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Quarterly Report
March 31,



FAZAL TEXTILE MILLS LIMITED





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Quarterly Report 2010



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. M. Yunus A. Aziz (Chairman)
Mr. Sohail M. Yunus (Chief Executive)
Mr. Muhammad Ali A. Razzak
Mr. Imran M. Yunus
Mr. Javed M. Yunus
Mrs Mariam Ikram
Mr. Ilyas Ismail
Mrs. Raheela Aleem
Mr. Abdul Rahman Yaqoob

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Toufique Yusuf
FCA FICS

AUDIT COMMITTEE

Mr. Sohail M. Yunus Chairman
Mr. Muhammad Ali A. Razzak Member
Mr. Imran M. Yunus Member

AUDITORS

Hyder Bhimji & Co.
Chartered Accountants

LEGAL ADVISOR

Mr. Mohammad Aleem
(Advocate)

BANKERS

Bank Al-Habib Limited
Bank Al-Falah Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Meezan Bank Limited

REGISTERED OFFICE AND MILLS

LA-2/B Block # 21,
Rashid Minhas Road,
Federal 'B' Area, Karachi - 75950.
Phones : 36321311-36322048
Fax : 92-21-36313372
E-mail : finance@fazaltextile.com
Website : www.fazaltextile.com



DIRECTORS REPORT TO THE MEMBERS

We feel pleasure in submitting herewith the un-audited nine monthly financial statement for the period ended March 31, 2010.

FINANCIAL RESULTS

	Rs in "000"	
	Nine months ended March 2010	Nine months ended March 2009
Sales	2,844,396	2,137,966
Gross Profit	499,683	158,437
Profit before tax	381,144	3.892
Profit/(Loss) after tax	346,211	(12,135)

Your Company earned after-tax profit of Rs 346,211 million as compared to loss of Rs 12,135 million for the corresponding period. During the period under review the sales increased to Rs 2,844,396 million from 2,137,966 due to devaluation of Pak Rupee, increase in sale price of yarn and increase in sales of knitted fabrics. The gross profit margin increased to 17.57% from 7.41% due to timely procurement of cotton & better yarn prices. During the period the financial cost has reduced drastically due to discounting of foreign bills and availing finance against export bills & re-finance loan on knitted fabrics.

FUTURE OUTLOOK:

The cost of cotton has crossed Rs 6,000 per mds, rising inflation, increasing labour and utilities cost are rendering negative impact on the financial results. But Alhamdulillah your management has already procured cotton for the entire season at very attracting price which will help to maintain the profitability of the Company, however recently the Government has imposed certain restriction on export of yarn which may result pressure on yarn prices. However, your director would like to assure you that every endeavor will be made to maintain the profitability of the Company.

The construction work of factory building at Nooriabad (Super Highway) is complete and Inshallah the shifting process of present production facilities will commence very soon.

We would like to place on record our deep appreciation for the efforts of the executives, officers and other staff members and workers for their hard work, co-operation and sincerity to the company in achieving best possible results. The Board also wishes to place in record the appreciation to all banks for continued support to the company with zeal and dedications. The management is quite confident that these relation and cooperation will continue in the years to come.

On behalf of the Board

Chief Executive

Karachi : April 21, 2010



Fazal Textile Mills Limited

INTERIM CONDENSED BALANCE SHEET AS AT MARCH 31, 2010 (UN AUDITED)

