



FAZAL CLOTH MILLS LIMITED



Registration No. 9903492

FCML/ 1503/691

Oct 22, 2018

The General Manager
Pakistan Stock Exchange Limited (PSX)
Stock Exchange Building, Stock Exchange Road
Karachi

Dear Sir,

Correction in Independent Auditor's Report on Financial Statements Published on Oct 15, 2018 at 9:16 am - Auditor's Opinion remains unchanged

We have filed annual report of the Company for the year ended 2018-06-30 through PUCARS on Oct 15, 2018 at 9:16 am through notice ID 120098. It is showing status as published.

After electronic transmission to PSX certain typo errors and changes identified in the independent auditor's report on the Audit of the Un-Consolidated Financial Statements and on the Audit of the Consolidated Financial Statements under the heading of *Key Audit Matters* which are corrected in printed annual report as follows;

A- Auditor's report on the audit of the un-consolidated financial statements

Following changes were made in paragraph namely "Key audit matters":

01. At Sr. No 1 column 2 under heading 'Revenue Recognition' words refer to notes 4.18, 28 and 41 **be revised** as refer to notes 4.18, 28 and 44.

02. At Sr. No 2 column 3 under sub note no 4; it was written as follows:

inspecting on a sample basis, credit notes issued near to and subsequent to year end to evaluate whether the adjustments to sales had been accurately recorded in the appropriate accounting period; and

scanning for any manual journal entries relating to sales recorded during and near the year end which were considered to be material or met other specific risk based criteria for inspecting underlying documentation.

And now changed to:

'inspecting supporting documents for the date of capitalization when project assets were ready for its intended use to assess that depreciation



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commenced and' be revised as inspecting supporting documents for the date of capitalization when project assets were ready for its intended use to assess that depreciation commenced and further capitalization of costs ceased from that date and to access the useful life assigned by management including testing the calculation of related depreciation.

03. Sr No 5 column 2; following text added at the end:

We identified assessing the carrying value of the advance to and investment in associate as a key audit matter because significant degree of management judgment involved in assessing the recoverable amount.

B- Auditor's report on the audit of the consolidated financial statements

Following changes were made in paragraph namely "Key audit matters":

At Sr. No 3 column 2 under heading 'Revaluation of property plant and equipment' words refer to notes 4.3, 8 and 16 be revised as refer to notes 4.3, 7 and 16.

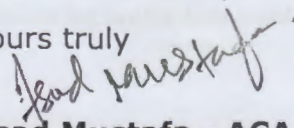
Above changes in the auditor's report do not effect the auditor's opinion. Further it is also highlighted that accounts and other information in annual report remains unaltered and un-effected.

Annual report having said correction in the auditor's report being send to commission under section 223 (7) of the Companies Act 2017. For information to the exchange auditor's report transmitted through PUCARS is attached as **Annexure-1** and corrected report is attached as **Annexure-2** to this letter. However, annual report sent to shareholders on CDs is same one transmitted to PSX and said changes will be communicated to them in annual general meeting.

Further three copies of printed annual report having changed auditor's report are also attached to this letter u/s 223(7) of the company's act 2017.

The above is for your information and guidance from you, if any.

Yours truly


Asad Mustafa - ACA
Company Secretary

Cc: Muhammad Ghufraan; Deputy GM-operations, PSX, Stock exchange building, stock exchange road Karachi