

FAZAL CLOTH MILLS LIMITED
DIRECTORS' REVIEW

Dear Shareholders,
Assalam-o-Alaikum

Your directors are pleased to present you un-audited accounts of your company for the quarter ended September 30, 2010. During the period under review the Company earned a pretax profit of Rs. 291.897 million as compared to Rs. 111.017 million earned in the same period last year. Depreciation is Rs. 68.326 million as compared to Rs. 66.945 million and workers' profit participation fund is Rs. 15.677 million as compared to Rs. 5.962 million in the same period last year.

Earning per share of the company for this quarter is Rs. 13.31 as compared to Rs. 5.36 per share in the same period last year.

FUTURE PROSPECTS:

Raw Cotton prices have increased to an all time high of Rs. 8,500 in Pakistan and \$1.30 in the New York Cotton futures market. Although yarn prices are increasing in tandem with cotton prices, your Directors remain wary of the situation. Curtailment in supply of natural gas, which the company uses to generate power also poses a risk. Your Directors remain cautiously optimistic of achieving better financial results for the year in progress.

The relations between management and workers remained cordial during the period under review and 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

Sd/-

(Sheikh Naseem Ahmad)

Chairman & Chief Executive Officer

Dated: October 27, 2010.

FAZAL CLOTH MILLS LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT SEPTEMBER 30, 2010

	Un-audited September 30, 2010 Rupees	Audited June 30, 2010 Rupees		Un-audited September 30, 2010 Rupees	Audited June 30, 2010 Rupees
NON-CURRENT ASSETS			SHARE CAPITAL AND RESERVES		
Property, plant and equipment	5,910,908,210	5,945,743,637	Authorized Capital		
Intangible assets	5,800,073	6,220,596	40,000,000 (2010: 40,000,000) ordinary shares of Rs.10 each	400,000,000	400,000,000
Long term investments	596,841,506	596,841,506	30,000,000 (2010: 30,000,000) preference shares of Rs.10 each	300,000,000	300,000,000
Long term loans	1,312,440	1,504,830		700,000,000	700,000,000
Long term deposits	12,894,365	12,894,365	Issued, subscribed and paid up capital		
	6,527,756,594	6,563,204,934	Ordinary shares	187,551,940	187,551,940
			Preference shares	250,000,000	250,000,000
			Capital reserves	177,616,000	177,616,000
			Unappropriated profits	1,972,137,955	1,702,733,550
				2,587,305,895	2,317,901,490
			Surplus on revaluation of operating assets	2,125,855,085	2,280,444,023
CURRENT ASSETS			NON-CURRENT LIABILITIES		
Stores, spares and loose tools	190,921,342	175,918,362	Long term financing	1,429,817,459	1,573,814,880
Stock in trade	1,517,829,745	2,645,452,686	Long term musharika	59,388,638	71,266,367
Trade debts	1,217,785,214	883,729,860	Bills payables	155,480,891	154,398,656
Loans and advances	585,837,905	427,308,670	Deferred liabilities	985,700,159	848,175,803
Trade deposits and short term prepayments	43,489,810	12,282,677	Custom duties	110,656,317	104,416,117
Interest / markup accrued	7,617,096	-		2,741,043,464	2,752,071,823
Other receivables	2,300,995	2,648,375	CURRENT LIABILITIES		
Other financial assets	16,659,400	16,132,400	Trade and other payables	444,705,033	589,896,693
Tax refunds due from the Government	53,347,547	42,602,780	Interest / mark-up accrued on loans	102,422,917	121,477,564
Cash and bank balances	64,577,393	123,497,519	Short term borrowings	1,500,277,132	2,177,448,310
	3,700,366,447	4,329,573,329	Current portion of non-current liabilities	474,141,146	443,396,812
			Provision for taxation	252,372,369	210,141,548
				2,773,918,597	3,542,360,927
			CONTINGENCIES AND COMMITMENTS		
	10,228,123,041	10,892,778,263		10,228,123,041	10,892,778,263

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

Sd/-
(Sheikh Naseem Ahmad)
Chief Executive Officer

Sd/-
(Rehman Naseem)
Director

Sd/-
(Faizan-ul-Haq)
Chief Financial Officer

FAZAL CLOTH MILLS LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30,

	2010	2009
	Rupees	Rupees
Sales - net	4,032,844,994	2,357,785,396
Cost of sales	(3,520,142,523)	(2,058,365,267)
Gross profit	512,702,471	299,420,129
Distribution cost	(62,012,549)	(41,700,776)
Administrative expenses	(26,443,515)	(24,066,927)
Other operating expenses	(23,956,389)	(9,709,424)
Finance cost	(108,919,727)	(116,601,455)
	291,370,291	107,341,547
Other operating income	527,000	3,675,903
Profit before taxation	291,897,291	111,017,450
Provision for taxation	(42,230,823)	(10,561,121)
Profit after taxation	249,666,468	100,456,329
Other comprehensive Income net of tax	-	-
Total comprehensive income for the period	249,666,468	100,456,329
Earnings per share		
Basic	13.31	5.36
Diluted	5.92	2.51