	Note	March 31, 2010	June 30, 2009
Rupees in "000"			
NON-CURRENT ASSETS			
Property, Plant and Equipment			
Operating Fixed Assets	4	640,442	679,842
Capital Work In Progress	5	1,529,569	1,325,830
		2,170,011	2,005,672
Long Term Loans & Advances		7,185	9,213
Long Term Deposits - Security Deposits		532	532
		2,177,728	2,015,417
CURRENT ASSETS			
Stores, spares and loose tools		58,815	43,078
Stock in trade		877,593	501,080
Trade debts		439,513	204,001
Loans & advances		18,841	108,622
Trade deposits and short term prepayments		20,856	8,050
Taxation - net		-	824
Cash and bank balances		2,441	3,610
		1,418,059	869,265
TOTAL ASSETS		3,595,787	2,884,682
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Capital		150,000	150,000
15,000,000 ordinary shares of Rs 10/- each			
Issued, subscribed and paid-up capital		61,875	61,875
6287503 ordinary shares of Rs.10/- each		1,011,013	674,085
Reserves			
		1,072,888	735,960
NON-CURRENT LIABILITIES			
LONG TERM FINANCE			
Deferred gratuity		1,000,000	1,000,000
Deferred taxation		45,063	38,796
		49,024	44,032
		1,094,087	1,082,828
CURRENT LIABILITIES			
Trade and other payables		604,357	666,707
Accrued markup		39,843	42,434
Taxation - net		3,102	-
Short term borrowings	6	781,510	356,753
		1,428,812	1,065,894
Contingencies and Commitment	7	-	-
TOTAL EQUITY AND LIABILITIES		3,595,787	2,884,682

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

Karachi : April 21, 2010


Chief Executive


Director



**INTERIM CONDENSED PROFIT AND LOSS ACCOUNT
FOR THE NINE MONTHS ENDED MARCH 31, 2010 (UN AUDITED)**

	Note	3 months ended Mar 31, 2010	9 months ended Mar 31, 2010	3 months ended Mar 31, 2009	9 months ended Mar 31, 2009
Rs. in " 000 "					
Sales	8	969,283	2,844,396	631,083	2,137,966
Cost of sales	9	726,669	2,344,713	621,115	1,979,529
Gross profit		<u>242,614</u>	<u>499,683</u>	<u>9,968</u>	<u>158,437</u>
General & administrative		11,211	30,765	9,165	25,449
Selling & distribution		24,895	34,732	3,475	11,824
Other operating charges		12,150	28,248	(2,655)	205
		<u>48,256</u>	<u>93,745</u>	<u>9,985</u>	<u>37,478</u>
		<u>194,358</u>	<u>405,938</u>	<u>(17)</u>	<u>120,959</u>
Other operating income		(1,349)	4,276	1,293	1,610
Operating profit		<u>193,009</u>	<u>410,214</u>	<u>1,276</u>	<u>122,569</u>
Finance cost		11,827	29,070	35,976	118,677
Profit before taxation		<u>181,182</u>	<u>381,144</u>	<u>(34,700)</u>	<u>3,892</u>
Taxation :					
Current		11,695	29,941	4,298	20,159
Deferred		1,697	4,992	(6,855)	(4,132)
		<u>13,392</u>	<u>34,933</u>	<u>(2,557)</u>	<u>16,027</u>
Profit after taxation		<u>167,790</u>	<u>346,211</u>	<u>(32,143)</u>	<u>(12,135)</u>
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		<u>167,790</u>	<u>346,211</u>	<u>(32,143)</u>	<u>(12,135)</u>
Earning per share		27.12	55.95	(5.19)	(1.96)

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

Karachi : April 21, 2010


Chief Executive


Director



Fazal Textile Mills Limited

INTERIM CONDENSED CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED MARCH 31, 2010 (UN AUDITED)

	Note	March 31, 2010	March 31, 2009
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operation	10	(141,156)	1,151,573
Gratuity paid		(6,572)	(5,081)
Finance Cost		(31,662)	(104,735)
Taxes paid		(26,015)	(24,486)
Net cash Inflow/(Outflow) from operating activities		(205,405)	1,017,271
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(8,482)	(27,292)
Capital Work in progress		(203,740)	(344,042)
Sale proceeds from fixed assets		935	997
Net cash Inflow/(Outflow) from investing activities		(211,287)	(370,337)
CASH FLOW FROM FINANCIAL ACTIVITIES			
Payment of dividend		(9,234)	(2,001)
Net cash Inflow/(Outflow) from financial activities		(9,234)	(2,001)
Net increase/(decrease) in cash and cash equivalents		(425,926)	644,933
Cash and cash equivalents at the beginning of the period		(353,143)	(1,309,761)
Cash and cash equivalents at the end of the period	11	(779,069)	(664,828)

