

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, 2009. During the period under review the Company earned a pretax profit of Rs. 111.017 million as compared to Rs. 61.390 million earned in the same period last year. Depreciation is Rs. 66.945 million as compared to Rs. 63.992 million and workers' profit participation fund is Rs. 5.962 million as compared to Rs. 3.297 million in the same period last year.

Earning per share of the company for this quarter is Rs. 5.36 as compared to Rs. 2.70 per share in the same period last year.

FUTURE PROSPECTS:

Demand for yarn has improved significantly. This combined with competitive prices at which raw cotton is available in Pakistan has resulted in improved margins for the Company. However, curtailment in supply of natural gas, which the company uses to generate power, poses a risk. Your Director's 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 & on behalf of the Board

Sd/-

(Sheikh Naseem Ahmad)

Chairman & Chief Executive Officer

Multan

Dated: October 27, 2009

CONDENSED BALANCE SHEET

	Note	Un-audited September 30, 2009 Rupees	Audited June 30, 2009 Rupees
NON-CURRENT ASSETS			
Property, plant and equipment		5,677,575,694	5,726,901,838
Intangible assets		6,679,708	7,062,749
Long term investments		467,888,456	467,888,456
Long term loans		838,000	952,200
Long term deposits		12,933,365	11,448,365
		6,165,915,223	6,214,253,608
CURRENT ASSETS			
Stores, spares and loose tools		134,704,740	135,097,368
Stock in trade		1,442,470,171	2,222,090,661
Trade debts		948,047,507	739,099,799
Loans and advances		356,574,381	291,926,142
Trade deposits and short term prepayments		30,919,139	4,463,247
Interest / markup accrued		44,814,071	37,751,496
Other receivables		338,320	18,869,570
Other financial assets		12,795,300	9,214,100
Tax refunds due from the Government		41,631,850	49,039,261
Cash and bank balances		36,676,532	77,400,115
		3,048,972,011	3,584,951,759
		9,214,887,234	9,799,205,367

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

Sd/-
(SHEIKH NASEEM AHMAD)
Chief Executive Officer

Sd/-
(AMIR NASEEM SHEIKH)
Director



FAZAL CLOTH MILLS LTD.

AS AT SEPTEMBER 30, 2009

Note	Un-audited September 30, 2009 Rupees	Audited June 30, 2009 Rupees
SHARE CAPITAL AND RESERVES		
Authorized Capital		
40,000,000 (2009: 40,000,000) ordinary shares of Rs.10 each	400,000,000	400,000,000
30,000,000 (2009: 30,000,000) preference shares of Rs.10 each	<u>300,000,000</u>	<u>300,000,000</u>
	<u><u>700,000,000</u></u>	<u><u>700,000,000</u></u>
Issued, subscribed and paid up capital		
Ordinary shares	187,551,940	187,551,940
Preference shares	250,000,000	250,000,000
Capital reserves	127,616,000	127,616,000
Unappropriated profits	<u>1,259,649,809</u>	<u>1,135,491,465</u>
	1,824,817,749	1,700,659,405
Surplus on revaluation of operating assets	2,271,098,219	2,284,908,235
NON-CURRENT LIABILITIES		
Long term financing	1,461,538,459	1,569,695,888
Long term musharika	106,899,554	118,777,283
Deferred liabilities	888,254,967	896,490,598
Custom duties	86,777,569	84,183,386
	2,543,470,549	2,669,147,155
CURRENT LIABILITIES		
Trade and other payables	248,729,583	288,870,787
Interest / mark-up accrued on loans	118,042,076	151,221,975
Short term borrowings	1,713,159,122	2,248,333,323
Current portion of non-current liabilities	447,236,558	418,292,230
Provision for taxation	48,333,378	37,772,257
	2,575,500,717	3,144,490,572
CONTINGENCIES AND COMMITMENTS		
	<u><u>9,214,887,234</u></u>	<u><u>9,799,205,367</u></u>

Sd/-
(FAIZAN-UL-HAQ)
Chief Financial Officer

**CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30,**

	Note	2009	2008
		Rupees	Rupees
Sales - net		2,357,785,396	2,410,750,150
Cost of sales		(2,058,365,267)	(2,020,723,134)
Gross profit		<u>299,420,129</u>	<u>390,027,016</u>
Distribution cost		(41,700,776)	(54,171,858)
Administrative expenses		(24,066,927)	(22,152,195)
Other operating expenses		(9,709,424)	(8,219,025)
Finance cost		(116,601,455)	(245,308,707)
Profit before taxation		<u>107,341,547</u>	60,175,231
Other operating income		3,675,903	1,214,895
		<u>111,017,450</u>	61,390,126
Provision for taxation		(10,561,121)	(10,713,954)
Profit after taxation		<u><u>100,456,329</u></u>	<u><u>50,676,172</u></u>
Earnings per share			
Basic		5.36	2.70
Diluted		<u>2.51</u>	<u>1.40</u>

