



2020

**FOR THE
HALF YEAR ENDED
December 31, 2020**



Fazal Cloth Mills Limited

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Company Information

Board of Directors	Sh. Naseem Ahmad Mr. Rehman Naseem Mr. Amir Naseem Sheikh Mr. Muhammad Mukhtar Sheikh Mr. Faisal Ahmed Mr. Fahd Mukhtar Mr. Babar Ali Mr. Masood Karim Shaikh Ms. Parveen Akhter Malik	Non-Executive Director/Chairman Executive Director Executive Director Executive Director Non-Executive Director Non-Executive Director Independent Director Independent Director Independent Director
Chief Executive	Mr. Rehman Naseem	
Audit Committee	Mr. Babar Ali (Independent Director) Mr. Sheikh Naseem Ahmed Mr. Fahd Mukhtar Ms. Parveen Akhter Malik (Independent Director)	Chairman Member Member Member
Human Resource and Remuneration Committee	Mr. Babar Ali (Independent Director) Mr. Faisal Ahmed Mr. Fahd Mukhtar	Chairman Member Member
Company Secretary	Mr. Asad Mustafa	
Chief Financial Officer	Mr. Muhammad Azam	
Head of Internal Audit	Mr. Saboor Sadiq Rana	
Auditors	KPMG TaseerHadi & Co., Chartered Accountants	
Bankers	Allied Bank Limited National Bank of Pakistan MCB Bank Limited Meezan Bank Limited United Bank Limited Standard Chartered Bank (Pakistan) Limited Habib Bank Limited Soneri Bank Limited Bank Alfalah Limited Bank Al Habib Limited Saudi Pak Industrial & Agricultural Investment Company Limited Habib Metropolitan Bank Limited	Faysal Bank Limited Askari Bank Limited The Bank of Punjab The Bank of Khyber Pak Brunei Investment Company Limited Pak Oman Investment Company Limited Summit Bank Limited Dubai Islamic Bank Pakistan Limited JS Bank Limited Bank Islami Pakistan Limited Pak Libya Holding Company (Pvt.) Ltd. Pak Kuwait Investment Company (Private) Limited Industrial & Commercial Bank of China Limited
Legal Advisor	Mian Muhammad Haneef	
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 www.fazalcloth.com	
Web Reference	www.fazalcloth.com	
Shares Registrar:	Vision Consulting Ltd. 3-C, LDA Flats, Lawrence Road, Lahore. shares@vcl.com.pk Phone: (92) 42-36283096, 36283097 Fax: (92) 42-36374839	
Registered Office:	69/7, AbidMajeed 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, 2020.

Sales were recorded at Rs. 25,556.19 million during the six months of the current financial year compared to Rs. 20,234.46 million during the corresponding period last year, registering an increase of 26.30%. Your Company earned after tax profit of Rs. 1,823.49 million (pre-tax profit of Rs. 2,296.24 million) as compared to Rs. 120.86 million (pre-tax profit of Rs. 375.82 million) for the corresponding period last year after charging depreciation of Rs. 617.66 million (December 31, 2019: Rs. 604.80 million). EBITDA of Rs. 3,769.81 million (December 31, 2019: Rs. 2,441.53 million) was generated.

Earnings per Share of the Company for the six months ended December 31, 2020 were Rs. 60.78 as compared to Rs. 4.03 for corresponding period in previous year.

Fazal Weaving Mills Ltd, a wholly owned subsidiary of the Company, has been merged with the Company. Accordingly, consolidated financial statements are no longer required.

Financial highlights of the half year are as under:

Financial Highlights	Six months ended		Increase / (decrease)
	31 December 2020	31 December 2019	
	Rupees in ('000')	Rupees in ('000')	% age
Sales – net	25,556,192	20,234,458	26.30%
Cost of sales	22,514,553	17,481,352	28.79%
Gross profit	3,041,638	2,753,105	10.48%
EBITDA	3,769,808	2,441,530	54.40%
Depreciation	617,657	604,799	2.13%
Finance cost	855,915	1,460,910	(41.41%)
Other income	677,979	162,099	318.25%
Profit before tax	2,296,236	375,821	510.99%
Profit after tax	1,823,491	120,857	1408.81%
EPS-Rupees	60.78	4.03	1408.81%

Corporate Governance

Composition of Board is as follows

a) Total number of Directors:

- 1) Male 8
- 2) Female 1

b) Composition

- 1) Independent Director 3
- 2) Non-executive Directors 3
- 3) Executive Directors 3

These are two Committees of the Board:

a) Audit Committee of the Board:

Sr.No.	Name of Directors	Designation
1	Mr. Babar Ali (Independent Director)	Chairman
2	Mr. Sheikh Naseem Ahmed	Member
3	Mr. Fahd Mukhtar	Member
4	Ms. Parveen Akhter Malik	Member

b) Human Resource and Remuneration Committee:

Sr.No.	Name of Directors	Designation
1	Mr. Baber Ali (Independent Director)	Chairman
2	Mr. Fahd Mukhtar	Member
3	Mr. Faisal Ahmed	Member

Director's Remuneration

The Board of Directors has approved Director's Remuneration policy. The main features of the policy are as follows:

- The Company shall not pay remuneration to its non-executive directors including independent directors except for meeting fee for attending Board and its Committees meetings.
- The company will reimburse or incur expenses of traveling and accommodation of directors in relation to attending of Board and its Committees meetings.
- The Director's Remuneration policy will be reviewed and approved by the Board of Directors from time to time.

Future Outlook

Demand for textile products remains strong with retailers worldwide restocking ahead of expected reopening of countries in the summer post vaccination. Your Company has a full order book for the next few months. Your Company has also covered its raw material requirements for the next 6 to 9 months. In view of this, your management expects good profitability during the remaining period of the current financial year.

Your Company continues to invest in horizontal expansion and BMR of its mills. LCs have been opened for 9 additional Vortex Spinning machines and 19,344 Spindles with back process and winding. The equipment is expected to be installed and commissioned by September 2021.

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.

Dated: March 01, 2021

For & on behalf of the Board
Sd/


(AMIR NASEEM SHEIKH)
DIRECTOR


(REHMAN NASEEM)
CHIEF EXECUTIVE / DIRECTOR

ڈائریکٹرز جائزہ رپورٹ

معزز شیئر ہولڈرز

فضل کا تھریڈ لمیٹڈ (کمپنی) کے ڈائریکٹرز ششماہی دسمبر 31، 2020 کی مالیاتی کارکردگی پر جائزہ رپورٹ پیش کرتے ہوئے مسرت کا اظہار کرتے ہیں۔ رواں سال ششماہی دسمبر 2020 میں فروختگی 25,556.19 ملین روپے رہی جو پچھلے سال اسی ششماہی میں 20,234.46 ملین روپے تھی۔ لہذا اضافہ 26.30 فیصد رہا۔ جائزہ کے عرصے کے دوران کمپنی نے منافع بعد از ٹیکس 1,823.49 ملین روپے کمایا۔ کمپنی نے رواں ششماہی برائے اختتام دسمبر 31 میں منافع بعد از ٹیکس فرسودگی کا خرچہ 617,567 ملین روپے منہا کرنے کے بعد 1,823.49 ملین روپے کمایا جو کہ ششماہی برائے اختتام دسمبر 31، 2019 میں 120.86 ملین روپے تھا۔ آمدنی قبل از فرسودگی، منافع اور ٹیکس 3,769.81 ملین روپے رہی جو کہ پچھلے ششماہی دسمبر 2019 میں 2,441.53 ملین روپے تھی۔

فی حصص آمدنی موجودہ ششماہی میں 60.78 روپے ہے جو کہ پچھلے سال اسی ششماہی میں 4.03 روپے تھی۔

کمپنی کی مکمل ملکییتی ماتحت کمپنی فضل ویونگ لمیٹڈ کو کمپنی میں ضم کر دیا گیا ہے۔ اس کے مطابق مشترکہ مالی حسابات کی ضرورت نہیں ہے۔