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

Karachi : April 21, 2010


Chief Executive


Director



**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED MARCH 31, 2010 (UN AUDITED)**

Rupees in thousand

Description	Paidup Capital	Capital Reserve	Revenue Reserve	Unappro- priated Profit	Total
Balance as on July 01, 2008	61,875	34,416	610,584	13,073	719,948
Dividend for the year ended June 30, 2009	-	-	-	(9,281)	(9,281)
Profit after tax for the year ended June 30, 2009	-	-	-	25,293	25,293
Balance as on June 30, 2009	61,875	34,416	610,584	29,085	735,960
Proposed dividend	-	-	-	(9,281)	(9,281)
Transfer to revenue reserves	-	-	15,000	(15,000)	-
Profit after tax for the period ended March 31, 2010	-	-	-	346,209	346,209
Balance as on March 31, 2010	61,875	34,416	625,584	351,013	1,072,888

Karachi : April 21, 2010

Chief Executive

Director



NOTES TO THE FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2010 (UN-AUDITED)

1 THE COMPANY AND ITS OPERATIONS

The Company was incorporated on July 6, 1963 as a Private Limited Company under the Companies Act 1913, (Companies Ordinance 1984) and was converted into a Public Limited Company on May 4, 1966. The Company is quoted on Stock Exchanges in Pakistan since 1971. The Company is engaged in manufacturing, selling, buying and dealing in all types of yarn and knitted fabrics.

2 STATEMENT OF COMPLIANCE

These interim condensed financial statements are unaudited but subject to limited scope review by auditors and are being submitted to the shareholders in accordance with Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of International Accounting Standard (IAS) - 34, 'Interim Financial Reporting', as applicable in Pakistan. The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2009.

3 ACCOUNTING POLICIES

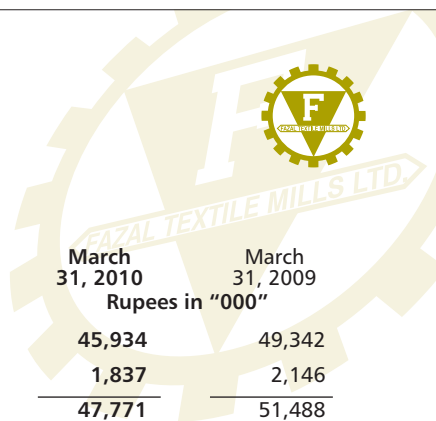
The accounting policies and methods of computation followed for the preparation of these half yearly interim condensed financial statements are the same as those applied in the preparation of the annual published financial statements of the Company for the year ended June 30, 2009.

4 PROPERTY, PLANT AND EQUIPMENT

(Rs in 000)

Particulars	Cost as on 01-07-2009	Additions (Deletions)	Cost as on 31-03-2010	Accumulated depreciation 31-03-2010	Rate %	Depreciation for the period	Written down book value 31-03-2010
Land (lease hold)	6,591	-	6,591	-	-	-	6,591
Main factory building (on lease hold land)	31,250	-	31,250	27,328	10	318	3,922
Other factory building (on lease hold land)	171,389	-	171,389	69,767	5	3,960	101,622
Plant & machinery	1,368,269	8,142	1,376,411	860,103	10	41,567	516,308
Testing equipment, scales and weighments	7,488	-	7,488	6,386	10	89	1,102
Office equipments	5,008	61	5,069	3,418	10	130	1,651
Furniture & fixtures	2,158	-	2,158	1,872	10	23	286
Vehicles	25,408	(1,687)	23,721	15,714	20	1,418	8,007
Computer equipments	7,943	279	8,222	7,269	33	266	953
Total March 2010	1,625,504	8,482 (1,687)	1,632,299	991,857		47,771	640,442
Total June 2009	1,597,122	30,198 (1,816)	1,625,504	945,662		68,976	679,842

