	(10,227,371,590)
	(1,448,267,204)	(480,667,572)	(886,865,016)	1,364,407,370
Cost of goods sold	40,647,953,055	31,116,476,316	20,741,481,624	15,400,216,259
Cost of raw material sold	49,409,303	147,626,074	26,988,653	20,182,784
	40,697,362,358	31,264,102,390	20,768,470,277	15,420,399,043

**18 FINANCE COST**

	-----Un-audited-----			
	Six months period ended		Quarter ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	----- Rupees -----			
Mark-up based loans from conventional banks:				
- Long term financing - secured	926,694,980	697,997,485	470,013,125	364,974,709
- Short term borrowings - secured	2,604,244,272	877,232,552	1,255,747,285	437,840,028
	3,530,939,252	1,575,230,037	1,725,760,410	802,814,737
Islamic mode of financing:				
- Musharika - secured	419,974,831	280,112,784	205,199,374	150,258,813
- Short term borrowings - secured	480,387,551	111,221,178	290,726,142	63,471,605
	900,362,382	391,333,962	495,925,516	213,730,418
Bank charges	99,605,794	51,736,684	66,962,251	26,280,485
Markup on lease liability	5,368,798	5,387,629	2,679,975	2,694,491
	4,536,276,226	2,023,688,312	2,291,328,152	1,045,520,131

19 EARNINGS PER SHARE - BASIC AND DILUTED

	Six months period ended		Quarter ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	----- Rupees -----			
Profit after taxation	614,419,099	1,075,328,318	54,775,115	549,754,892
Weighted Average Number of ordinary shares	30,000,000	30,000,000	30,000,000	30,000,000
Earnings per share - basic and diluted	20.48	35.84	1.83	18.33

20 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

There has been no change in the Company's sensitivity to these risks since June 30, 2023, except for the change in exposure from liquidity risks due to increase in borrowings and general exposure due to fluctuations in foreign currency and interest rates. There have been no change in risk management objectives and policies of the Company during the period.

These condensed interim financial statement does not include all financial risk management information and disclosures as are required in the audited annual financial statements and should be read in conjunction with the Company's audited annual financial statement as at June 30, 2023.

21 FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

Given below is the analysis of financial instruments, carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities .
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) .
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) .

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. 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.



	Carrying amount		Fair value				
	Financial assets at amortised cost	Fair value through Profit or loss	Fair value through OCI	Level 1	Level 2	Level 3	Total
As at December 31, 2023							
Financial assets - measured at fair value							
Short term investment	-	217,198,800	-	217,198,800	-	-	217,198,800
Long term investments	-	40,000,000	6,316,957,382	2,275,658,160	-	4,081,299,222	6,356,957,382
Financial assets - not measured at fair value							
Long term deposits	110,640,293	-	-	-	-	-	110,640,293
Trade debts	10,388,646,848	-	-	-	-	-	10,388,646,848
Deposits, prepayments and other receivables	287,004,816	-	-	-	-	-	287,004,816
Mark-up accrued	2,681,815	-	-	-	-	-	2,681,815
Cash and bank balances	764,825,834	-	-	-	-	-	764,825,834
	11,553,799,606	257,198,800	6,316,957,382	2,492,856,960	-	4,081,299,222	6,574,156,182
Financial liabilities - not measured at fair value							
Long term financing - secured	-	-	-	-	-	-	-
Long term musharika - secured	-	-	16,031,597,738	16,031,597,738	-	-	32,063,195,476
Trade and other payables	-	3,744,352,548	-	3,744,352,548	-	-	7,488,705,096
Unclaimed dividend	-	-	3,939,653,959	3,939,653,959	-	-	7,879,307,918
Short term borrowings - secured	-	-	22,016,990	22,016,990	-	-	44,033,980
Accrued mark-up	-	-	31,551,793,948	31,551,793,948	-	-	63,103,587,896
	-	-	1,781,843,182	1,781,843,182	-	-	3,563,686,364
	-	-	57,071,258,365	57,071,258,365	-	-	114,142,516,730