مالی شرح خیاں	ششماہی اختتام ہمارے دسمبر 31، 2020	ششماہی اختتام ہمارے دسمبر 31، 2019	(کی) / اضافہ %
	(000) روپے	(000) روپے	
خالص فروختگی	25,556,192	20,234,458	26.30%
لاگت فروختگی	22,514,553	17,481,352	28.79%
گراس منافع	3,041,638	2,753,105	10.48%
فرسودگی	617,657	604,799	2.13%
مالیاتی لاگت	855,915	1,460,910	(41.41%)
دوسری آمدن	677,979	162,099	318.25%
منافع قبل از ٹیکس	2,296,236	375,821	510.99%
منافع بعد از ٹیکس -	1,823,491	120,857	1408.81%
آمدنی فی حصص - روپے	60.78	4.03	1408.81%

بورڈ کی تشکیل

الف۔ کل تعداد

1- مرد 8
2- خواتین 1

تشکیل

1- آزاد ڈائریکٹر 3
2- نان ایگزیکٹو ڈائریکٹر 3
3- ایگزیکٹو ڈائریکٹر 3

کارپوریٹ گورننس

بورڈ کی کل دوہینیاں ہیں

بورڈ کی آڈٹ کمیٹی

سیریل نمبر	ڈائریکٹر کا نام	عہدہ
1	جناب بابر علی (ڈائریکٹر)	چیرمین
2	جناب شیخ نسیم احمد	ممبر
3	جناب فہد مختار	ممبر
4	مس پروین اختر ملک (ڈائریکٹر)	ممبر

بورڈ کی بیومن ریسورس کمیٹی

سیریل نمبر	ڈائریکٹر کا نام	عہدہ
1	جناب بابر علی (ڈائریکٹر)	چیرمین
2	جناب فہد مختار	ممبر
3	جناب فیصل احمد	ممبر

ڈائریکٹرز کا معاوضہ

- کمپنی نے ڈائریکٹرز کے معاوضہ کی پالیسی منظوری ہوئی ہے جو کہ درج ذیل ہے۔
- سوائے مینٹنگ فیس کے، کمپنی آزاد اور نان ایگزیکٹو ڈائریکٹرز کو کوئی معاوضہ ادا نہ کرے گی۔
- مینٹنگ کی مد میں سفری اور رہائشی اخراجات کمپنی ادا کرے گی۔
- کمپنی اس پالیسی میں وقت کے ساتھ ساتھ ترمیم اور منظوری کرتی رہے گی۔

مستقبل کا نقطہ نظر

مختلف ممالک میں موسم گرما کے بعد ویکسینیشن کا عمل جاری ہے۔ جس کی وجہ سے دنیا بھر میں خوردہ فروشوں کی طرف سے ٹیکسٹائل مصنوعات کی طلب میں خاطر خواہ اضافہ متوقع ہے۔ کمپنی کے پاس اگلے چند مہینوں کے لیے مکمل آرڈر بک ہیں۔ کمپنی نے اگلے چھ سے نو ماہ تک اپنی خام مال کی ضرورت کو پیشگی طور پر پورا کیا ہے۔ اس کے پیش نظر انتظامیہ کو موجودہ مالی سال کی باقی مدت کے دوران اچھے منافع کی توقع ہے۔ کمپنی اپنی ملوں کے افقی توسیع اور بی ایم آر میں سرمایہ کاری جاری رکھی ہوئی ہے۔ نو اضافی ویکس اسپیڈنگ مشینوں اور انیس ہزار تین سو چوالیس اسپنڈلز کے لیے ایل سیز کھولی گئی ہیں۔ توقع ہے کہ یہ سامان ستمبر 2021 تک انسٹال کرنا شروع کیا جائے گا۔

انتظامیہ اور لیبر طبقہ میں تعلقات

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

بورڈ کی طرف سے

رحمان نسیم
(چیف ایگزیکٹو آفیسر ڈائریکٹر)

بتاریخ: مارچ 01, 2021

عامر نسیم شیخ
(ڈائریکٹر)

Fazal Cloth Mills Limited
Condensed Interim Financial Statements (Un-audited)
For the Half Year Ended 31 December 2020

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Fazal Cloth Mills Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Fazal Cloth Mills Limited as at 31 December 2020 and the related condensed interim statement of profit or loss and condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim 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 interim 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.

Emphasis of Matter

We draw attention to note 1.2 to the interim financial statements, which describes that during the period the Lahore High Court has approved the scheme of Amalgamation between the Company & Fazal Weaving Mills Limited, a wholly owned subsidiary, effective from 01 July 2018. Consequently, the comparative information has been restated to incorporate the financial adjustments due to merger. Our conclusion is not modified in respect of these matters.

Other Matter

The comparative figures for the statement of financial position as at 30 June 2020, and the condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the half year ended 31 December 2019 and the figures for the condensed interim statements of profit or loss and other comprehensive income for the quarters ended 31 December 2020 and 31 December 2019, have not been reviewed by us and accordingly, we do not express a conclusion on them.

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

Lahore

Date: March 01, 2021

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants

Condensed Interim Statement of Financial Position

		(Un-audited) 31 December 2020 Rupees	(Un-audited) 30 June 2020 Rupees <i>Restated</i>
EQUITY AND LIABILITIES			
<u>Share capital and reserves</u>			
Authorized share capital		<u>700,000,000</u>	<u>700,000,000</u>
Issued, subscribed and paid-up capital		300,000,000	300,000,000
<u>Capital reserves</u>			
- Others capital reserves		1,329,274,699	1,179,978,846
- Revaluation surplus on property, plant and equipment		9,007,590,147	9,243,287,786
Unappropriated profits - revenue reserve		<u>11,792,261,035</u>	<u>9,831,099,492</u>
		<u>22,429,125,881</u>	<u>20,554,366,124</u>
<u>Non-current liabilities</u>			
Long term financing - <i>secured</i>	5	<u>11,393,170,500</u>	11,632,970,065
Long term musharika - <i>secured</i>	6	<u>2,236,455,978</u>	2,627,600,636
Lease liability	7	<u>72,007,495</u>	71,173,118
Long term payable		<u>375,696,152</u>	-
Deferred liabilities:			
- Staff retirement benefit		287,394,794	291,766,604
- Deferred taxation		3,346,287,014	3,125,765,394
- Deferred grant		<u>18,659,540</u>	<u>19,534,423</u>
		<u>17,729,671,473</u>	<u>17,768,810,240</u>
<u>Current liabilities</u>			
Current portion of non-current liabilities	8	<u>3,102,802,910</u>	1,010,564,898
Trade and other payables	9	<u>5,295,929,771</u>	3,668,520,905
Income tax payable		<u>74,571,719</u>	-
Unclaimed dividend		<u>13,748,423</u>	13,748,423
Short term borrowings - <i>secured</i>		<u>10,211,413,841</u>	11,537,224,217
Accrued mark-up		<u>297,654,613</u>	517,191,250
		<u>18,996,121,277</u>	<u>16,747,249,693</u>
Contingencies and commitments	10	<u>59,154,918,631</u>	<u>55,070,426,057</u>

The annexed notes from 1 to 25 form an integral part of these financial statements.