Fazal Textile Mills Limited



Depreciation has been apportioned as follows :

	March 31, 2010	March 31, 2009
	Rupees in "000"	
Cost of sales	45,934	49,342
Administrative, selling and general expenses	1,837	2,146
	<u>47,771</u>	<u>51,488</u>

5 CAPITAL WORK IN PROGRESS

	March 31, 2010	June 30, 2009
	Rupees in "000"	
New factory building under construction - Super highway, Karachi.	655,026	590,742
Plant & Machinery	112,215	101,616
Commercialization, development and other charges of land situated at F.B. Area, Karachi.	762,328	633,472
	<u>1,529,569</u>	<u>1,325,830</u>

6 SHORT TERM BORROWINGS

	March 31, 2010	June 30, 2009
	Rupees in "000"	
(Secured Note 6-A)		
Running finances	212,291	40,242
Export Finance & Import bills	<u>569,219</u>	<u>316,511</u>
	<u>781,510</u>	<u>356,753</u>

6-A The markup on bank finances is payable on quarterly basis at rates ranging from 1.75% to 13.50%. (2009 : 4.00% to 14.00%)

The above finances are secured by first parri passu hypothecation charge over stock and book debts of the company. Lien on Export documents and import documents/ duly accepted bill of discount.

The overall limit of Rs 3.105 billion (2009 : 2.467 billion) applies on running, export pre/post shipment finances.

The carrying amount of inventories and book debts hypothecated as security for the bank borrowings is Rs 1.462 billion (2009 : 0.748 billion)

7 CONTIGENCIES AND COMMITMENTS

7-A Guarantees and counter guarantees	47,445	44,946
7-B Letter of credits	<u>33,830</u>	<u>54,750</u>
	<u>81,275</u>	<u>99,696</u>

7-C The Company has made a reference in the Honourable High Court of Sindh at Karachi u/s 133(i) of the Income Tax Ordinance, 2001 against rejection of loss of Rs 1,461,000 by the Appellate Tribunal vide M.A (Rect) No 402/KB/2005 dated January 25, 2006 for the assessment year 2002-03. The case is pending before Court for adjudication.



Fazal Textile Mills Limited

8 SALES

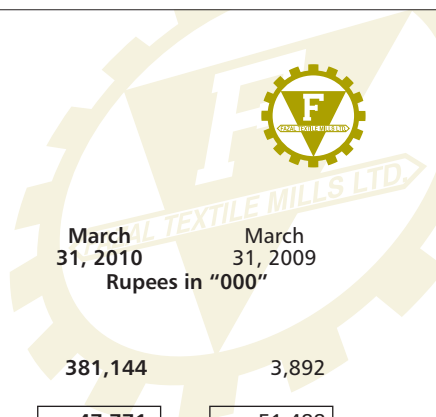
3 months ended Mar 31, 2010 9 months ended Mar 31, 2010 3 months ended Mar 31, 2009 9 months ended Mar 31, 2009
Rs. in " 000 "

Export	656,338	2,119,596	391,814	1,462,638
Local	352,830	874,537	258,084	770,827
Export rebate	128	419	218	880
Research & Development Support Claim	927	933	887	955
Gross sales	1,010,223	2,995,485	651,003	2,235,300
Less :				
Export freight	26,746	88,239	9,737	56,184
Export duty and surcharge	1,456	3,835	2,045	4,783
Commission	12,738	59,015	8,138	36,367
	40,940	151,089	19,920	97,334
Net sales	<u>969,283</u>	<u>2,844,396</u>	<u>631,083</u>	<u>2,137,966</u>