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

Sd/-
(SHEIKH NASEEM AHMAD)
Chief Executive Officer

Sd/-
(AMIR NASEEM SHEIKH)
Director

Sd/-
(FAIZAN-UL-HAQ)
Chief Financial Officer



CONDENSED CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30,

	2009 Rupees	2008 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period - before taxation	111,017,450	61,390,126
Adjustments for:		
Depreciation of operating assets	66,945,348	63,991,561
Amortization of Intangible assets	383,038	149,505
Provision for gratuity	5,671,731	4,785,348
Provision for Infrastructure cess	2,594,183	2,076,382
Gain on disposal of operating assets	(94,003)	(276,466)
Gain on valuation of short term investment	(3,581,200)	(329,400)
Finance cost	116,601,455	245,308,707
	299,538,002	377,095,763
- Before working capital changes		
Decrease / (increase) in current assets		
Stores, spares and loose tools	392,628	(37,329,116)
Stock in trade	779,620,490	561,948,581
Trade debts	(208,947,708)	(238,426,990)
Loans and advances	(49,873,237)	(115,241,781)
Trade deposits and short term prepayments	(26,455,893)	(647,457)
Tax refunds due from the Government	7,407,412	(5,463,436)
Interest / markup accrued	(7,062,575)	4,776,274
Other receivables	18,531,250	(314,849)
Increase/ (decrease) in trade and other payables	(40,141,203)	50,225,166
	473,471,164	219,526,392
CASH INFLOW FROM OPERATING ACTIVITIES		
- Before taxation	773,009,166	596,622,155
Gratuity paid	(4,015,362)	(2,030,842)
Income tax paid	(14,775,001)	(17,379,570)
CASH INFLOW FROM OPERATING ACTIVITIES		
- After taxation	754,218,803	577,211,743
Long term loans to employees - net	114,200	110,000
Long term deposits	(1,485,000)	14,000
NET CASH INFLOW FROM OPERATING ACTIVITIES	752,848,003	577,335,743
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(17,775,201)	(28,782,312)
Proceeds from disposal of operating assets	250,000	307,000
Proceeds from other financial assets	-	16,380,100
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(17,525,201)	(12,095,212)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances obtained	8,203,500	42,248,875
Long term finances paid	(87,416,603)	(33,811,860)
Long term musharika - net	(11,877,729)	-
Short term borrowings - net	(535,174,201)	(333,899,757)
Finance cost paid	(149,781,352)	(222,265,263)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	(776,046,385)	(547,728,005)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(40,723,583)	17,512,526
CASH AND CASH EQUIVALENTS - At the beginning of the period	77,400,115	369,532,995
CASH AND CASH EQUIVALENTS - At the end of the period	36,676,532	387,045,521

Sd/-
(SHEIKH NASEEM AHMAD)
Chief Executive Officer

Sd/-
(AMIR NASEEM SHEIKH)
Director

Sd/-
(FAIZAN-UL-HAQ)
Chief Financial Officer



**CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2009**

	Issued, subscribed & paid up capital	Capital reserves			Un-appropriated profit	Total
		Share premium	Capital redemption reserve fund	R u p e e s		
Balance as at July 01, 2008	437,551,940	77,616,000	-	1,006,488,092	1,521,656,032	
Profit for the period	-	-	-	50,676,172	50,676,172	
Depreciation on revaluation surplus (net of deferred tax)	-	-	-	23,237,033	23,237,033	
Balance as at September 30, 2008	437,551,940	77,616,000	-	1,080,401,297	1,595,569,237	
Balance as at July 01, 2009	437,551,940	77,616,000	50,000,000	1,135,491,465	1,700,659,405	
Profit 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	

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

Sd/-

(SHEIKH NASEEM AHMAD)
Chief Executive Officer

Sd/-

(AMIR NASEEM SHEIKH)
Director

Sd/-

(FAIZAN-UL-HAQ)
Chief Financial Officer

CONDENSED NOTES TO THE FINANCIAL ACCOUNTS FOR THE QUARTER ENDED SEPTEMBER 30, 2009

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, 2009 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.

Sd/-
(SHEIKH NASEEM AHMAD)
Chief Executive Officer

Sd/-
(AMIR NASEEM SHEIKH)
Director

Sd/-
(FAIZAN-UL-HAQ)
Chief Financial Officer