(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER


(SHEIKH NASEEM AHMAD)
DIRECTOR

As at 31 December 2020

		(Un-audited) 31 December 2020 Rupees	(Un-audited) 30 June 2020 Rupees <i>Restated</i>
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	11	28,041,592,012	28,196,702,854
Long term investments	12	2,762,187,636	2,291,587,743
Long term advances	13	3,344,833,138	2,733,701,707
Long term mark-up accrued	14	77,729,017	-
Long term deposits		24,128,493	24,128,493
		34,250,470,296	33,246,120,797
<u>Current assets</u>			
Stores, spares and loose tools		785,790,730	699,438,449
Stock-in-trade		18,182,372,157	14,503,842,642
Trade debts	15	4,774,062,824	5,145,580,847
Loans and advances		150,270,106	204,530,174
Deposits, prepayments and other receivables		364,830,394	465,434,760
Mark-up accrued		33,755,774	29,338,656
Short term investment	16	178,092,000	163,587,600
Tax refunds due from the Government - net		212,425,657	313,703,112
Cash and bank balances	17	222,848,693	298,849,020
		24,904,448,335	21,824,305,260
		59,154,918,631	55,070,426,057


 (MUHAMMAD AZAM)
 CHIEF FINANCIAL OFFICER

Condensed Interim Statement of Profit or Loss (Un-Audited)

For the half year and quarter ended 31 December 2020

	Note	Half year ended		Quarter ended	
		31 December 2020 Rupees	31 December 2019 Rupees <i>Restated</i>	31 December 2020 Rupees	31 December 2019 Rupees <i>Restated</i>
Revenue - net	18	25,556,191,687	20,234,458,243	12,301,333,820	10,664,909,051
Cost of sales	19	(22,514,553,325)	(17,481,352,817)	(10,473,588,946)	(9,469,801,699)
Gross profit		3,041,638,362	2,753,105,426	1,827,744,874	1,195,107,352
Selling and distribution expenses		(198,884,209)	(221,319,834)	(97,110,108)	(119,992,440)
Administrative expenses		(192,344,180)	(187,666,864)	(105,342,056)	(103,060,599)
Other expenses		(132,943,665)	(189,337,550)	(78,992,675)	(18,469,117)
		(524,172,054)	(598,324,248)	(281,444,839)	(241,522,156)
Other income		677,978,828	162,098,827	408,269,428	107,373,733
Profit from operations		3,195,445,136	2,316,880,005	1,954,569,463	1,060,958,929
Share of loss from associates		(43,293,867)	(480,148,673)	(23,428,727)	(464,075,868)
Finance cost		(855,915,158)	(1,460,910,344)	(423,242,330)	(719,678,771)
Profit / (loss) before taxation		2,296,236,111	375,820,988	1,507,898,406	(122,795,710)
Taxation		(472,744,624)	(254,964,391)	(203,956,924)	(142,536,744)
Profit / (loss) after taxation		1,823,491,487	120,856,597	1,303,941,482	(265,332,454)
Earnings / (loss) per share <i>- basic and diluted</i>		60.78	4.03	43.46	(8.84)

The annexed notes from 1 to 25 form an integral part of these financial statements.


(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER


(SHEIKH NASEEM AHMAD)
DIRECTOR


(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER

Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the half year and quarter ended 31 December 2020

	Half year ended		Quarter ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	Rupees	Rupees <i>Restated</i>	Rupees	Rupees <i>Restated</i>
Profit after taxation	1,823,491,487	120,856,597	1,303,941,482	(265,332,454)
<u>Other comprehensive income / (loss) - net of tax</u>				
<i>Items that will never be reclassified to statement of profit or loss:</i>				
Net change in fair value of financial assets at FVOCI	149,295,853	(205,360,541)	(36,536,538)	(47,245,524)
Total comprehensive income / (loss) for the period	1,972,787,340	(84,503,944)	1,267,404,944	(312,577,978)

The annexed notes from 1 to 25 form an integral part of these financial statements.


 (REHMAN NASEEM)
 CHIEF EXECUTIVE OFFICER


 (SHEIKH NASEEM AHMAD)
 DIRECTOR


 (MUHAMMAD AZAM)
 CHIEF FINANCIAL OFFICER

Condensed Interim Statement of Changes in Equity (Un-Audited)
For the half year and quarter ended 31 December 2020

	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						
	<i>Restated</i>						
Balance as at 30 June 2019	300,000,000	77,616,000	175,000,000	1,120,927,815	9,558,609,807	10,476,717,528	21,708,871,150
<i>Total comprehensive income for the period:</i>							
Profit for six months ended 31 December 2019 - restated	-	-	-	-	-	120,856,597	120,856,597
Other comprehensive loss for six months ended 31 December 2019	-	-	-	(205,360,541)	-	-	(205,360,541)
Effect on deferred tax due to change in tax rate and proration rate	-	-	-	-	38,611,906	-	38,611,906
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the period - net of tax	-	-	-	-	(148,306,966)	148,306,966	-
Transfer from surplus on revaluation of fixed assets on disposal - net of tax	-	-	-	-	(5,280,888)	5,280,888	-
Balance as at 31 December 2019	300,000,000	77,616,000	175,000,000	915,567,274	9,443,633,859	10,436,161,979	21,347,979,112
<i>Total comprehensive loss for the period:</i>							
Loss for six months ended 30 June 2020 - restated	-	-	-	-	-	(785,651,556)	(785,651,556)
Other comprehensive income for six months ended 30 June 2020	-	-	-	11,795,572	-	25,354,285	37,149,857
Effect on deferred tax due to change in proration rate	-	-	-	-	(45,111,289)	-	(45,111,289)
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the year - net of tax	-	-	-	-	(155,187,935)	155,187,935	-
Transfer from surplus on revaluation of fixed assets on disposal - net of tax	-	-	-	-	(46,849)	46,849	-
Balance as at 30 June 2020	300,000,000	77,616,000	175,000,000	927,362,846	9,243,287,786	9,831,099,492	20,554,366,124
Balance as at 30 June 2020	300,000,000	77,616,000	175,000,000	927,362,846	9,243,287,786	9,831,099,492	20,554,366,124
<i>Total comprehensive income for the period:</i>							
Profit for six months ended 31 December 2020	-	-	-	-	-	1,823,491,487	1,823,491,487
Other comprehensive income for six months ended 31 December 2020	-	-	-	149,295,853	-	-	149,295,853
Effect on deferred tax due to change in proration rate	-	-	-	-	(98,027,583)	-	(98,027,583)
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the period - net of tax	-	-	-	-	(137,670,056)	137,670,056	-
Balance as at 31 December 2020	300,000,000	77,616,000	175,000,000	1,076,658,699	9,007,590,147	11,792,261,035	22,429,125,881

The annexed notes from 1 to 25 form an integral part of these financial statements.


(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER


(SHEIKH NASEEM AHMAD)
DIRECTOR


(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER

Condensed Interim Statement of Cash Flows (Un-Audited)

For the half year ended 31 December 2020

	31 December 2020	31 December 2019
	Rupees	Rupees
		<i>Restated</i>
<u>Cash flows from operating activities</u>		
Profit before taxation	2,296,236,111	375,820,988
<i>Adjustments for:</i>		
Depreciation on property, plant and equipment	617,657,230	604,798,839
Unrealized (gain) / loss on re-measurement of short term investment	(14,504,400)	19,951,200
Provision for doubtful debts	-	12,309,534
Fair value gain on long term investment	(345,866,354)	-
Provision for gratuity	70,189,047	80,494,356
Provision for infrastructure cess	48,601,477	89,173,735
Provision for workers' profit participation fund	97,861,481	45,956,725
Provision for workers' welfare fund	29,449,491	6,865,213
(Gain) / loss on disposal of property, plant and equipment	(1,371,132)	11,115,997
Share of loss from associates	43,293,867	480,148,673
Finance income	(138,535,120)	(155,079,169)
Finance cost	855,915,158	1,460,910,344
Cash generated from operations before working capital changes	3,558,926,856	3,032,466,435
<u>Effect on cash flows due to working capital changes</u>		
<i>(Increase) / decrease in current assets:</i>		
Stores, spares and loose tools	(86,352,281)	12,361,546
Stock-in-trade	(3,678,529,515)	(5,734,159,895)
Trade debts	371,518,023	1,681,179,454
Loans and advances	54,260,068	(90,610,966)
Deposits, prepayments and other receivables	100,604,366	3,122,110
	(3,238,499,339)	(4,128,107,751)
<i>Increase in current liabilities:</i>		
Trade and other payables	1,827,192,569	1,689,767,019
Cash generated from operations	2,147,620,086	594,125,703
Gratuity paid	(74,560,857)	(59,111,551)
Taxes paid - net	(174,401,411)	330,124,642
	(248,962,268)	271,013,091
Net cash generated from operating activities	1,898,657,818	865,138,794
<u>Cash flows from investing activities</u>		
Fixed capital expenditure	(464,087,912)	(1,516,064,500)
Proceeds from sale of property, plant and equipment	2,912,655	3,100,700
Long term loan and advances to associates	(573,474,000)	(540,765,448)
Long term deposits	-	(57,000)
Net cash used in investing activities	(1,034,649,257)	(2,053,786,248)
<u>Cash flows from financing activities</u>		
Long term financing obtained	1,539,814,680	1,780,821,372
Long term financing repaid	(79,395,774)	(1,029,866,449)
Long term musharika obtained	-	1,000,000,000
Long term musharika repaid	-	(160,311,325)
Short term borrowings - net	(1,325,810,376)	1,355,452,770
Lease rentals paid	(4,392,300)	(4,392,300)
Finance cost paid - net	(1,070,225,118)	(1,384,928,350)
Dividend paid	-	(313,137,017)
Net cash (used in) / generated from financing activities	(940,008,888)	1,243,638,701
Net (decrease) / increase in cash and cash equivalents	(76,000,327)	54,991,247
Cash and cash equivalents at beginning of the period	298,849,020	199,476,038
Cash and cash equivalents at end of the period	222,848,693	254,467,285

