



Quarterly Report March 31, 2012



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3rd Quarterly Report 2012



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Muhammad Younus Tabba (Chairman)
Mr. Muhammad Sohail Tabba (Chief Executive)
Mr. Muhammad Ali Tabba
Mr. Imran Yunus Tabba
Mr. Javed Yunus Tabba
Mrs. Mariam Tabba Khan
Mrs. Raheela Aleem
Mr. Ilyas Ismail

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Toufique Yusuf
FCA FICS

AUDIT COMMITTEE

Mr. Muhammad Sohail Tabba Chairman
Mr. Muhammad Ali Tabba Member
Mr. Imran Yunus Tabba Member

AUDITORS

Hyder Bhimji & Co.
Chartered Accountants

LEGAL ADVISOR

Mr. Mohammad Aleem
(Advocate)

BANKERS

Bank Al-Habib Limited
Bank Al-Falah Limited (Islamic Division)
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 half yearly financial statement for the period ended March 31, 2012.

FINANCIAL RESULTS

	Rs in "000"	
	Nine months ended March 2012	Nine months ended March 2011
Sales	3,347,389	4,104,719
Gross Profit	221,835	653,180
Profit before tax	129,736	526,725
Profit after tax	100,550	482,716

Your Company earned after-tax profit of Rs 100.550 million as compared to Rs 482.716 million for the corresponding period. During the period under review the sales decreased to Rs 3,347,389 million from 4,104,719 due decrease in sale price of yarn and knitted fabrics. The gross profit margin decreased to 6.63% from 15.91% due decrease in yarn prices, increase in power tariff, salaries, wages etc. During the period the financial cost has reduced due to discounting of foreign bills and availing finance against export bills & re-finance loan on knitted fabrics.

FUTURE OUTLOOK:

The cost of cotton for the current season remained around Rs 5,500 to Rs 6,000 per mds. and Alhamdulillah your management has already procured cotton for the entire season which will help to maintain the profitability of the Company, however rising inflation, increase in tariff rates, and decrease in yarn prices will have negative impact on the profitability of the company, however, your director would like to assure you that Inshallah every endeavor will be made to maintain the profitability of the Company.

The construction work of phase I at Nooriabad (Super Highway) has been completed, about 60% of plant & machinery, equipments etc has been shift, installed and erected, commercial production has also commenced. The construction of phase II is in process and will be completed by June 2012, thereafter the balance plant & machinery, equipments etc will be shifted.

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

Chairman

Karachi : April 25, 2012



CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2012

	Note (Un Audited) March 31 2012	(Audited) Jun., 30 2011
Rupees in "000"		
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	3 2,431,080	2,565,027
Long term loans and advances	6,543	7,707
Long term deposits - Security deposits	1,259	1,259
	<u>2,438,882</u>	<u>2,573,993</u>
CURRENT ASSETS		
Stores, spares and loose tools	56,468	57,244
Stock in trade	1,515,831	842,611
Trade debts	875,590	673,665
Loans and advances	526,024	66,712
Trade deposits and short term prepayments	63,224	33,966
Other receivables	27,727	3,194
Taxation- Net	13,338	9,770
Cash and bank balances	21,898	9,754
	<u>3,100,100</u>	<u>1,696,916</u>
TOTAL ASSETS	<u><u>5,538,983</u></u>	<u><u>4,270,909</u></u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital	150,000	150,000
Issued, subscribed and paid-up share capital	61,875	61,875
Reserves	1,645,035	1,581,608
	<u>1,706,910</u>	<u>1,643,483</u>
LIABILITIES		
NON-CURRENT LIABILITIES		
Deferred gratuity	45,050	46,090
Deferred taxation	40,492	42,933
	<u>85,542</u>	<u>89,023</u>
CURRENT LIABILITIES		
Trade and other payables	1,092,883	805,827
Accrued markup	31,618	21,585
Short term borrowings	4 2,622,030	1,710,991
	<u>3,746,531</u>	<u>2,538,403</u>
Contingencies and Commitment	5 -	-
TOTAL EQUITY AND LIABILITIES	<u><u>5,538,983</u></u>	<u><u>4,270,909</u></u>

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

KARACHI : April 25, 2012

Chairman

Director



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE NINE MONTHS ENDED MARCH 31, 2012 (UN AUDITED)**

