

DIRECTORS' REVIEW

Dear Shareholders,
Assalam-o-Alaikum

Your directors are pleased to present you un-audited accounts of your company for the nine months ended March 31, 2008. During the period under review the company earned a pretax profit of Rs.245,068 million as compared to Rs.140,066 million earned in the same period last year after charging depreciation of Rs.185,347 million as compared to Rs.182,733 million. Dividend of Rs. 128,953,050, received from Pak Arab Fertilizers Limited is included in the profit earned.

Basic earning per share of the company for the nine months is Rs.11.68 as compared to Rs.5.66 per share in the same period last year.

FUTURE PROSPECTS:

Raw Cotton prices in the domestic market have increased to Rs. 3,500. Yarn prices have also increased, though not proportionate to cotton prices. Fortunately, cotton requirements for the year have been covered by your Company at cheaper prices. This will have a favorable impact on the financial performance of the Company for the remaining period of this financial year.

Cost of doing business in Pakistan continues to increase at an alarming rate. Government of Pakistan has announced its intentions to increase minimum wage from Rs. 4600 to Rs. 6000. Electricity Tariff has increased by approximately 25% since January 2008. Shortage of Electricity and Gas is resulting in load shedding by the utilities for industry which is adding to cost of production. Due to these reasons, your Directors expect margins to remain squeezed during the medium term.

The relations between the workers and management remained cordial throughout the period. The management and board of directors wish to place on record the continuous hard work and efforts put up by all the workers for the business of the company.

For and on behalf of the Board



(Mr. Amir Naseem Sheikh)

Director



(Mr. Fazal Ahmed Sheikh)

Director

Dated: April 26, 2008.

FAZAL CLOTH MILLS LIMITED
CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2008

Note	Jan. 01, 2008 to Mar. 31, 2008	Jan. 01, 2007 to Mar. 31, 2007	Jul. 01, 2007 to Mar. 31, 2008	Jul. 01, 2006 to Mar. 31, 2007
	Rupees	Rupees	Rupees	Rupees
Sales - net	1,747,486,741	1,465,773,349	5,143,514,346	4,405,489,282
Cost of sales	(1,551,661,586)	(1,296,472,529)	(4,494,132,172)	(3,804,934,813)
Gross profit	195,825,155	209,300,820	649,382,174	600,554,469
Other operating income	137,300,013	676,172	137,675,984	858,100
Distribution cost	(35,781,235)	(46,266,702)	(124,502,495)	(127,775,512)
Administrative expenses	(19,759,193)	(17,056,056)	(54,667,579)	(53,153,282)
Other operating expenses	579,498	(5,835,969)	(12,062,209)	(13,411,671)
Finance cost	(134,559,504)	(102,126,556)	(350,927,015)	(287,036,236)
Profit before taxation	143,616,743	26,689,367	245,668,460	149,065,668
Provision for taxation	(8,815,721)	(11,755,140)	(25,936,750)	(33,568,205)
Profit after taxation	134,801,022	24,934,227	219,731,710	115,497,463
Earnings per share				
Basic	7.19	1.44	11.63	5.66
Diluted	3.06	0.62	5.01	2.42

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

As required under Section 241(2) of the Companies Ordinance, 1984, these accounts have been signed by two directors in the absence of the Chief Executive Officer, and for the time being a rat in the country.


Director


Director


Chief Financial Officer

FAZAL CLOTH MILLS LIMITED
CONDENSED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2008