The annexed notes from 1 to 25 form an integral part of these financial statements.


(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER


(SHEIKH NASEEM AHMAD)
DIRECTOR


(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER

Notes to the Condensed Interim Financial Statements (Un-audited)

For the half year ended 31 December 2020

1 Legal status and nature of business

- 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 Board of Directors ("the Board") of the Company in their meeting held on 30 October 2018 considered and approved in principle to merge Fazal Weaving Mills Limited (FWML), a wholly owned subsidiary, into the Company in accordance with the scheme of arrangement ("the Scheme") prepared under the provisions of Section 279 to 283 and 285(8) of the Companies Act, 2017. Accordingly, the Company filed a petition before Lahore High Court ("the Court") for sanction of the scheme and the Court vide order dated 30 January 2019 directed the both companies to hold Extra-ordinary General meetings ("EOGM") of the shareholders to ascertain the wishes of members with reference to the Scheme. The said EOGMs was held on 09 March 2019 and shareholders of the Companies in principle considered and approved the merger. The Court after considering all the facts and circumstances had reserved judgement on hearing held on 21 October 2020 and the sanctioned order effective from 01 July 2018 (effective date) was released on 13 February 2021 (completion date). Pursuant to this sanction, the entire business of FWML including its properties, assets, liabilities and rights and obligations have vested into the Company, with effect from effective date.

The scheme of amalgamation / merger is a business combination of entities or business under common control and thereof scoped out of IFRS 3 'Business Combination'. Accordingly, the assets acquired and liabilities assumed / assets and liabilities vested are recognized under the book value basis (predecessor method) of accounting. As FWML was wholly owned subsidiary of the Company acquired on 29 January 2013, the values incorporated in the standalone financial statements of the FWML are considered for the purpose of applying book value / predecessor method. As FWML is the wholly-owned subsidiary of the Company the paid-up share capital appearing in the books of FWML was set-off against the respective investments appearing in the books of the Company. Each of the assets and liabilities of FWML as per the accounts as on the effective date, formed the assets and / or liabilities of corresponding nature in the books of the Company. Likewise, the unappropriated profits / losses of FWML as on the effective date shall constitute as reserves of a corresponding nature of the Company. As the shares of FWML will be set off against the investments of the Company, therefore all share certificates of FWML shall stand cancelled. The merger does not involve any cash consideration or equity issuance, resultantly no adjustment has been made to net assets or in statement of changes in equity.

As stated above, after the merger the consolidated financial statements are no longer required and status of these financial statements has changed from separate to individual financial statements of the Company. The comparative figures in these financial statements have been restated to reflect adjustments due to merger with effect from 01 July 2018.

Comparative statement of financial position numbers represent the assets and liabilities of FWML merged into the Company as at 30 June 2020, whereas comparative condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity represents the results of FWML merged with the Company's results for the six months period ended 31 December 2019. Further, adjustment have been made to eliminate intra-group assets, liabilities, equity, income, expenses, cashflows and unrealized gain or losses resulting from intra-group transactions where applicable. Further, as explained in note 12.5, investment in associates which were previously carried at cost has now been recognized using equity method of accounting. The comparative figures as at 30 June 2020 and for the six months ended 31 December 2019 are un-audited or have not been subject to limited scope review.

1.3 Impact of COVID-19 on the interim financial statements

On 11 March 2020, COVID-19 was declared a pandemic by the World Health Organization, impacting countries globally. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services and factories have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. The potential impacts from COVID-19 remain uncertain, including, among other things, on economic conditions, businesses and consumers. However, the impact varies from industry to industry in different jurisdictions. As per relaxation given by the authorities to export oriented entities, the Company continued its operations uninterrupted during the period with all precautionary measures to prevent the pandemic spread. There is no material financial impact of COVID-19 on the carrying amounts of assets and liabilities or items of income and expenses.

However, pursuant to relaxation announced by the State Bank of Pakistan in view of this pandemic, the Company has availed deferments of principal repayments of certain long term loans and availed financing facility for payment of salaries and loans as explained in note 5.1 to the interim financial statements.

Based on management's assessment, considering demand from its customers, availability of raw material and measures taken by Government to support the industry, COVID-19 does not have a significant impact on the Company.

2 Basis of preparation

2.1 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,
- 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.

2.2 Basis of Accounting

2.2.1 This condensed interim financial statements comprises the condensed interim statement of financial position of the Company as at 31 December 2020 and the related condensed interim 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.

2.2.2 These condensed interim financial statements do 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 2020.

3 Estimates and judgments

3.1 The preparation of condensed interim financial statements 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 expense. Actual results may differ from these estimates.

3.2 Estimates and judgments made by the management in the preparation of this condensed interim financial statements are the same as those that were applied to the annual financial statements of the Company for the year ended 30 June 2020.

4 Statement of consistency in accounting policies

4.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statement are same as those applied in the preparation of the annual financial statements for the year ended 30 June 2020.

4.1.1 There were certain other new 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.

The following amendments and interpretations of approved accounting standards will be effective for accounting periods as detailed below:

Amendments and interpretations of approved accounting standards

- COVID-19 Related Rent Concessions (Amendment to IFRS 16)	01 June 2021
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	01 January 2022
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	01 January 2022
- Classification of liabilities as current or non-current (Amendments to IAS 1)	01 January 2022
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	01 January 2022
- Annual Improvements to IFRS standards 2018-2020 (IFRS 9, IFRS 16 and IAS 41)	01 January 2022

	(Un-audited) 31 December 2020	(Un-audited) 30 June 2020
	Rupees	Rupees
		<i>Restated</i>
	12,392,810,608	10,794,116,894
	1,549,600,000	1,549,600,000
	(79,305,774)	(1,449,705,339)
	<u>13,853,229,814</u>	<u>12,392,810,608</u>
	(68,732,869)	(35,534,092)
	<u>(2,484,479,807)</u>	<u>(6,552,852,852)</u>
	<u>11,368,749,987</u>	<u>11,652,970,163</u>

5 Long term financing - secured

Opening balance
 Loans obtained during the period / year
 Repayments made during the period / year
 Closing balance
 Less: deferred grant
 Less: current portion grouped under current liabilities

5.1 - Markup bearing finances availed during the period from conventional banks:

Lender	Amount -- Rupees --	Rate of Mark Up Per Annum	Security
Allied Bank Limited - Term loan - X	19,468,233	6 month KIBOR + 0.75%	
	530,139,988	SBP rate + 1.50% (fixed rate)	1st Joint Pari Passa Charge / Mortgage of Rs. 4,063 million on all present and future fixed assets of the Company and personal guarantees of sponsoring directors of the Company.
	75,487,090	SBP rate + 1.50% (fixed rate)	1st Joint pari passu Charge / Mortgage of Rs. 1,333.34 million over all present and future fixed assets of the Company, personal guarantees of sponsoring directors and corporate guarantee of the Company.
The Bank of Punjab - Term finance	4,829,947	6 Months KIBOR + 1.50%	1st Joint Pari Passa Charge / Mortgage of Rs. 2,917 million on all present and future fixed assets of the Company and personal guarantees of sponsoring directors of the Company.
	192,058,180	SBP rate + 1.50% (fixed rate)	
Askari Bank Limited - Term finance under SBP's LTF Scheme	17,831,242	SBP rate + 1.00% (fixed rate)	1st Joint Pari Passa Charge / Mortgage of Rs. 1,731.50 million on all present and future fixed assets of the Company and personal guarantees of sponsoring directors of the Company.
Bank Alfalah Limited - Term finance	700,000,000	6 Months KIBOR + 1.50%	Ranking Charge / Mortgage of Rs. 934 million on all present and future fixed assets of the Company which will be upgraded to 1st Pari Passa charge with deferral time period and personal guarantees of sponsoring directors of the Company.
	<u>1,539,814,680</u>		

6 Long term musharika - secured

Opening balance
 Loans obtained during the period / year
 Repayments made during the period / year
 Closing balance
 Less: current portion grouped under current liabilities

	(Un-audited) 31 December 2020	(Un-audited) 30 June 2020
	Rupees	Rupees
		<i>Restated</i>
	2,897,859,414	2,160,056,619
	-	1,000,000,000
	<u>2,897,859,414</u>	<u>(271,107,205)</u>
	(661,403,436)	2,897,859,414
	<u>2,236,455,978</u>	<u>(270,248,778)</u>

	(Un-audited) 31 December 2020 Rupees	(Un-audited) 30 June 2020 Rupees <i>Restated</i>
7 Lease liability		
Opening balance	71,173,118	-
Effect of initial application of IFRS-16	-	68,922,967
Increase during the period / year	834,377	2,250,151
Closing balance	<u>72,007,495</u>	<u>71,173,118</u>
8 Current portion of non-current liabilities		
Long term financing - secured	2,394,326,145	724,305,551
Long term musharika - secured	661,403,436	270,258,778
Deferred grant	47,073,329	16,000,569
	<u>3,102,802,910</u>	<u>1,010,564,898</u>
9 Trade and other payables		
Trade creditors	701,408,262	556,632,651
Accrued liabilities	1,004,445,275	1,295,814,335
Contract liabilities	277,806,018	308,136,434
Due to associated undertakings	165,081,951	282,279,141
Bills payable	2,302,373,221	557,681,391
Tax deducted at source	10,978,031	10,052,389
Infrastructure cess	605,399,504	556,798,026
Workers' profit participation fund	149,500,494	51,639,012
Workers' welfare fund	78,637,322	49,187,833
Loan from Director	299,693	299,693
	<u>5,295,929,771</u>	<u>3,668,520,905</u>
9.1 Due to associated undertakings		
Ahmed Fine Textile Mills Limited	86,962,210	246,420,298
Hussain Gineries Limited	12,000,970	12,012,520
Fatima Energy Limited	64,104,149	21,957,598
Fazal Farm (Private) Limited	-	54,103
Fazal-ur-Rehman Foundation	208,500	28,500
Fatima Fertilizer Company Limited	1,765,621	1,765,621
Pakarab Fertilizer Limited	40,501	40,501
	<u>165,081,951</u>	<u>282,279,141</u>
10 Contingencies and commitments		
10.1 Contingencies		
10.1.1 There has been no change in the status of contingencies since the annual audited financial statements as at 30 June 2020.		
10.1.2 Export documents negotiated with banks under Foreign Bill Purchase ("FBP") facility aggregating to USD 3.85 million (30 June 2020: USD 7.25 million).		
	(Un-audited) 31 December 2020 Rupees	(Un-audited) 30 June 2020 Rupees <i>Restated</i>
10.2 Commitments		
10.2.1 Guarantees issued by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies.	<u>1,166,736,780</u>	<u>1,067,560,700</u>

	(Un-audited) 31 December 2020 Rupees	(Un-audited) 30 June 2020 Rupees <i>Restated</i>
10.2.2 Commitments against irrevocable letters of credit:		
- capital expenditure	2,530,931,933	324,053,382
- raw material and stores and spares	5,266,954,474	1,545,003,301
	<u>7,797,886,407</u>	<u>1,869,056,683</u>
10.2.3 Commitments in respect of foreign exchange forward contracts:	<u>80,400,000</u>	<u>1,096,875,000</u>
11 Property, plant and equipment		
Operating fixed assets	11.1 27,502,999,360	27,828,545,057
Right of use asset - building	11.2 60,307,597	63,179,387
Capital work-in-progress - at cost	11.3 478,285,055	304,978,410
	<u>28,041,592,012</u>	<u>28,196,702,854</u>
11.1 Operating fixed assets		
Opening net book value	27,828,545,057	26,743,990,836
<i>Additions during the period / year:</i>		
Freehold land	2,665,000	-
Factory building on free hold land	38,425,699	254,780,498
Non-factory building on free hold land	4,277,295	72,172,629
Plant and machinery	217,918,598	1,869,401,897
Electric fittings and installations	1,271,071	96,862,491
Sui gas installations	257,343	359,550
Tools, laboratory equipment and arms	-	2,409,322
Fire extinguishing equipment and scales	631,922	4,675,470
Office equipment	5,309,217	12,262,637
Furniture and fixtures	446,465	1,155,937
Vehicles	19,578,656	18,588,672
	<u>290,781,266</u>	<u>2,332,669,103</u>
Carrying value of assets disposed off during the period / year	(1,541,523)	(14,506,394)
Depreciation charge for the period / year	(614,785,440)	(1,233,608,488)
Closing net book value	<u>27,502,999,360</u>	<u>27,828,545,057</u>
11.2 Right of use asset		
Opening net book value	63,179,387	-
Effect of initial application of IFRS-16	-	68,922,967
Depreciation charge for the period / year	(2,871,790)	(5,743,580)
Closing net book value	<u>60,307,597</u>	<u>63,179,387</u>

		(Un-audited) 31 December 2020 Rupees	(Un-audited) 30 June 2020 Rupees <i>Restated</i>
11.3 Capital work in progress - at cost			
Factory building on free hold land			
Material and expenses		36,728,217	22,477,370
Advance payments		26,695,853	14,617,445
		63,424,070	37,094,815
Non-factory building on free hold land			
Material and expenses		47,612,329	37,342,262
Advance payments		4,845,471	5,560,912
		52,457,800	42,903,174
Plant and machinery			
Cost and expenses		104,851,353	7,813,168
Advance payments		31,741,509	38,634,615
Letters of credit		180,933,325	171,883,925
		317,526,187	218,331,708
Electric fittings and Installations - Cost and advance payments		33,335,464	1,700,061
Tools, laboratory equipment and arms - Cost and expenses		385,600	385,600
Fire Fighting Equipment & Weigh Scales - Cost and advance payments		269,812	-
Office equipment - Cost and expenses		5,779,906	798,778
Furniture and fixtures - Cost and expenses		38,740	128,287
Vehicles - Cost and advance payments		5,067,476	3,635,987
		<u>478,285,055</u>	<u>304,978,410</u>
12 Long term investments			
Investments in related parties:			
<i>At fair value through OCI</i>			
Fatima Fertilizer Company Limited - quoted	12.1	1,833,126,302	1,683,830,449
Fatima Energy Limited - unquoted	12.2	869,649,000	-
Multan Real Estate (Private) Limited	12.3	33,358,054	33,358,054
		2,736,133,356	1,717,188,503
<i>Associated companies - at equity method</i>			
Fatima Energy Limited - unquoted	12.2.1	-	548,329,962
Fatima Transmission Company Limited - unquoted	12.4	26,038,175	26,050,673
Fatima Electric Company Limited - unquoted	12.4	16,105	18,605
		26,054,280	574,399,240
		<u>2,762,187,636</u>	<u>2,291,587,743</u>

	Shares		Market value		Market value per share		Percentage of holding	
	31 December 2020	30 June 2020	31 December 2020	30 June 2020	31 December 2020	30 June 2020	31 December 2020	30 June 2020
Note								
12.1 Fatima Fertilizer Company Limited - quoted	62,994,031	62,994,031	1,833,126,302	1,683,830,449	29.10	26.73	3.00%	3.00%

12.1.1 The investments in Fatima Fertilizer Company Limited (FFCL) has been designated as fair value through OCI under FRS 9. FFCL is an associated undertaking of the Company as per the Companies Act 2017, however, for the purpose of measurement it has been classified as investment at fair value through OCI. The Company does not have significant influence on FFCL.