	Carrying amount		Fair value					
	Fair value through Profit or loss	Fair value through OCI	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
As at June 30, 2023								
-----Rupees-----								
Financial assets - measured at fair value								
Short term investment	-	182,437,200	-	182,437,200	182,437,200	-	-	182,437,200
Long term investments	-	40,000,000	5,959,151,286	5,999,151,286	1,917,852,064	-	4,081,299,222	5,999,151,286
Financial assets - not measured at fair value								
Long term deposits	25,540,293	-	-	25,540,293	-	-	-	-
Trade debts	11,368,620,770	-	-	11,368,620,770	-	-	-	-
Deposits, prepayments and other receivables	601,444,601	-	-	601,444,601	-	-	-	-
Mark-up accrued	1,198,384	-	-	1,198,384	-	-	-	-
Cash and bank balances	528,641,818	-	-	528,641,818	-	-	-	-
	12,525,445,866	222,437,200	5,959,151,286	18,707,034,352	2,100,289,264	-	4,081,299,222	6,181,588,486
Financial liabilities - not measured at fair value								
Long term financing - secured	-	-	15,955,756,784	15,955,756,784	-	-	-	-
Long term mustarika - secured	-	-	4,037,446,083	4,037,446,083	-	-	-	-
Trade and other payables	-	-	6,408,245,087	6,408,245,087	-	-	-	-
Unclaimed dividend	-	-	22,551,264	22,551,264	-	-	-	-
Short term borrowings - secured	-	-	25,569,248,195	25,569,248,195	-	-	-	-
Accrued mark-up	-	-	1,274,680,630	1,274,680,630	-	-	-	-
	-	-	53,267,928,043	53,267,928,043	-	-	-	-



22 SEGMENT REPORTING

22.1 Reportable segments

The management has determined the operating segments of the Company on the basis of products produced.

The Company's reportable segments are as follows:

- Spinning segment - production of different qualities of yarn using natural and artificial fibers
- Weaving segment - production of different qualities of Fabric using yarn

Information regarding the Company's reportable segments is presented below. Performance is measured based on segment profit before tax, as management believes that such information is the most relevant in evaluating the results of certain segments relative to other companies that operate within these industries.

22.2 Segment revenue and results

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

	Spinning		Weaving		Total	
	Un-audited		Un-audited		Un-audited	
	Six months period ended		Six months period ended		Six months period ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	-----Rupees-----		-----Rupees-----		-----Rupees-----	
External revenues	40,068,815,155	28,540,286,846	7,043,536,651	7,951,548,305	47,112,351,806	36,491,835,151
Intersegment revenues	4,384,352,192	4,371,549,040	44,476,310	4,948,250	4,428,828,502	4,376,497,290
Cost of sales	(38,389,837,427)	(28,771,595,881)	(2,307,524,931)	(2,492,506,499)	(40,697,362,358)	(31,284,102,390)
Intersegment cost of sales	(44,476,310)	(4,948,250)	(4,384,352,192)	(4,371,549,040)	(4,428,828,502)	(4,376,497,290)
Distribution and marketing expense	(230,211,971)	(145,049,854)	(62,646,026)	(79,013,703)	(292,857,997)	(224,063,557)
Administrative expenses	(337,500,982)	(252,608,436)	(38,319,559)	(30,529,285)	(375,820,541)	(283,137,721)
Other operating expense	(155,311,791)	(837,566,856)	-	(4,117,095)	(155,311,791)	(841,683,951)
Other operating income	522,624,891	19,572,981	13,797,551	6,070,135	536,422,442	25,643,126
Finance cost	(4,155,580,677)	(1,780,389,841)	(380,695,549)	(243,298,471)	(4,536,276,226)	(2,023,688,312)
Profit before tax	1,662,873,080	1,139,249,749	(71,727,745)	741,552,597	1,591,145,335	1,880,802,346

22.3 The accounting policies of the reportable segments are the same as those described in the annual financial statements for the preceding year ended June 30, 2023.