9 COST OF SALES

Raw material consumed	544,530	1,645,599	404,437	1,400,067
Stores, spares and packing	34,952	103,360	27,737	86,282
Salaries, wages and other benefits	51,737	171,104	43,875	147,317
Power and electricity	84,410	238,785	75,667	228,156
Knitting, dyeing and printing expenses	31,117	85,140	19,246	59,053
Insurance	1,080	2,303	878	2,042
Repair and maintenance	2,915	8,807	3,221	7,417
Labour welfare	525	3,344	391	2,334
Depreciation	15,195	45,934	16,713	49,342
Other manufacturing expenses	265	1,033	158	661
	766,726	2,305,409	592,323	1,982,671
Work in process - opening inventory	8,572	5,354	7,475	8,087
closing inventory	(10,991)	(10,991)	(10,195)	(10,195)
	(2,419)	(5,637)	(2,720)	(2,108)
	764,307	2,299,772	589,603	1,980,563
Finished goods - opening inventory	50,940	133,519	125,908	93,362
Available for sales	815,247	2,433,291	715,511	2,073,925
Finished goods - closing inventory	(88,578)	(88,578)	(94,396)	(94,396)
	<u>726,669</u>	<u>2,344,713</u>	<u>621,115</u>	<u>1,979,529</u>

Fazal Textile Mills Limited



March 31, 2010 March 31, 2009
Rupees in "000"

10 CASH GENERATED FROM OPERATION

Profit before taxation	381,144	3,892
Adjustment for non cash charges :		
Depreciation	47,771	51,488
(Profit)/loss on sale of fixed assets	(824)	(502)
Provision for gratuity	12,839	7,994
	59,786	58,980
Finance cost	29,070	118,677
Long term loan and advances	2,028	3,388
Changes in working capital - Note 10-A	(613,184)	966,636
	<u>(141,156)</u>	<u>1,151,573</u>

10-A

Changes in working capital

(Increase)/Decrease in current assets

Stores, spares and loose tools	(15,737)	(7,254)
Stock in trade	(376,513)	17,977
Trade debts	(235,512)	556,518
Loans & advances considered good	89,781	155,978
Trade deposits & short term prepayments	(12,806)	1,576
	<u>(550,787)</u>	<u>724,795</u>

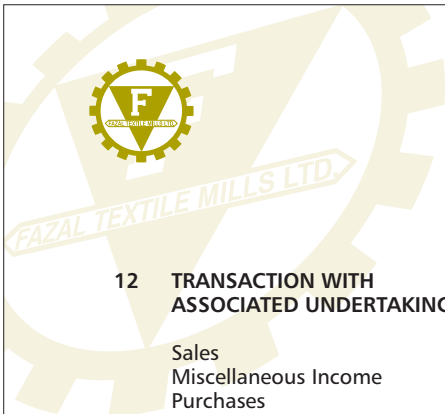
Increase/(Decrease) in current liabilities

Trade and other payable	(62,397)	241,841
Net Increase/(decrease) in working capital	<u>(613,184)</u>	<u>966,636</u>

11 CASH AND CASH EQUIVALENTS

Cash & cash equivalent comprise the following items as included in the balance sheet

Cash and bank balances	2,441	3,648
Short term borrowing	(781,510)	(668,476)
	<u>(779,069)</u>	<u>(664,828)</u>



Fazal Textile Mills Limited

March 31, 2010 March 31, 2009
Rupees in "000"

12 TRANSACTION WITH ASSOCIATED UNDERTAKINGS

Sales	405,290	241,160
Miscellaneous Income	-	-
Purchases	502,573	341,231

All material transaction with associated undertaking are at arm's length.

The maximum amount due to associated undertaking at the end of any month during the year was Rs. 232.149 million (2009 : Rs 63.960 million)

13 EARNING PER SHARE

There is no dilutive effect on the basic earnings per shares of the Company which is based on :-

Profit after taxation (Rs in 000)	346,211	(12,135)
Weighted average number of ordinary shares	6,187,503	6,187,503
Earning per share	55.95	(1.96)

14 GENERAL

- 14.1 The interim condensed financial statements were authorized for issue by the Board Board of Directors on April 21, 2010
- 14.2 Provisions wherever made are estimated and are subject to final adjustment in the annual audited accounts.
- 14.3 Figures have been rounded off to nearest thousand.

Karachi : April 21, 2010


Chief Executive


Director

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