	Shares		Fair value		Carrying value		Percentage of holding	
	31 December 2020	30 June 2020	31 December 2020	30 June 2020	31 December 2020	30 June 2020	31 December 2020	30 June 2020
12.2 Fatima Energy Limited - related party	108,300,000	108,300,000	869,649,000	-	505,051,093	-	19.00%	0.00%
Fatima Energy Limited - unquoted	-	-	-	-	18,731,553	-	-	-
Impact of discounting	-	-	-	-	523,782,646	-	-	-

12.2.1 The Company's investment in Fatima Energy Limited (FEL) was less than 20% but was considered an associate as per requirement of IAS 28 because of significant influence exercised through representation by two members on the Board. Effective 20 September 2020, the significant influence of the Company no more exists as Company's representatives on the Board of FEL have resigned. Accordingly, the Company discontinued equity accounting on its investment in FEL from 20 September 2020 and recognized a gain of Rs. 345.87 million in statement of profit or loss calculated as the difference between the carrying amount and fair market value of the retained investment on the aforementioned date. The investments in Fatima Energy Limited (FEL) has now been designated as fair value through OCI under FRS 9. The fair value has been determined by an independent valuer and has been designated at Level 3 as mentioned in note 20. Reconciliation of carrying value / fair value:

Fatima Energy Limited

Opening carrying amount	548,329,962	1,195,501,266
Impact of discounting	18,731,553	415,201,774
Share of loss	(43,278,869)	(831,859,241)
Carrying amount of equity instrument disposed off	-	(230,513,837)
Fair value adjustment on transition from equity accounting to FVOCI recognized in profit or loss (Other Income)	523,782,646	548,329,962
	345,866,354	-
	<u>869,649,000</u>	<u>548,329,962</u>

12.3 This represents 9.96% ordinary shares of Multan Real Estate (Private) Limited (MREPL), which is a dormant entity. The latest valuation was based on present market value of property of MREPL.

	Shares		Carrying value		Percentage of holding	
	31 December 2020	30 June 2020	31 December 2020	30 June 2020	31 December 2020	30 June 2020
			-----Rupees-----			
Note	<i>Restated</i>					

12.4 Associated companies with significant influence - at equity method

Fatima Energy Limited - unquoted	-	108,300,000	-	133,128,188	0.00%	19.00%
Impact of discounting	-	-	-	415,201,774		
		108,300,000		548,329,962		
Fatima Transmission Company Limited - unquoted	5,520,000	5,520,000	26,038,175	26,050,673	24.00%	24.00%
Fatima Electric Company Limited - unquoted	7,000	7,000	16,105	18,605	20.00%	20.00%
	5,527,000	113,827,000	26,054,280	574,399,240		

12.4.1 Fatima Transmission Company Limited (FTCL), was incorporated in Pakistan on December 26, 2014 as a public limited company under the Companies Act, 2017. The principal activity of FTCL includes operation and maintenance of transmission lines, electrical transmission facilities, electrical circuits, transformers and sub-stations and the movement & delivery of electric power.

12.4.2 Fatima Electric Company Limited (FECL) was incorporated in Pakistan on February 29, 2016 as a public limited company under the Companies Act, 2017. The principal activity of FECL is to carry on supplying, generating, distributing and dealing in electricity and all forms of energy and power generated by any source.

		(Un-audited) 31 December 2020 Rupees	(Un-audited) 30 June 2020 Rupees <i>Restated</i>
13 Long term advances			
Fatima Energy Limited - <i>related party</i>	<i>13.1</i>	3,227,609,945	2,635,370,514
Fatima Transmission Company Limited - <i>associate</i>		91,319,033	72,427,033
Pak Arab Energy Limited - <i>associate</i>		25,904,160	25,904,160
	<i>13.2</i>	<u>3,344,833,138</u>	<u>2,733,701,707</u>
13.1 Fatima Energy Limited			
Long term advance		3,189,952,514	2,497,908,522
Mark-up accrued (interest free)		-	552,663,766
Less: impact of discounting	<i>13.1.1</i>	-	(415,201,774)
Unwinding of discount		37,657,431	-
Balance as at		<u>3,227,609,945</u>	<u>2,635,370,514</u>

13.1.1 Pursuant to restructuring of FEL's borrowings with financial institutions along with related subordination of borrowings from sponsors, the Company has entered into a restructuring agreement with FEL for rescheduling the repayment of principal and related markup as approved by the Board of Directors of both the companies. As per the revised agreement, principal and markup accrued are subordinated and are now repayable from financial year 2026. Accordingly, markup accrued from FEL has been classified as non-current. The loan and related markup (interest free) upto 30 June 2020 were measured at fair value by discounting the cash flows at the rate of average borrowing cost of the Company 8.94% and the resulting adjustment was included in the cost of investment.

13.2 These represents loans disbursed to meet the working capital requirements, operational/ capital nature needs of the associated companies. These loans carries markup at the rate of average borrowing cost of the Company. Effective markup rate charged by the Company during the year ranges from 8.82% to 8.94% per annum (30 June 2020: 9.86% to 15.31% per annum). As per the agreements, these loans are repayable within 10 years from the date of disbursement starting from financial year 2022.

		(Un-audited) 31 December 2020 Rupees	(Un-audited) 30 June 2020 Rupees <i>Restated</i>
14 Long term mark-up accrued			
Fatima Energy Limited - <i>related party</i>		124,503,045	-
Less: Impact of discounting	<i>13.1.1</i>	(46,774,028)	-
		<u>77,729,017</u>	<u>-</u>

		(Un-audited) 31 December 2020 Rupees	(Un-audited) 30 June 2020 Rupees <i>Restated</i>
15 Trade debts			
<i>Export debtors - secured against letters of credit:</i>			
Considered good		1,158,853,183	1,820,507,561
<i>Local debtors - unsecured</i>			
Related Parties - considered good	15.1	65,792,390	293,998,651
Others - considered good		3,549,417,251	3,031,074,635
Others - considered doubtful		40,074,769	40,337,838
		3,655,284,410	3,365,411,124
Provision for doubtful balances		(40,074,769)	(40,337,838)
		3,615,209,641	3,325,073,286
		4,774,062,824	5,145,580,847
15.1	These include due from following associated undertakings on account of trading activities.		
		(Un-audited) 31 December 2020 Rupees	(Un-audited) 30 June 2020 Rupees <i>Restated</i>
Reliance Weaving Mills Limited		448,351	19,158,901
Fazal Rehman Fabrics Limited		65,344,039	274,839,750
		65,792,390	293,998,651
16 Short term investment			
<u><i>At fair value through statement of profit or loss</i></u>			
Investment in related party:			
Fatima Fertilizer Company Limited - quoted 6,120,000 (30 June 2020 : 6,120,000) fully paid ordinary shares of Rs. 10 each having market value of Rs. 29.10 per share (30 June 2020 : Rs. 26.73 per share)			
		163,587,600	182,682,000
Unrealized fair value gain / (loss) on re-measurement of investment		14,504,400	(19,094,400)
		178,092,000	163,587,600
17 Cash and bank balances			
Cash in hand		23,936,247	17,990,118
Cash at banks			
- Current accounts		197,839,373	280,808,769
- Saving accounts		1,073,073	50,133
		198,912,446	280,858,902
		222,848,693	298,849,020