	Note	9 Months		3 Months	
		March 2012	March 2011	March 2012	March 2011
Rs. in " 000 "					
Sales - net	6	3,347,389	4,104,719	1,322,486	1,744,490
Cost of sales	7	3,125,554	3,451,539	1,252,021	1,546,893
Gross profit		221,835	653,180	70,465	197,597
Selling and distribution expenses		16,857	28,034	3,852	17,302
Administrative expenses		43,932	40,012	16,090	12,436
Other operating expenses		6,828	27,722	1,568	1,734
		67,617	95,768	21,511	31,472
Other operating income		154,218	557,412	48,954	166,125
		3,471	7,125	1,196	1,492
Operating profit		157,689	564,537	50,150	167,617
Finance cost		27,953	37,812	20,347	12,151
Profit before taxation		129,736	526,725	29,802	155,466
Taxation					
Current :		31,627	41,944	9,603	14,526
Deferred		(2,441)	2,065	(3,009)	(9,909)
		29,186	44,009	6,594	4,617
Profit after taxation		100,550	482,716	23,208	150,849
Earning per share-basic and diluted (Rupees)	10	16.25	78.01	3.75	24.38

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

KARACHI : April 25, 2012


Chairman


Director



**CONDENSED INTERIM
STATEMENT OF COMPREHENSIVE INCOME**
FOR THE NINE MONTHS ENDED MARCH 31, 2012 (UN AUDITED)

	9 Months		3 Months	
	March 2012	March 2011	March 2012	March 2011
	Rs. in " 000 "			
Profit after taxation	100,550	482,716	23,208	150,849
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>100,550</u>	<u>482,716</u>	<u>23,208</u>	<u>150,849</u>

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

KARACHI : April 25, 2012


Chairman


Director



CONDENSED INTERIM CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED MARCH 31, 2012 (UN AUDITED)

	Note	March 2012	March 2011
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operation	8	(907,240)	(448,811)
Gratuity paid		(12,178)	(7,327)
Finance cost paid		(17,919)	(54,241)
Taxes paid		(35,195)	(43,825)
Net cash In/(Outflow) from operating activities		(972,533)	(554,204)
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,596,402)	(9,571)
Capital Work in progress		1,679,116	(173,849)
Sale proceeds from fixed assets		3,081	7,881
Net cash In/(Outflow) from investing activities		85,795	(175,539)
CASH FLOW FROM FINANCIAL ACTIVITIES			
Payment of dividend		(12,158)	(24,292)
Repayment of long term loan		-	(1,000,000)
Net cash In/(Outflow) from financial activities		(12,158)	(1,024,292)
Net increase/(decrease) in cash and cash equivalents		(898,896)	(1,754,035)
Cash and cash equivalents at the beginning of the period		(1,701,237)	(265,629)
Cash and cash equivalents at the end of the period	9	(2,600,132)	(2,019,664)

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

KARACHI : April 25, 2012


Chairman


Director



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED MARCH 31, 2012 (UN AUDITED)**

Rupees in thousand

Description	Paidup Capital	Capital Reserve	Revenue Reserve	Unappro- priated Profit	Total
Balance as on June 30, 2010	61,875	34,416	625,584	629,389	1,351,264
Final Dividend for the year ended June 30, 2010	-	-	-	(61,875)	(61,875)
Transfer to/(from) profit and loss account	-	-	560,000	(560,000)	-
Total comprehensive income for the year	-	-	-	354,096	354,096
Balance as on June 30, 2011	61,875	34,416	1,185,584	361,610	1,643,485
Final Dividend for the year ended June 30, 2011	-	-	-	(37,125)	(37,125)
Transfer to/(from) profit and loss account	-	-	300,000	(300,000)	-
Total comprehensive income for the period	-	-	-	100,550	100,550
Balance as on March 31, 2012	61,875	34,416	1,485,584	125,035	1,706,910

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

KARACHI : April 25, 2012


Chairman


Director



NOTES TO THE FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2012 (UN-AUDITED)

1 THE COMPANY AND ITS OPERATION

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 Karachi & Lahore Stock Exchanges in Pakistan since 1971. The Company is engaged in manufacturing, selling, buying and dealing in all types of yarn and knitted fabrics. The address of its registered office is LA-2/B, Block 21, Rashid Minhas Road, F B Area, Karachi, Pakistan.

2 BASIS OF PREPARATION

The financial statements are un-audited and are being submitted to the shareholders as required under section 245 of the Companies Ordinance 1984 and have been prepared in accordance with the requirements of the International Accounting Standards 34 "Interim Financial Reporting" as applicable in Pakistan.