22.4 Segment assets and liabilities

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

	Spinning		Weaving		Total	
	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited
	December 31, 2023	June 30, 2023	December 31, 2023	June 30, 2023	December 31, 2023	June 30, 2023
	-----Rupees-----		-----Rupees-----		-----Rupees-----	
Segment assets						
Segment assets for reportable segments	86,489,233,694	80,087,343,656	5,430,888,447	5,493,445,144	91,920,122,141	85,580,788,800
Un-allocated corporate assets	-	-	-	-	21,206,912,753	22,193,143,984
Total assets as per balance sheet	86,489,233,694	80,087,343,656	5,430,888,447	5,493,445,144	113,127,034,894	107,773,932,784
Segment liabilities						
Segment liabilities for reportable segments	11,056,907,823	11,562,081,706	-	-	11,056,907,823	11,562,081,706
Un-allocated corporate liabilities	-	-	-	-	56,607,637,336	51,565,330,300
Total liabilities as per balance sheet	11,056,907,823	11,562,081,706	-	-	67,664,545,159	63,127,412,006



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

	Un-audited					Total	
	Long term financing	Lease liability	Long term musharika	Unclaimed dividend	Short term borrowing		Accrued markup
As at June 30, 2023	15,955,756,784	74,103,043	4,037,446,083	22,551,264	21,818,521,103	1,274,680,630	43,183,056,907
<u>Changes from financing cash flows</u>							
Dividend paid	-	-	-	(534,274)	-	-	(534,274)
Short term finances obtained - net	-	-	-	-	7,506,898,967	-	7,506,898,967
Financial charges paid - net	-	-	-	-	-	(4,023,744,876)	(4,023,744,876)
Lease rentals paid	-	(5,846,152)	-	-	-	-	(5,846,152)
Long term finances repaid	(1,132,244,597)	-	(370,833,335)	-	-	-	(1,503,077,932)
Proceeds from long term financing	1,208,085,551	-	77,739,800	-	-	-	1,285,825,351
Total changes from financing cash flows	75,840,954	(5,846,152)	(293,093,535)	(534,274)	7,506,898,967	(4,023,744,876)	3,259,521,084
<u>Other changes</u>							
Final cash dividend	-	-	-	-	-	-	-
Finance cost	-	5,388,798	-	-	-	4,530,907,428	4,536,276,226
Total liability related other changes	-	5,388,798	-	-	-	4,530,907,428	4,536,276,226
As at December 31, 2023	16,031,597,738	73,625,689	3,744,352,548	22,016,990	29,325,420,070	1,781,843,192	50,978,856,217



	Un-audited						
	Long term financing	Lease liability	Long term mushanika	Unclaimed dividend	Short term borrowing	Accrued markup	Total
	Rupees						
<u>As at June 30, 2022</u>	15,256,170,060	73,951,536	3,376,467,767	21,213,835	14,311,881,680	551,182,285	33,590,867,163
<u>Changes from financing cash flows</u>							
Dividend paid	-	-	-	(298,567,566)	-	-	(298,567,566)
Short term finances obtained - net	-	-	-	-	(225,276,942)	-	(225,276,942)
Financial charges paid - net	-	-	-	-	-	(1,855,182,063)	(1,855,182,063)
Lease rentals paid	-	(5,314,683)	-	-	-	-	(5,314,683)
Long term finances repaid	(1,289,028,919)	-	(372,394,652)	-	-	-	(1,661,423,571)
Proceeds from long term financing	2,163,643,306	-	987,912,055	-	-	-	3,151,555,361
	<u>874,614,387</u>	<u>(5,314,683)</u>	<u>625,517,403</u>	<u>(298,567,566)</u>	<u>(225,276,942)</u>	<u>(1,855,182,063)</u>	<u>(884,209,464)</u>
<u>Other changes</u>							
Final cash dividend	-	-	-	300,000,000	-	-	300,000,000
Interest expense - net	-	5,387,629	-	-	-	2,018,300,683	2,023,688,312
Total liability related other changes	-	5,387,629	-	300,000,000	-	2,018,300,683	2,323,688,312
<u>As at December 31, 2022</u>	<u>16,130,784,447</u>	<u>74,024,482</u>	<u>4,001,985,170</u>	<u>22,646,289</u>	<u>14,086,604,738</u>	<u>714,300,905</u>	<u>35,030,346,011</u>

**24 TRANSACTIONS WITH RELATED PARTIES**

Significant transactions with related parties are as follows:

Name of parties	Relationship	Transactions	Un-audited	
			Six months period ended	
			December 31, 2023	December 31, 2022
			----- Rupees -----	
Fatima Energy Limited	Sponsor / associated Undertaking	Purchase of goods and services	2,456,926,776	2,144,221,323
		Payment against purchase of goods and services	2,307,196,253	2,295,729,890
Ahmed Fine Textile Mills Limited	Common Directorship	Purchase of goods and services	1,282,450,337	1,394,221,545
		Sale and receipts against property, plant and equipment	3,500,000	-
		Sale of goods and services	5,443,024,093	7,161,070,927
		Receipts against goods and services - net	4,063,557,575	3,778,863,869
Reliance Weaving Mills Limited	Common Directorship	Purchase of goods	-	450,450
		Sale of goods and services	311,156,662	228,999,911
		Receipts against goods and services - net	310,680,507	167,447,573
Fatima Fertilizer Company Limited	Common Directorship	Reimbursable expenses	-	44,723
		Dividend income	120,949,554	-
Fatima Sugar Limited	Common Directorship	Reimbursable expenses	-	11,933
Hussain Gineries	Common Directorship	Payment against payables	13,250,970	-
Fazal-ur-Rehman Foundation Multan	Common Directorship	Donations paid	1,414,000	1,134,500
Fazal Holding Limited	Common Directorship	Dividend paid	-	73,520,410
Fazal Farms (Private) Limited	Common Directorship	Purchase of goods and services	7,566,925	-
		Payment against purchase of goods and services	7,566,925	-
Pak Arab Energy Limited	Common Directorship	Markup accrued	3,123,319	-
Pak Arab Fertilizer (Private) Limited	Common Directorship	Receipt of last year receivable	34,899	-
Key management personnel	-	Remuneration and other benefits	27,548,169	28,037,617
Directors	-	Dividend paid	-	68,330,200
Relative of director	-	Lease rental paid	5,846,152	-

24.1 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Company considers all members of their management team, including Chief Executive Officer and Directors to be its key management personnel and these are disclosed below:

Name	Relationship	% of shareholding in the Company
Mr. Rehman Naseem	CEO/Director/Key Management Personnel	10.34%
Mr. Aamir Naseem Sheikh	Director/Key Management Personnel	0.28%
Mr. Sheikh Naseem Ahmed	Director/Key Management Personnel	0.03%
Mr. Muhammad Mukhtar Sheikh	Director/Key Management Personnel	3.38%
Mr. Faisal Ahmed	Director/Key Management Personnel	6.80%
Mr. Abbas Mukhtar	Director/Key Management Personnel	1.79%
Mr. Babar Ali	Director/Key Management Personnel	0.01%
Ms. Parveen Akhtar Malik	Director/Key Management Personnel	0.01%
Mr. Masood Karim Shaikh	Director/Key Management Personnel	0.01%
Mr. Muhammad Azam	Key Management Personnel	N/A
Mr. Azher Iqbal	Key Management Personnel	N/A



25 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of financial position has been compared with the balances of audited annual financial statements of the Company for the year ended June 30, 2023, whereas, the condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity have been compared with the balances of comparable period of condensed interim financial statements of the Company for the six months period ended December 31, 2022.

Comparative information has been re-classified, re-arranged or additionally incorporated in these interim financial statements, where necessary, to facilities better comparison and to conform with the changes in presentation.

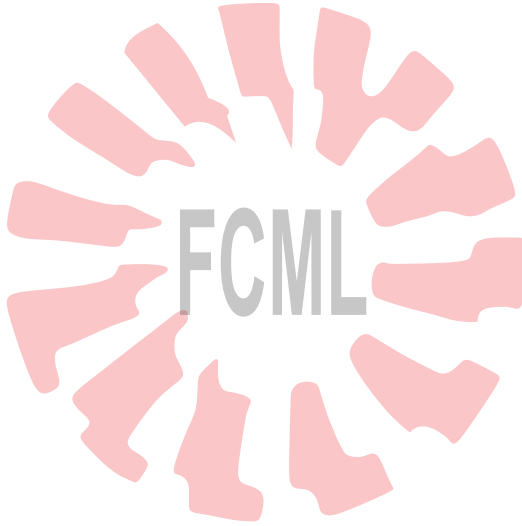
26 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were approved by the Board of Directors and authorised for issue on 28 Feb 2024.

(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER

(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER

(AMIR NASEEM SHEIKH)
DIRECTOR



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