	Half year ended		Quarter ended	
	(Un-audited) 31 December 2020 Rupees	(Un-audited) 31 December 2019 Rupees <i>Restated</i>	(Un-audited) 31 December 2020 Rupees	(Un-audited) 31 December 2019 Rupees <i>Restated</i>
18 Revenue - net				
<i>Gross sales</i>				
Local	22,358,822,310	12,816,830,892	10,622,761,519	6,958,537,138
Direct export	5,474,582,645	6,130,751,069	2,893,903,810	3,612,033,765
Indirect export	1,178,450,795	3,715,692,543	484,341,735	1,639,466,289
	29,011,855,750	22,663,274,504	14,001,007,064	12,210,037,192
<i>Sales tax</i>				
Local sales	(3,357,921,163)	(1,911,126,687)	(1,601,930,344)	(1,288,994,274)
Indirect export	-	(418,978,143)	-	(176,216,582)
	(3,357,921,163)	(2,330,104,830)	(1,601,930,344)	(1,465,210,856)
<i>Sales return</i>	(97,742,900)	(98,711,431)	(97,742,900)	(79,917,285)
	25,556,191,687	20,234,458,243	12,301,333,820	10,664,909,051

18.1 It includes sales made to direct exporters against Standard Purchase Order (SPOs) amounting to Rs. Nil (31 December 2019: Rs 2,883.56 million) and Duty and Tax Remission for Exports ("DTRE") to a related party under S.R.O 185(I)/2001 dated 21 March 2001, amounting to Rs. 1,178.45 million (31 December 2019: Rs. 832.14 million).

	Half year ended		Quarter ended	
	(Un-audited) 31 December 2020 Rupees	(Un-audited) 31 December 2019 Rupees <i>Restated</i>	(Un-audited) 31 December 2020 Rupees	(Un-audited) 31 December 2019 Rupees <i>Restated</i>
19 Cost of sales				
Raw material consumed	14,562,293,167	13,801,702,372	7,389,288,658	7,076,291,674
Packing material consumed	262,950,938	243,856,755	134,901,794	124,133,001
Salaries, wages and benefits	1,266,020,016	1,233,721,265	631,531,440	619,069,844
Travelling and conveyance	10,844,703	7,621,354	8,138,768	4,160,548
Vehicle running and maintenance	10,380,945	9,824,020	3,802,552	3,749,032
Power and fuel	1,783,360,969	1,711,065,427	923,308,030	851,240,528
Stores and spares consumed	450,549,100	497,541,755	219,525,322	252,856,672
Processing charges	183,091,585	1,607,818	103,583,904	1,607,818
Freight charges-outward	182,955,784	140,219,613	95,168,348	77,830,118
Repair and maintenance	19,007,862	25,198,742	10,382,021	10,605,811
Insurance	45,547,792	39,742,106	23,222,924	18,823,305
Depreciation	595,796,718	586,140,428	298,464,456	299,863,646
Others	1,771,554	1,319,498	805,437	786,572
	19,374,571,133	18,299,561,153	9,842,123,654	9,341,018,569
Work-in-process :				
Opening balance	439,889,015	410,363,326	436,454,488	410,462,331
Closing balance	(448,757,889)	(451,315,852)	(448,757,889)	(451,315,852)
	(8,868,874)	(40,952,526)	(12,303,401)	(40,853,521)
Cost of goods manufactured	19,365,702,259	18,258,608,627	9,829,820,253	9,300,165,048
Finished goods :				
Opening balance	4,620,290,075	1,844,002,220	2,736,293,241	3,441,732,936
Finished goods purchased	879,069,103	1,312,925,264	401,657,377	667,419,383
Closing balance	(2,529,991,032)	(3,962,688,555)	(2,529,991,032)	(3,962,688,555)
	2,969,368,146	(805,761,071)	607,959,586	146,463,764
Cost of goods sold	22,335,070,405	17,452,847,556	10,437,779,839	9,446,628,812
Cost of raw material sold	179,482,920	28,505,261	35,809,107	23,172,887
	22,514,553,325	17,481,352,817	10,473,588,946	9,469,801,699

20 Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer 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 operations or to undertake a transaction on adverse terms. A financial instrument is regarded as quoted in an active market if quoted price is readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and that price represents actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the Company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- 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 (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (i.e. 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	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<i>Note</i>								
As at 31 December 2020								
Financial assets - measured at fair value								
Short term investment	-	178,092,000	-	178,092,000	178,092,000	-	-	178,092,000
Long term investments	-	-	-	2,736,133,356	1,833,126,302	-	903,007,054	2,736,133,356
Financial assets - not measured at fair value								
Trade debts	4,774,062,824	-	-	4,774,062,824	-	-	-	-
Cash and bank balances	222,848,693	-	-	222,848,693	-	-	-	-
Long term deposits	24,128,493	-	-	24,128,493	-	-	-	-
Other receivables	27,006,641	-	-	27,006,641	-	-	-	-
Mark-up accrued	33,755,774	-	-	33,755,774	-	-	-	-
Long term mark-up accrued	77,729,017	-	-	77,729,017	-	-	-	-
Long term advances to associates	3,344,833,138	-	-	3,344,833,138	-	-	-	-
	8,504,564,580	178,092,000	-	8,682,656,580	2,011,218,302	-	903,007,054	2,914,225,356
<i>Note</i>								
Financial liabilities - not measured at fair value								
Long term financing - secured	-	-	13,853,229,514	13,853,229,514	-	-	-	-
Long term musharika - secured	-	-	2,897,859,414	2,897,859,414	-	-	-	-
Trade and other payables	-	-	4,173,608,402	4,173,608,402	-	-	-	-
Lease liability - <i>unsecured</i>	-	-	72,007,495	72,007,495	-	-	-	-
Unclaimed dividend	-	-	13,748,423	13,748,423	-	-	-	-
Short term borrowings - secured	-	-	10,211,413,941	10,211,413,941	-	-	-	-
Accrued mark-up	-	-	297,654,613	297,654,613	-	-	-	-
	-	-	31,519,521,702	31,519,521,702	-	-	-	-

	Carrying amount - Restated		Fair value - Restated				
	Fair value through Profit or loss	Fair value through OCI	Total	Level 1	Level 2	Level 3	Total
----- Rupees -----							
As at 30 June 2020							
Financial assets - measured at fair value							
Short term investment	-	-	163,587,600	163,587,600	-	-	163,587,600
Long term investments	-	1,717,188,503	1,717,188,503	1,683,830,449	-	33,358,054	1,717,188,503
Financial assets - not measured at fair value							
Trade debts	5,145,580,847	-	5,145,580,847	-	-	-	-
Cash and bank balances	298,849,020	-	298,849,020	-	-	-	-
Long term deposits	24,128,493	-	24,128,493	-	-	-	-
Other receivables	189,673,459	-	189,673,459	-	-	-	-
Mark-up accrued - associated companies	29,338,656	-	29,338,656	-	-	-	-
Long term advances to associates	2,733,701,707	-	2,733,701,707	-	-	-	-
20.1	8,421,272,182	1,717,188,503	10,302,048,285	1,847,418,049	-	33,358,054	1,880,776,103
Financial liabilities - not measured at fair value							
Long term financing - secured	-	-	12,392,810,608	-	-	-	-
Long term musharika - secured	-	-	2,897,859,414	-	-	-	-
Trade and other payables	-	-	2,692,707,211	-	-	-	-
Lease liability - <i>missecured</i>	-	-	71,173,118	-	-	-	-
Unclaimed dividend	-	-	13,748,423	-	-	-	-
Short term borrowings - secured	-	-	11,537,224,217	-	-	-	-
Accrued mark-up	-	-	517,191,250	-	-	-	-
20.1	-	-	30,122,714,241	-	-	-	30,122,714,241

20.1 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.