3 ACCOUNTING POLICIES

The accounting policies and methods of computation followed in the preparation of these financial statements are the same those of the published annual financial statements for the year ended June 30, 2011.

		March 2012	June 2011
	Note	Rupees in "000"	
3 PROPERTY, PLANT AND EQUIPMENT			
Operating Fixed Assets	3.1	2,120,244	575,075
Capital Work in Progress	3.2	<u>310,836</u>	<u>1,989,952</u>
		<u>2,431,080</u>	<u>2,565,027</u>
3.1 OPERATING FIXED ASSETS			
Opening written down value		575,075	629,583
Additions		1,596,402	10,555
Written down value of disposals/adjustments		(2,538)	(5,933)
Depreciation		<u>(48,695)</u>	<u>(59,131)</u>
Closing written down value		<u>2,120,244</u>	<u>575,075</u>
3.2 CAPITAL WORK IN PROGRESS			
Karachi Project	3.2.1	-	958,890
Nooriabad Project	3.2.2	<u>310,836</u>	<u>1,031,062</u>
		<u>310,836</u>	<u>1,989,952</u>



March
2012 June
2011
Rupees in "000"

3.2.1 KARACHI PROJECT

Opening Balance	958,890	843,662
Expenses For The Year	11,391	65,821
Borrowing Cost Capitalized	47,268	49,407
Amount trasfered to investment	(478,802)	-
Amount Transferred to Land Addition	(538,747)	-
Closing Balance	<u>-</u>	<u>958,890</u>

3.2.1.1 This represents commercialization, development and other charges of land situated at the existing premises for the purpose of construction of shopping mall/residential towers.

3.2.2 NOORIABAD PROJECT

Opening balance	1,031,062	842,131
Addition during the year	211,935	188,931
Transfred to Assets	(932,161)	-
Closing balance	<u>310,836</u>	<u>1,031,062</u>

3.2.2.2 Additions represents plant & machinery and buildings. Expenses will be capitalized proportionately between plant & machinery and building at the end of project.

4 SHORT TERM FINANCES

Running finances	308,211	19,350
Export Finance and Import bills	2,313,819	1,691,641
	<u>2,622,030</u>	<u>1,710,991</u>

4.1 The markup on bank finances is payable on quarterly basis at rates ranging from 7.50% to 14.00%. (June 30, 2011 : 7.50% 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 (June 30, 2011 : 3.105 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 2.092 billion (June 30, 2011 : 1.573 billion)

5 CONTINGENCIES AND COMMITMENTS

Guarantees and counter guarantees	119,528	118,528
Letter of credits	119,096	132,606
	<u>238,624</u>	<u>251,134</u>



5.1 The Company has made a reference in the Honorable 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.

	9 Months		3 Months	
	March 2012	March 2011	March 2012	March 2011
6 SALES - Net	Rs. in " 000 "			
Export	1,871,696	2,802,163	888,630	1,196,232
Local	1,538,144	1,432,642	455,105	594,276
Export rebate	5,865	713	4,497	254
Research & Development Support	1,532	4,192	1,427	3,511
Gross sales	3,417,237	4,239,710	1,349,659	1,794,273
Less : Export freight	27,951	71,291	11,584	18,618
Export duty and surcharge	9,622	8,640	6,465	5,288
Commission	32,275	55,060	9,124	25,877
	69,848	134,991	27,173	49,783
	<u>3,347,389</u>	<u>4,104,719</u>	<u>1,322,486</u>	<u>1,744,490</u>
7 COST OF SALES				
<i>Raw material consumed</i>				
Opening inventory	478,322	220,462	1,169,560	853,352
Purchases	2,989,848	4,240,635	963,882	2,152,501
Available for consumption	3,468,170	4,461,097	2,133,442	3,005,853
Closing inventory	(1,276,847)	(1,762,848)	(1,276,847)	(1,762,848)
Raw material consumed	<u>2,191,323</u>	<u>2,698,249</u>	<u>856,595</u>	<u>1,243,005</u>
<i>Manufacturing expenses</i>				
Stores, spares and packing	117,138	154,343	47,728	64,695
Salaries, wages & other benefits	237,200	196,016	83,962	57,943
Power and electricity	300,536	260,412	114,620	92,573
Knitting, dyeing and printing expenses	83,020	114,461	27,507	46,284
Insurance	2,380	2,377	1,157	1,096
Repair and maintenance	11,977	14,724	5,629	2,496
Labor welfare	5,533	4,029	808	657
Depreciation	45,365	41,757	14,956	13,948
Other manufacturing expenses	5,777	1,501	2,164	625
	808,926	789,620	298,531	280,317
	<u>3,000,249</u>	<u>3,487,869</u>	<u>1,155,126</u>	<u>1,523,322</u>
Work in process - opening inventory	39,280	10,090	20,056	13,409
Work in process - closing inventory	(32,013)	(32,687)	(32,013)	(32,687)
	7,267	(22,597)	(11,957)	(19,278)
Cost of goods manufactured	<u>3,007,516</u>	<u>3,465,272</u>	<u>1,143,169</u>	<u>1,504,044</u>
Finished goods - opening inventory	325,009	177,606	315,823	234,188
Available for sales	3,332,525	3,642,878	1,458,992	1,738,232
Finished goods - closing inventory	(206,971)	(191,339)	(206,971)	(191,339)
	<u>3,125,554</u>	<u>3,451,539</u>	<u>1,252,021</u>	<u>1,546,893</u>