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Sd/-
(Sheikh Naseem Ahmad)
Chief Executive Officer

Sd/-
(Rehman Naseem)
Director

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(Faizan-ul-Haq)
Chief Financial Officer

FAZAL CLOTH MILLS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30,

	2010	2009
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period - before taxation	291,897,291	111,017,450
Adjustments for:		
Depreciation of property, plant and equipment	68,325,848	66,945,348
Amortization of Intangible assets	420,519	383,038
Provision for gratuity	5,505,417	5,671,731
Provision for infrastructure cess	6,240,200	2,594,183
Gain on disposal of property, plant and equipment	-	(94,003)
Gain on disposal of other financial assets	(527,000)	(3,581,200)
Finance cost (inclusive of preference dividend)	108,919,727	116,601,455
Operating cash flows before movement in working capital	480,782,002	299,538,002
(Increase) / decrease in current assets		
Stores, spares and loose tools	(15,002,980)	392,628
Stock in trade	1,127,622,942	779,620,490
Trade debts	(334,055,353)	(208,947,708)
Loans and advances	(115,157,334)	(49,873,237)
Trade deposits and short term prepayments	(31,207,132)	(26,455,893)
Tax refunds due from the Government	(3,127,672)	7,407,412
Interest / markup accrued	(7,617,096)	(7,062,575)
Other receivables	(7,269,716)	18,531,250
Increase/ (decrease) in trade and other payables	(145,191,660)	(40,141,203)
	468,993,999	473,471,164
Cash generated from operations	949,776,001	773,009,166
Gratuity paid	(2,832,061)	(4,015,362)
Income taxes paid	(43,371,901)	(14,775,001)
Cash flow from operating activities	903,572,039	754,218,803
Long term loans to employees - net	192,390	114,200
Long term deposits	-	(1,485,000)
NET CASH FROM OPERATING ACTIVITIES	903,764,429	752,848,003
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(33,490,418)	(17,775,201)
Proceeds from disposal of other financial assets	-	250,000
NET CASH USED IN INVESTING ACTIVITIES	(33,490,418)	(17,525,201)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing obtained	3,061,040	8,203,500
Long term financing repaid	(116,314,129)	(87,416,603)
Long term musharika - net	(11,877,729)	(11,877,729)
Short term borrowings - net	(677,171,178)	(535,174,201)
Bills payable obtained	1,082,235	-
Finance cost paid	(127,974,376)	(149,781,352)
NET CASH USED IN FROM FINANCING ACTIVITIES	(929,194,137)	(776,046,385)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(58,920,126)	(40,723,583)
CASH AND CASH EQUIVALENTS - At the beginning of the period	123,497,519	77,400,115
CASH AND CASH EQUIVALENTS - At the end of the period	64,577,393	36,676,532

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

Sd/-
(Sheikh Naseem Ahmad)
Chief Executive Officer

Sd/-
(Rehman Naseem)
Director

Sd/-
(Faizan-ul-Haq)
Chief Financial Officer

FAZAL CLOTH MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30

	Issued, subscribed & paid up capital	Capital reserves		Un-appropriated profits	Total
		Share premium	Capital redemption reserve fund		
R u p e e s					
Balance as at July 01, 2009	437,551,940	77,616,000	50,000,000	1,135,491,465	1,700,659,405
Total comprehensive income for the period	-	-	-	100,456,329	100,456,329
Depreciation on revaluation surplus (net of deferred tax)	-	-	-	23,702,015	23,702,015
Balance as at September 30, 2009	437,551,940	77,616,000	50,000,000	1,259,649,809	1,824,817,749
Balance as at July 01, 2010	437,551,940	77,616,000	100,000,000	1,702,733,550	2,317,901,490
Total comprehensive income for the period	-	-	-	249,666,468	249,666,468
Depreciation on revaluation surplus (net of deferred tax)	-	-	-	19,737,937	19,737,937
Balance as at September 30, 2010	437,551,940	77,616,000	100,000,000	1,972,137,955	2,587,305,895

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

Sd/-
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Chief Executive Officer

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(Rehman Naseem)
Director

Sd/-
(Faizan-ul-Haq)
Chief Financial Officer

FAZAL CLOTH MILLS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
(UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2010

1. General

- 1.1** These un-audited accounts are being presented to shareholders as required under SECP Notification No. SRO 764/(1)2001 dated November 05, 2001 and are 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, 2010 and for the subsequent periods.
- 2.** Adjustment of normal deferred tax has not been made in these accounts as the same will be made at the end of the year.
- 3.** Figures have been rounded-off to nearest rupee, except stated otherwise.

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Director

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