

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 (Amount in Rupees)
104,600	104,600	Fazal Industries (Pvt.) Limited Equity interest held 9.6% (June 30, 2007 : 9.6%)	475,000	475,000
		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%)	252,996,706	252,996,706
12,866,305	-	Falima Fertilizer Company Limited Equity interest held 1.73% (June 30, 2007 : Nil)	128,953,050	-
			<u>381,918,756</u>	<u>252,996,706</u>

- 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