	March 2012	March 2011
	Rupees in "000"	
8 CASH GENERATED FROM OPERATION		
Profit before taxation	129,736	526,725
Adjustment for non cash charges :		
Depreciation	48,695	44,196
Profit on sale of fixed assets	(543)	(3,432)
Provision for gratuity	11,138	8,166
	<u>59,290</u>	<u>48,930</u>
Finance cost	27,952	37,812
Long term loans and advances	1,164	4,195
Long term deposits	-	(60)
Changes in working capital	8.1 <u>(1,125,383)</u>	<u>(1,066,413)</u>
	<u>(907,240)</u>	<u>(448,811)</u>
8.1 Changes in working capital		
(Increase)/Decrease in current assets		
Stores, spares and loose tools	776	(10,732)
Stock in trade	(673,220)	(1,578,716)
Trade debts	(201,925)	(305,670)
Loans and advances	(459,312)	75,977
Trade deposits and short term prepayments	(29,258)	(11,293)
Other receivable	(24,533)	-
	<u>(1,387,472)</u>	<u>(1,830,434)</u>
Increase/(Decrease) in current liabilities		
Trade and other payables	262,089	764,021
	<u>(1,125,383)</u>	<u>(1,066,413)</u>
Net Increase/(decrease) in working capital		
	<u>(1,125,383)</u>	<u>(1,066,413)</u>
9 CASH AND CASH EQUIVALENTS		
Cash & cash equivalent comprise the following items as included in the balance sheet		
Cash and bank balances	21,898	28,049
Short term borrowing	(2,622,030)	(2,047,713)
	<u>(2,600,131)</u>	<u>(2,019,664)</u>
10 EARNING PER SHARE		
Profit after taxation (Rs in "000")	<u>100,550</u>	<u>482,716</u>
Weighted average number of ordinary shares	<u>6,187,503</u>	<u>6,187,503</u>
Earning per share (Rs)	<u>16.25</u>	<u>78.01</u>



11 TRANSACTION WITH RELATED PARTIES

Related parties comprise of associated company, directors of the Company, companies in which directors also hold directorship, related group companies and key management personnel. Significant balances and transactions with related parties are as follows:

	March 2012	March 2011
Rupees in "000"		
Nature of Transaction		
<u>Sale of Goods and Providing of Services</u>		
Lucky Knits (Pvt) Ltd.	16,276	171,573
Lucky Textile Mills Ltd.	256,823	52,697
Gadoon Textile Mills Ltd.	-	1,000
Younus Textile Mills Ltd.	60,096	281,658
	<u>333,195</u>	<u>506,928</u>
<u>Purchase of Goods and Receipt of Services</u>		
Lucky Cement Ltd.	26,381	3,526
Lucky Textile Mills Ltd.	29	-
Gadoon Textile Mills Ltd.	145,813	327,048
Lucky Knits (Pvt) Ltd.	16,676	19,082
Lucky Energy (Pvt) Ltd.	309,995	255,780
	<u>498,894</u>	<u>605,436</u>

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

12 GENERAL

- 12.1 These Condensed Interim Financial Statements were authorized for issue by the Board of Directors on 25-04-2012
- 12.2 Provisions wherever made are estimated and are subject to final adjustment in the annual financial statements.
- 12.3 Figures have been rounded off to the nearest thousand rupees.

KARACHI : April 25, 2012

Chairman

Director

Statement u/s 241(2) of the Companies Ordinance 1948
The financial statements have not been authenticated
by the Chief Executive as he is presently out of Pakistan

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CORPORATE