	Jul. 01, 2007 to Mar. 31, 2008	Jul. 01, 2006 to Mar. 31, 2007
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period - before taxation	245,089,482.00	148,959,898.00
Adjustments for:		
Depreciation of operating assets	180,347,112.00	162,733,082.00
Amortization of intangible assets	440,513.00	448,514.00
Loss/(Profit) on valuation of stock/term investment	(5,280,073.00)	-
Provision for gratuity	15,683,047.00	8,019,738.00
Provision for Infrastructure cost	10,784,480.00	5,315,427.00
Gain on disposal of operating assets	(2,090,723.00)	(958,100.00)
Finance cost	330,827,016.00	297,009,239.00
- Before working capital changes	800,710,295.00	600,733,735.00
Decrease / (increase) in current assets		
Stocks, spares and loose tools	(42,348,748.00)	2,290,981.00
Stock in trade	(1,155,832,317.00)	(584,601,818.00)
Trade debts	(70,806,780.00)	(58,037,889.00)
Loans and advances	(48,830,389.00)	(10,880,184.00)
Trade deposits and short term prepayments	(1,404,354.00)	(13,289,848.00)
Tax refunds due from the Government	(2,303,341.00)	1,830,180.00
Other receivables	38,808,829.00	(1,330,589.00)
Increase / (decrease) in trade and other payables	(8,358,595.00)	(25,432,178.00)
	(1,283,179,538.00)	(991,367,898.00)
CASH OUTFLOW FROM OPERATING ACTIVITIES	(482,410,200.00)	(390,618,933.00)
- Before taxation		
Gratuity paid	(9,372,768.00)	(8,507,848.00)
Income tax paid	(28,224,882.00)	(27,891,894.00)
CASH OUTFLOW FROM OPERATING ACTIVITIES	(621,007,448.00)	(523,896,573.00)
Long term loans to employees - net	(186,625.00)	208,500.00
Long term deposits	(30,000.00)	-
NET CASH FROM OPERATING ACTIVITIES	(621,194,073.00)	(523,688,073.00)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(297,890,844.00)	(381,239,083.00)
Addition in intangible assets	-	(45,001.00)
Proceeds from disposal of operating assets	2,230,080.00	1,687,054.00
Long term investment	(178,893,080.00)	-
Short term investment	(78,112,727.00)	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(554,666,571.00)	(769,896,860.00)
CASH FLOWS FROM FINANCING ACTIVITIES		
Term finances - net	(89,399,808.00)	(80,334,819.00)
Divided finances - net	689,108,829.00	349,612,148.00
Long term murabaha & murabaha - net	(99,048,448.00)	(140,892,887.00)
Short term borrowings - net	1,289,574,192.00	897,778,704.00
Bills payables- repair	(203,388,878.00)	44,363,701.00
Finance cost paid	(224,140,828.00)	(255,108,178.00)
NET CASH INFLOW FROM FINANCING ACTIVITIES	1,037,186,617.00)	499,708,673.00)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(78,564,679.00)	(9,681,350.00)
CASH AND CASH EQUIVALENTS - At the beginning of the period	283,734,183.00	327,357,328.00
CASH AND CASH EQUIVALENTS - At the end of the period	205,169,504.00	317,675,978.00

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


Director


Director


Chief Financial Officer

FAZAL CLOTH MILLS LIMITED
CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2008

	Issued, subscribed & paid up capital	Capital reserves	Un-appropriated profit	Total
R u p e e s				
Balance as at July 01, 2006	413,088,640	77,616,000	693,505,036	1,184,209,676
Bonus shares for the year ended June 30, 2006 @ 15% of issued, subscribed and paid up capital	24,463,300	-	(24,463,300)	-
Profit for the period	-	-	106,907,663	106,907,663
Balance as at March 31, 2007	437,551,940	77,616,000	775,939,432	1,291,107,372
Balance as at July 01, 2007	437,551,940	77,616,000	766,867,334	1,281,835,274
Profit for the period	-	-	210,129,710	210,129,710
Transfer to un-appropriated profits from revaluation surplus	-	-	90,806,285	90,806,285
Balance as at March 31, 2008	437,551,940	77,616,000	1,078,803,329	1,593,971,269

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


 Director


 Director


 Chief Financial Officer

FAZAL CLOTH MILLS LIMITED
SELECTED EXPLANATORY NOTES TO THE ACCOUNTS (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2008

1. General

- 1.1 These un-audited accounts are being presented to shareholders as required under SECP Notification No. SPD T64(1/2001 dated November 05, 2001 and also in accordance with requirements of International Accounting Standard - 34 "Interim Reporting".
- 1.2 The accounting policies adopted for the preparation of these interim financial statements are consistent with those applied in the preparation of the preceding published financial statements of the Company for the year ended June 30, 2007 and for the subsequent periods.

2. LONG TERM INVESTMENT

Investment in associates

Un-audited March 31, 2008 (Number of ordinary shares)	Audited June 30, 2007	Note	Un-audited March 31, 2008 (Amount in Rupees)	Audited June 30, 2007
104,600	104,600	Fazal Industries (Pvt.) Limited Equity interest held 9.6% (June 30, 2007 : 9.6%) Less: Provision for diminution in value	475,000	475,000
17,153,748	4,258,666	Pak Arab Fertilizers Limited Equity interest held 8.73% (June 30, 2007 : 8.73%)	252,896,706	252,896,706
12,866,305	-	Falima Fertilizer Company Limited Equity interest held 1.73% (June 30, 2007 : Nil) 2.1	128,953,050	-
			381,318,756	252,896,706

- 2.1 This represents 12,866,305 ordinary shares of Falima Fertilizer Company Limited, which were received during the period as specie dividend from Pak Arab Fertilizers Ltd. This specie dividend amounting Rs. 128,953,050 is grouped in other income.

3. Adjustment of normal deferred tax has not been made in these accounts as the same will be made at the end of the year.

4. FIGURES

Figures have been rounded-off to nearest rupees, except stated otherwise.


Director


Director


Chief Financial Officer