21 Segment information

21.1 Segment revenue and results

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

	Spinning		Weaving		Total	
	(Un-audited) 31 December 2020	(Un-audited) 31 December 2019	(Un-audited) 31 December 2020	(Un-audited) 31 December 2019	(Un-audited) 31 December 2020	(Un-audited) 31 December 2019
		Restated		Restated		Restated
		-----		-----		-----
		Rupees		Rupees		Rupees
		-----		-----		-----
External revenues	20,018,627,973	14,194,853,744	3,679,203,510	3,757,939,850	23,697,831,483	17,952,793,594
Intersegment revenues	1,849,195,341	2,279,697,149	9,164,863	1,967,500	1,858,360,204	2,281,664,649
Cost of sales	(19,134,730,661)	(13,995,151,030)	(1,521,462,460)	(1,204,537,138)	(20,656,193,121)	(15,199,688,168)
Intersegment cost of sales	(9,164,863)	(1,967,500)	(1,849,195,341)	(2,279,697,149)	(1,858,360,204)	(2,281,664,649)
Selling and distribution expenses	(163,043,907)	(188,236,579)	(35,840,302)	(33,083,255)	(198,884,209)	(221,319,834)
Administrative expenses	(169,015,821)	(165,769,427)	(23,328,359)	(21,897,437)	(192,344,180)	(187,666,864)
Other operating expense	(126,024,944)	(189,337,550)	(6,918,721)	-	(132,943,665)	(189,337,550)
Finance cost	(762,976,782)	(1,304,099,724)	(92,938,376)	(156,810,620)	(855,915,158)	(1,460,910,344)
Other operating income				(7,380,042)	677,978,828	162,098,827
Share of loss of associate						(480,148,673)
Profit before tax	674,302,290	169,478,869	3,676,538			
				56,501,709	2,296,236,111	375,820,988
	2,177,168,626	799,467,952	162,361,352			

21.1.1 The accounting policies of the reportable segments are the same as those described in the annual financial statements for the preceding year ended 30 June 2020.

21.2 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 2020	(Un-audited) 30 June 2020	(Un-audited) 31 December 2020	(Un-audited) 30 June 2020	(Un-audited) 31 December 2020	(Un-audited) 30 June 2020
		Restated		Restated		Restated
		-----		-----		-----
		Rupees		Rupees		Rupees
		-----		-----		-----
<u>Segment assets</u>						
Segment assets for reportable segments	42,594,675,058	38,735,658,236	3,629,289,111	3,964,887,260	46,223,964,169	42,700,545,496
Un-allocated corporate assets					12,930,954,462	12,369,880,561
Total assets as per statement of financial position	42,594,675,058	38,735,658,236	3,629,289,111	3,964,887,260	59,154,918,631	55,070,426,057
<u>Segment liabilities</u>						
Un-allocated corporate liabilities					36,725,792,750	34,516,059,933
Total liabilities as per statement of financial position					36,725,792,750	34,516,059,933

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

	31 December 2020					
Dividend payable	Long term financing	Lease liability	Long term mistakes (Rupees)	Short term borrowing	Accrued markup	Total
13,748,423	12,392,816,608	71,173,118	2,897,859,414	11,537,224,217	517,191,250	27,430,007,630
-	-	-	-	(1,325,810,376)	-	(1,325,810,376)
-	-	(4,392,300)	-	-	(1,070,225,118)	(1,070,225,118)
-	(79,398,774)	-	-	-	-	(79,398,774)
-	1,530,814,680	-	-	-	-	1,530,814,680
-	1,460,418,906	(4,392,300)	-	(1,325,810,376)	(1,070,225,118)	(940,008,888)
Other changes						
-	-	5,226,677	-	-	850,688,481	855,915,158
-	-	5,226,677	-	-	850,688,481	855,915,158
13,748,423	13,853,229,514	72,007,495	2,897,859,414	10,211,413,841	297,654,613	27,345,913,300
As at 31 December 2020						
	31 December 2019 - Referred					
Dividend payable	Long term financing	Lease liability	Long term mistakes (Rupees)	Short term borrowing	Accrued markup	Total
12,240,081	10,794,116,895	-	2,169,056,619	12,299,901,368	481,255,957	25,756,670,920
(313,137,017)	-	-	-	-	-	(313,137,017)
-	-	-	-	1,355,452,770	-	1,355,452,770
-	-	(4,392,300)	-	-	(1,384,928,350)	(1,384,928,350)
-	(1,029,866,449)	-	(160,311,325)	-	-	(1,190,177,774)
-	1,760,831,372	-	1,000,000,000	-	-	2,760,831,372
(313,137,017)	750,954,923	(4,392,300)	839,688,675	1,355,452,770	(1,384,928,350)	1,245,638,701
Other changes						
315,000,000	-	68,922,967	-	-	-	315,000,000
-	-	9,468,678	-	-	-	9,468,678
315,000,000	-	78,391,645	-	-	1,460,910,344	1,854,301,989
14,203,064	11,545,071,818	73,993,345	3,008,745,294	13,655,354,138	557,237,951	28,854,611,610
As at 31 December 2019						

23 Related party transactions

The related parties comprise of associated companies, directors of the Company and entities under common directorship, key management personnel and post employment retirement plan. The Company in the normal course of business carries out various transactions with various related parties. Detail of such transactions are as follows:

	Half year ended	
	(Un-audited) 31 December 2020 Rupees	(Un-audited) 31 December 2019 Rupees <i>Restated</i>
<u>Associated Companies</u>		
Long term advances to associates	573,474,000	540,765,448
Purchase of goods and services	940,926,900	783,281,150
Sale of goods and services	2,413,383,312	1,743,941,565
Receipts against sale of goods and services - <i>net</i>	1,578,628,108	1,135,696,156
Reimbursable expenses	2,575,897	-
Interest accrued on long term advances to associates	128,920,163	155,079,169

24 Date of authorization for issue

These interim financial statement were authorized for issue by the Board of Directors on March 01, 2021.

25 General

Figures in the financial statements have been rounded-off to the nearest rupee.


(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER


(SHEIKH NASEEM AHMAD)
DIRECTOR


(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER

Investors' Education

In Compliance with the Securities and Exchange Commission of Pakistan's SRO 924 (1) / 2015 dated September 09, 2015, Investors' attention is invited to the following information message



سرمایہ کاری میں جدید کاری کے ساتھ

www.jamapunji.pk

jamapunji.pk jamapunji_pk

سرمایہ کاری کی آگاہی کے لیے انتقلا بی اقدام



جہاں رہیں، آگاہ رہیں

SECP کی جانب سے پیش کی جانے والی ایک ایسا ویب پورٹل جو آپ کو سرمایہ کاری سے متعلق ہر قسم کی معلومات فراہم کرتا ہے تاکہ آپ ایک اعلیٰ سرمایہ کاری کا فیصلہ کر سکیں۔ جیما پنچی میں ملنے والے نیشنل ہائڈرو کاربن سائیکل، کیمپل مارکیٹ ریلوے گھنٹوں اور انٹرنیٹ بینک وغیرہ میں سرمایہ کاری سے متعلق آپ کے سوالات کے جوابات فراہم کرتا ہے، اور سادہ آسان آئی ڈی ٹی کے ذریعے کھیلنے والی کھیل میں نتائج تلاش سرمایہ کاری کے سلسلے میں آگاہ رہنا بی ایف فراہم کرتا ہے۔

مشق آن لائن ٹولز:

- سیکم ہیلر
- باک ٹریڈنگ
- رسک پروڈائل
- ٹاچ اسکرین
- کیو لیئر
- نیو زیلینڈ سیکرٹیشن

کھیل بی کھیل
میں سیکھیں
سرمایہ کاری کا پتہ



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Investors' Education

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